

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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**apollo**

**APOLLO FUTURE MOBILITY GROUP LIMITED**

**APOLLO 智慧出行集團有限公司**

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

**(Stock Code: 860)**

**SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF THE ENTIRE INTEREST IN THE TARGET COMPANY**

**Financial Adviser to the Company in relation to Disposal of the Entire Interest  
in the Target Company, Very Substantial Acquisition and Reverse Takeover**



**Independent Financial Adviser to the Independent Board Committee,  
the Whitewash Independent Board Committee, and the Independent Shareholders**

**ALTUS CAPITAL LIMITED**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 7 to 21 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 22 to 23 of this circular. A letter from the Whitewash Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 24 to 25 of this circular. A letter from Altus Capital Limited containing its advice to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders is set out on pages 26 to 49 of this circular.

A notice convening the Disposal EGM to be held at Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong on Tuesday, 18 July 2023 at 4:00 p.m. is set out on pages 56 to 57 of this circular. A form of proxy for use at the Disposal EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.apollofmg.com](http://www.apollofmg.com)).

Whether or not you are able to attend the Disposal EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event no less than 48 hours before the time appointed for the holding of the Disposal EGM (i.e. before 4:00 p.m. on Sunday, 16 July 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Disposal EGM or any adjourned meeting should you so wish.

27 June 2023

<b>CONTENTS</b>
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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	7
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	22
<b>LETTER FROM THE WHITEWASH INDEPENDENT BOARD COMMITTEE</b> ....	24
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	26
<b>APPENDIX I — GENERAL INFORMATION</b> .....	50
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	56

## DEFINITIONS

*In this circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:*

“Acquisition”	the acquisition of the entire issued share capital of the Acquisition Target Company pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 11 January 2023 and entered into by WM Motor and Castle Riches Investments Limited, a company with limited liability incorporated under the laws of BVI and a wholly-owned subsidiary of the Company in respect of the Acquisition
“Acquisition Target Company”	WM Motor Global Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of WM Motor
“Acquisition Target Group”	the Acquisition Target Company and its subsidiaries
“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”	Innosophi Company Limited, a company with limited liability incorporated in Samoa, and wholly owned by Mr. Shen, a non-executive Director and a substantial shareholder of the Company
“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)
“Condition(s) Precedent”	conditions precedent to Disposal Completion as set out in the Disposal Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Seller to the Buyer pursuant to the Disposal Agreement

## DEFINITIONS

“Disposal Agreement”	the conditional sale and purchase agreement dated 30 December 2022 and entered into by the Seller and the Buyer in respect of the Disposal
“Disposal Completion”	completion of the sale and purchase of the Sale Share in accordance with the terms of the Disposal Agreement
“Disposal 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
“Disposal Consideration”	the total consideration in the amount of HK\$408,000,000 to be paid by the Buyer to the Seller for the Disposal
“Disposal EGM”	an extraordinary general meeting of the Shareholders scheduled to be held for the purpose of considering, and if thought fit, approving, among other things, the Disposal Agreement and the Disposal contemplated thereunder
“EV(s)”	electric vehicles
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“Guarantor”	Best Model International Limited, a company incorporated under the laws of BVI with limited liability and wholly-owned by Mr. Shen, providing irrevocable and unconditional guarantee for the Buyer to perform its obligations in accordance with the Promissory Note in favour of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors formed pursuant to the Listing Rules for the purpose of giving recommendations to the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder

## DEFINITIONS

“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and being the independent financial adviser to advise the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder
“Independent Shareholders”	the Shareholders who, under the Listing Rules and the Takeovers Code, are not required to abstain from voting for the resolutions approving the Disposal Agreement and the Disposal contemplated thereunder, excluding Mr. Shen and his associates (including WM Motor), Mr. Joseph Lee and their respective associates and parties acting in concert with any of them, any shareholders of WM Motor and their respective associates and parties acting in concert with any of them (including Ruby Charm Investment Limited and Jumbo Eagle Investments Limited, together with their beneficial owner Mr. Ho King Man, Justin), and those who are involved in or interested in the Acquisition Agreement, the Whitewash Waiver, the Disposal Agreement and the transactions contemplated thereunder
“Interim Results Announcement”	the announcement of the Company dated 30 November 2022
“Initial Cash Payment”	as part of the Disposal Consideration, the initial cash payment to be paid by the Buyer to the Seller upon the Disposal Completion, being the sum of HK\$100,000,000
“Initial Deposit”	as part of the Initial Cash Payment, the initial deposit to be paid by the Buyer to the Seller, being the sum of HK\$50,000,000
“Latest Practicable Date”	21 June 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2023 or such other date the Seller and the Buyer may agree in writing

## DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mr. Shen”	Mr. Freeman Hui Shen, a non-executive Director and a substantial shareholder of the Company
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Promissory Note”	the promissory note which shall be duly executed and issued by the Buyer and the Guarantor to the Seller for the purpose of settling part of the Disposal Consideration in the sum of HK\$308,000,000
“RTO Announcement”	the announcement of the Company dated 11 January 2023 in relation to, among others, (1) very substantial acquisition and connected transaction involving issue of consideration shares under specific mandate; (2) reverse takeover involving a new listing application; (3) application for the Whitewash Waiver; (4) placing of the placing shares under specific mandate; and (5) the proposed increase in authorised share capital of the Company
“RTO Circular”	the circular to be despatched to the Shareholders in relation to the RTO EGM containing, among others, details of the RTO Transactions (other than the Disposal Agreement and the Disposal contemplated thereunder, which will be contemplated at the Disposal EGM and details of which are contained in this circular)
“RTO EGM”	the extraordinary general meeting(s) of the Company to be convened subsequent to the Disposal EGM for the purpose of, among other things, seeking approval from the Independent Shareholders in respect of the RTO Transactions (other than the Disposal Agreement and the Disposal contemplated thereunder, which will be contemplated at the EGM and details of which are contained in this circular)
“RTO Transactions”	the Acquisition, the grant of the specific mandate, the proposed increase in authorised share capital, the Whitewash Waiver, the placing and the transactions contemplated thereunder as set out in the RTO Announcement and the announcements of the Company dated 17 January 2023 and 20 January 2023

## DEFINITIONS

“Sale Share”	one fully-paid up share of the Target Company, representing the entire issued share capital of the Target Company
“Seller”	Ming Fung Investment Holdings Limited, a company with limited liability incorporated under the laws of BVI and a wholly-owned subsidiary of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company
“Share Option Scheme”	the share option scheme of the Company that was adopted by the Company on 1 March 2013
“Shareholder(s)”	the holder(s) of the Shares
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Chance Achieve Limited (勝達行有限公司), a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company prior to the Disposal Completion
“Whitewash Independent Board Committee”	the independent committee of the Board comprising the non-executive Director, namely Mr. Wilfried Porth and all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, formed pursuant to the Takeovers Code for the purpose of advising the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder which constitutes a special deal under Rule 25 of the Takeovers Code

## DEFINITIONS

“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of WM Motor to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by WM Motor and its concert parties which would otherwise arise as a result of the issuance and allotment of the 28,824,919,557 Shares by the Company to WM Motor (or its nominees) upon completion of the acquisition of the Acquisition Target Company pursuant to the terms of the Acquisition Agreement. For further information, please refer to the RTO Announcement
“WM Group”	WM Motor and its subsidiaries
“WM Motor”	WM Motor Holdings Limited (威馬控股有限公司)*, a company incorporated in the Cayman Islands with limited liability which is beneficially owned as to 30.82% by Mr. Shen, a non-executive Director, directly and indirectly, together with Ms. Wang Lei, his spouse, and a substantial shareholder of the Company, holding 23.67% of the Shares
“%”	per cent

\* *for identification purpose only*



LETTER FROM THE BOARD



**apollo**

**APOLLO FUTURE MOBILITY GROUP LIMITED**

**APOLLO 智慧出行集團有限公司**

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

**(Stock Code: 860)**

*Executive Directors:*

Mr. Ho King Fung, Eric (*Chairman*)  
Mr. Joseph Lee (*Vice Chairman*)  
Mr. Qi Zhenggang

*Non-executive Directors:*

Mr. Freeman Hui Shen (*Co-Chairman*)  
Mr. Wilfried Porth

*Independent non-executive Directors:*

Mr. Teoh Chun Ming  
Mr. Peter Edward Jackson  
Mr. Charles Matthew Pecot III  
Ms. Hau Yan Hannah Lee

*Registered office:*

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*

Units 2001–2002  
20/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Sheung Wan  
Hong Kong

27 June 2023

*To the Shareholders*

Dear Sir or Madam,

**SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION  
DISPOSAL OF THE ENTIRE INTEREST IN THE TARGET COMPANY**

**1. INTRODUCTION**

Reference is made to the RTO Announcement, and the announcements of the Company dated 30 December 2022 and 17 January 2023 and 20 January 2023 in relation to the RTO Transactions, the Disposal Agreement and the Disposal contemplated thereunder. On 30 December 2022 (after trading hours), the Seller (a wholly-owned subsidiary of the Company) entered into the Disposal Agreement with the Buyer, pursuant to which the Seller has conditionally agreed to sell and the Buyer has conditionally agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company, for a total Disposal

## LETTER FROM THE BOARD

Consideration of HK\$408,000,000. The Disposal constitutes a discloseable and connected transaction for the Company under the Listing Rules. The Disposal also constitutes a special deal of the Company under Rule 25 of the Takeovers Code and requires the consent of the Executive.

This circular is despatched to the Shareholders for information purposes only and contains, among other things, (i) further details of the Disposal Agreement and the Disposal contemplated thereunder; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder which constitutes a connected transaction; (iii) a letter from the Whitewash Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder which constitutes a special deal under Rule 25 of the Takeovers Code; (iv) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder; (v) a notice of the Disposal EGM; and (vi) a form of proxy.

### 2. THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are summarised as follows:

#### **Date**

30 December 2022 (after trading hours)

#### **Parties**

Buyer: Innosophi Company Limited

Seller: Ming Fung Investment Holdings Limited, a wholly-owned subsidiary of the Company

The Buyer is wholly owned by Mr. Shen, a non-executive Director and substantial shareholder of the Company, and is therefore a connected person of the Company.

Please refer to the sections headed “Information on the Group and the Target Company” and “Information on the Buyer and the Guarantor” respectively, in this circular below for more details of the parties.

## LETTER FROM THE BOARD

### Assets to be disposed of

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

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

### Disposal Consideration

The total Disposal Consideration for the sale and purchase of the Sale Share is HK\$408,000,000, and shall be satisfied by the Buyer in the following manner:

- within 30 Business Days from the signing of the Disposal Agreement, a sum of HK\$50,000,000, being the Initial Deposit (which shall become part payment of the Initial Cash Payment at the Disposal Completion), shall be paid in cash by the Buyer to the Seller or the Seller’s nominees;
- upon the Disposal Completion, a sum of HK\$50,000,000, being the remaining balance of the Initial Cash Payment, shall be paid in cash by the Buyer to the Seller or the Seller’s nominees;
- upon the Disposal Completion, a sum of HK\$308,000,000, being the remaining balance of the Disposal Consideration, shall be satisfied by the Promissory Note (as detailed below).

The Initial Deposit has been settled on 31 January 2023 in accordance with the terms of the Disposal Agreement.

The principal terms of the Promissory Note are summarised below:

<b>Issuer:</b>	The Buyer
<b>Principal Amount:</b>	HK\$308,000,000
<b>Maturity:</b>	One year, as may be extended by one year at the option of the Buyer
<b>Interest:</b>	An interest of 6.2% per annum, which was determined based on the average return per annum of the loans portfolio
<b>Security:</b>	Irrevocable and unconditional guarantee by the Guarantor on behalf of the Buyer to perform its obligations in accordance with the Promissory Note in favour of the Company

## LETTER FROM THE BOARD

**Early repayment:** The Buyer could, at its discretion, repay the Promissory Note in whole or in part prior to the maturity date and will not be subject to any premium over or discount to the payment obligations under the Promissory Note for any early repayment

**Transferability:** The Promissory Note is not transferable or assignable unless with the prior consent of the holder or the issuer of the Promissory Note. The Promissory Note is not transferable to any connected person of the Company, unless with the prior consent of the holder or the issuer of the Promissory Note, and the Company has no plans now to transfer the Promissory Note. The Company confirms that it will comply with the applicable rule requirements under Chapter 14 and 14A under the Listing Rules in case of any transfer of the Promissory Note.

The Disposal Consideration was determined based on arm's length negotiations between the parties to the Disposal Agreement with reference to, among other things: (a) the net liabilities of the Target Company of approximately HK\$9.1 million based on its audited financial statements as at 30 September 2022; (b) the existing intra-group loan amount due from the Target Company to the Company as at 30 September 2022 of HK\$415,456,265; (c) the business development and future prospects of the money lending business in Hong Kong; and (d) the business strategies and asset allocation preference of the Seller and the Buyer. A loan assignment deed will be entered into amongst the Company, the Seller, the Buyer and the Target Company prior to the Disposal Completion, whereby the Disposal Consideration shall include full repayment of the existing intra-group loan amount due from the Target Company to the Company upon the Disposal Completion.

## LETTER FROM THE BOARD

The Company considers the Disposal Consideration fair and reasonable since (i) the Disposal is at such Disposal Consideration which will allow the Company to realise its investment in the Target Company at full book value; (ii) the Disposal Consideration will be settled partly in cash; (iii) the Company will be able to apply the net cash proceeds as the general working capital of its EV business which the Company considers to have better prospects for growth and profitability; (iv) subject to audit, it is expected that the Company will record a net gain on disposal of approximately HK\$1.6 million arising from the Disposal, being the difference between the amount of Disposal Consideration and (a) the net liabilities of approximately HK\$9.1 million of the Target Company as at 30 September 2022; and (b) the amount due from the Target Company to the Company of approximately HK\$415.5 million as at 30 September 2022 will be offset; (v) the Group can be freed from the negative financial contributions of the Target Company which made losses both before and after taxation and extraordinary items of approximately HK\$29,674,000 and approximately HK\$24,496,000, respectively, for the year ended 31 December 2022; and (vi) the Disposal may improve the financial performance of the Group.

When determining the Disposal Consideration, the management also referenced the price-to-book (“P/B”) ratios of the companies in the market which are comparable to the Target Company. Dongxing Securities (Hong Kong) Company Limited (“**Dongxing**”), the financial adviser to the Company, assisted in selecting an exhaustive list of comparable companies. Ten companies which are listed in Hong Kong and are engaged in money lending business were selected, details of which are as below:

<b>Name of comparable company (stock code)</b>	<b>P/B ratio</b>
SY Holdings Group Limited (stock code: 6069)	1.3x
Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (stock code: 1915)	1.3x
Upbest Group Limited (stock code: 335)	0.5x
Greater China Financial Holdings Limited (stock code: 431)	2.9x
China Huirong Financial Holdings Limited (stock code: 1290)	0.4x
Wealthy Way Group Limited (stock code: 3848)	1.4x
Gome Finance Technology Co., Ltd. (stock code: 628)	0.3x
Quanzhou Huixin Micro-credit Co., Ltd (stock code: 1577)	0.3x
Zuoli Kechuang Micro-finance Company Limited (stock code: 6866)	0.1x
China Art Financial Holdings Limited (stock code: 1572)	0.2x
Average	0.9x

\* *Data of the relevant comparable companies taken as of 14 December 2022*

As shown in the above table, the average industry P/B ratio was 0.9x, which implied that market values of these companies approximated their respective book values. As such, the Company considers Disposal Consideration to be fair and reasonable.

## LETTER FROM THE BOARD

Dongxing also assisted in seeking for independent third parties buyer, on a best effort basis, to gauge the interest in acquiring the Target Company. While three potential buyers were approached, none expressed any interest. As such, the Directors believe that it is difficult in finding a willing buyer of the Target Company at a consideration substantially exceeding that offered by the Buyer.

After taking into account of the value of the Guarantor's shareholding in WM Group; and the investment holding nature of the Guarantor, the Board is of the view that the Guarantor is capable of providing the Guarantee in favour of the Company.

As the Promissory Note (i) has a term of one year (as may be extended by one year at the option of the Buyer); (ii) bears an interest of 6.2% per annum, which was determined based on the average return per annum of the loans portfolio; and (iii) has been irrevocably and unconditionally guaranteed by the Guarantor in favour of the Company, the Board (excluding members of the Independent Board Committee and the Whitewash Independent Board Committee whose views have been set out in the letter from the Independent Board Committee and the letter from the Whitewash Independent Board Committee, respectively, after considering the advice of the Independent Financial Adviser) is of the view that the terms of the Promissory Note and the Guarantee are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Conditions Precedent

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

- (i) the transactions contemplated under the Disposal Agreement and the performance of the Seller's and Buyer's obligations under the Disposal Agreement in compliance with the Listing Rules, the Takeovers Code and all other applicable laws and regulations;
- (ii) the passing of the ordinary resolutions by the Independent Shareholders at the Disposal EGM to be convened and held to approve the Disposal Agreement and the transactions contemplated thereunder;
- (iii) all other necessary regulatory consents and approvals required to be obtained on the part of the Seller, the Buyer and/or the Target Company in respect of the Disposal Agreement and the transactions contemplated thereunder having been obtained and such consents and approvals not having been revoked (including the consent of the Executive to the Disposal under Note 4 of Rule 25 of the Takeovers Code as the Disposal constitutes a special deal under Rule 25 of the Takeovers Code by virtue of the Whitewash Waiver); and
- (iv) the warranties given by the Seller under the Disposal Agreement (other than the warranty on legal and beneficial ownership over the Sale Share) being true and correct in all material respects upon the Disposal Completion, as if it is repeated at all times from the date of the Disposal Agreement to the Disposal Completion and

## LETTER FROM THE BOARD

the warranty given by the Buyer in relation to the legal and beneficial ownership over the Sale Share being true and correct in all respects on the Disposal Completion, as if it is repeated at all times from the date of the Disposal Agreement to the Disposal Completion.

If any or all of the Conditions Precedent are not satisfied or otherwise waived by the Buyer on or before the Long Stop Date, the Disposal Agreement shall terminate and cease to have effect on the Long Stop Date except for certain provisions referred to in the Disposal Agreement in relation to definitions, costs and expenses, notices and governing law and any rights, remedies, obligations or liabilities of the parties to the Disposal 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 Disposal Agreement, the Seller shall refund the Initial Deposit in full without interest to the Buyer within 30 Business Days after the Long Stop Date.

As at the Latest Practicable Date, none of the above Conditions Precedent have been fulfilled. As at the Latest Practicable Date, the Company is not aware any other necessary regulatory consents and approval required under applicable laws and regulations under paragraph (iii) of the Conditions Precedent above.

### **The Disposal Completion**

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

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

### **3. REASONS FOR AND BENEFITS OF THE DISPOSAL AGREEMENT**

As disclosed in the Interim Results Announcement, the Group has reinforced its position in the market as one of the leading mobility technology solutions providers and adhered to its focus in developing its proprietary future mobility technologies. The Group continues to pursue opportunities in the smart EVs adoption trend across the globe and strives to become one of the leaders in the mobility industry. As such, the Group plans to continue gradually phasing out its legacy businesses including the money lending business as part of the its rebranding and restructuring exercise and to avoid risks of uncertainty in the operation and profitability of the Target Company. Upon the Disposal Completion, the Group's money lending business will be significantly downsized. The Group will continue to look for opportunities to dispose of its remaining money lending business and more fully focus on its mobility technology business.

## LETTER FROM THE BOARD

It is expected that the Disposal Agreement and the Disposal contemplated thereunder will be in the interests of the Company and Shareholders as a whole for the following reasons:

- (i) consistent with the Interim Results Announcement, the Group is actively exploring various options to scale down legacy businesses including the money lending business. The Target Company's book of debts represents approximately 75% of the total outstanding loan of the money lending business. The Company has established the money lending team and also a money lending committee to oversee this business which requires substantial amount of management focus on the risk control of such business even while the Group's business focus has changed in recent years to that of the future EV mobility platform. Moreover, considering the Group's transition and significant investments into its new business focus, the need for active monitoring of the legacy money lending business does not represent an optimum use of management resources and is in some ways distracting since this business neither appeals to the Group's strategic investors nor complements its new focus on the EV business. The Group has been continuing to transform into and build up its position as a leading mobility services provider by unveiling to the market its next generation concepts and achievements in technology research and development. The Disposal allows a gradual redeployment of the Group's human resources and internal financial resources to concentrate on the implementation of strategies to fully transform the Group into and reinforce its position as a leading mobility technology provider for next generation concepts and would be much more in tune with the investors' expectations. To implement the aforesaid business blueprint in the years to come, the Company intends to continue to operate the smart EV business of the Acquisition Target Group;
- (ii) in particular, during discussions with potential investors in the build out of the EV related research and development activities and production line for EVs, the Group received clear feedback that market participants including commercial lenders would prefer the Group to have a cleaner platform focus;
- (iii) all of these factors collectively strengthened the management's resolve to proceed with the significant business restructuring to pursue a sharper focus on its renewed business mission statement;
- (iv) the Directors have also undertaken a stringent process to implement a price discovery process to ensure the terms offered are favourable to the Group. Under current market conditions, being driven by significant macroeconomics uncertainty, the Directors understand the difficulty in finding a willing buyer of the portfolio held by the Target Company without a significant discount to book value substantially exceeding that offered by the Buyer. The upfront cash payment of HK\$50 million in the form of the Initial Deposit by the Buyer prior to the Disposal Completion would also provide an immediate boost to financial resources of the Group and further demonstrates Mr. Shen's confidence in the Group and alignment of interests for mutual benefits;



## LETTER FROM THE BOARD

- (v) detailed analysis on Mr. Shen's financial position also demonstrated solid financials and provide confidence in his ability to ensure the discharge of the Buyer's obligations. Moreover, the Buyer has agreed to pay an interest rate of 6.2% on the Promissory Note which would help defray potential loss of bargain from the portfolio under the Disposal while allowing the Group to make a clean exit from this business; and
- (vi) the Buyer is a connected person of the Company by virtue of being an associate of Mr. Shen, a substantial shareholder of the Company and whose interests are fully aligned with that of the Group. Therefore, the Buyer is willing to assume the risks with a slight premium to the book value of the portfolio under the Disposal because of mutual benefits.

Weighing up the slight premium to the book value of the portfolio under the Disposal together with the benefits of (i) the Buyer assuming the risks of default by borrowers; (ii) the Group exiting from a significant portion of the legacy business in relation to money lending operations and improving its branding focus to meet investors' expectations; (iii) the immediate boost to the Group's internal financial resources to speed up the implementation of its EV expansion business from the Initial Cash Payment of the Disposal Consideration; (iv) the freeing up of management time and resources to focus on executing its future plans; and (v) the Independent Shareholders being advised on the terms of the Disposal Agreement and the Disposal contemplated thereunder by the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Financial Adviser, the Directors (excluding members of the Independent Board Committee and the Whitewash Independent Board Committee whose views have been set out in the letter from the Independent Board Committee and the letter from the Whitewash Independent Board Committee, respectively, after considering the advice of the Independent Financial Adviser) are of the view that the Disposal Agreement and the Disposal contemplated thereunder is in the interests of the Group, and the terms of the Disposal Agreement and the Disposal contemplated thereunder fair and reasonable and in the interests of the Shareholders as a whole.

#### **4. 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\$1.6 million arising from the Disposal, being the difference between the amount of Disposal Consideration and (i) the net liabilities of approximately HK\$9.1 million of the Target Company as at 30 September 2022; and (ii) the amount due from the Target Company to the Company of approximately HK\$415.5 million as at 30 September 2022.

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

## LETTER FROM THE BOARD

### 5. 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 Hong Kong with limited liability and is principally engaged in money lending in Hong Kong.

Set out below are certain financial information of the Target Company (prepared in accordance with Hong Kong Financial Reporting Standards and audited by CL Partners CPA Limited) for each of the two financial years ended 30 September 2021 and 30 September 2022.

	<b>Year ended 30 September 2021</b>	<b>Year ended 30 September 2022</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	(audited)	(audited)
Net gain/(loss) before taxation and extraordinary items	10,954	(29,674)
Net gain/(loss) after taxation and extraordinary items	8,618	(24,496)

As at 30 September 2022, the audited net liabilities of the Target Company (prepared in accordance with Hong Kong Financial Reporting Standards) was approximately HK\$9.1 million.

As at 30 September 2022, the Target Company had outstanding loans to 13 corporate borrowers and one individual borrower, with an average loan size of approximately HK\$39.7 million. The loans had tenure ranging from one to three year(s) and bore interest at rates ranging from 6.0% to 7.5% per annum. The weighted-average interest rate of the loan portfolio was 6.2% per annum. Certain loans receivable were secured by personal guarantees provided by independent third parties.

As disclosed in the announcement of the Company dated 17 January 2023, pursuant to Rule 10 and Practice Note 2 of the Takeovers Code, the unaudited net gain/(loss) before and after taxation and extraordinary items of the Target Company for the year ended 30 September 2022 constituted a profit forecast which would need to be reported on by the Company's financial advisers and auditors or accountants, and their reports must be included in the next document sent to the Shareholders under Rule 10.4 of the Takeovers Code.

As the audited net gain/(loss) before and after taxation and extraordinary items of the Target Company for the year ended 30 September 2022 is available as at the Latest Practicable Date and is included in this circular (as disclosed above), the requirements to report on the

## LETTER FROM THE BOARD

unaudited net gain/(loss) before and after taxation and extraordinary items of the Target Company for the year ended 30 September 2022 under Rule 10.4 of the Takeovers Code no longer applies.

### 6. INFORMATION ON THE BUYER AND THE GUARANTOR

The Buyer is a company incorporated in Samoa with limited liability engaged in investment holding and wholly owned by Mr. Shen.

The Guarantor is a company incorporated under the laws of BVI with limited liability and wholly-owned by Mr. Shen. The Guarantor principally engages in investment holding and holds approximately 4.55% equity interest in WM Motor, which in turn is a substantial shareholder of the Company that holds approximately 23.67% of the entire issued share capital of the Company as at the date of this circular.

Upon the Disposal Completion, the Buyer will hold the loan portfolio in the amount of approximately HK\$415.5 million which could be used to settle the Promissory Note and interest payments. The Company further conducted examination on the financial position of the Guarantor based on its shareholding in WM Group. As at the Latest Practicable Date, the Guarantor holds approximately 4.55% shares of WM Motor, which directly and wholly owns the Acquisition Target Company. The value of such indirect interest in the Acquisition Target Company was approximately US\$92.1 million (equivalent to approximately HK\$721.3 million) based on the valuation under the RTO Transactions. Please refer to the section headed “Basis of determination of the Acquisition Consideration” in the RTO Announcement for further details.

WM Group is a pioneer in bringing innovative smart EV technologies to China’s mainstream market. WM Group is the first EV automaker in China to have established its own manufacturing facilities and the brand of WM Group is aiming to deliver smart EVs that offer safe and reliable performance, consistent quality and superior user experience at affordable prices in China.

### 7. LISTING RULES IMPLICATIONS

#### **Discloseable Transaction**

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 Agreement and the Disposal contemplated thereunder exceeds 5% but is less than 25%, the Disposal Agreement and the Disposal contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to notification and announcement requirements but is exempt from Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

#### **Connected Transaction**

As at the Latest Practicable Date, the Buyer was wholly owned by Mr. Shen, a non-executive Director and a substantial shareholder of the Company, and is therefore a connected person of the Company. As such, the Disposal Agreement and the Disposal contemplated

## LETTER FROM THE BOARD

thereunder also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### 8. TAKEOVERS CODE IMPLICATIONS

Reference is made to the RTO Announcement, the announcement issued by the Company on 2 February 2023 regarding the delay in despatch of the RTO Circular, and the announcements issued by the Company on 2 March 2023, 31 March 2023, 28 April 2023 and 28 May 2023 regarding the monthly update of the RTO Transactions. Since the Disposal Agreement is an agreement entered into between the Seller and the Buyer, which is wholly owned by Mr. Shen (who directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of WM Motor, which in turn holds approximately 23.67% of the entire issued share capital of the Company), a substantial shareholder of the Company and a party acting in concert with WM Motor under the Takeovers Code, when the Whitewash Waiver was reasonably in contemplation and which is not capable of being extended to all Shareholders, the Disposal Agreement and the Disposal contemplated thereunder constitutes a special deal of the Company under Rule 25 of the Takeovers Code and requires the consent of the Executive. The RTO Transactions and the Whitewash Waiver and the Disposal Agreement are not inter-conditional with each other. The RTO Transactions would still proceed even if the Disposal Agreement and the Disposal contemplated thereunder which constitutes a special deal is not approved by the Independent Shareholders and the Disposal does not proceed.

The consent, if granted by the Executive, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Disposal Agreement and the Disposal contemplated thereunder are fair and reasonable; and (ii) the approval of the Disposal Agreement and the Disposal contemplated thereunder by the Independent Shareholders by way of poll at the Disposal EGM.

### 9. ADDITIONAL INFORMATION

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to consider the terms of the Disposal Agreement and the Disposal contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Disposal Agreement and the Disposal contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Whitewash Independent Board Committee, comprising the non-executive Director who has no direct or indirect interest in the Disposal, namely Mr. Wilfried Porth and all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, has been formed for the purpose of advising the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder which constitutes a special deal under Rule 25 of the Takeovers Code.

## LETTER FROM THE BOARD

Altus Capital Limited has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders on the terms of the Disposal Agreement and the Disposal contemplated thereunder which constitutes a connected transaction and special deal under Rule 25 of the Takeovers Code. The appointment of Altus Capital Limited has been approved by the Independent Board Committee pursuant to Rule 13.39(6) of the Listing Rules and the Whitewash Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on pages 22 to 23 of this circular and the letter from the Whitewash Independent Board Committee set out on pages 24 to 25 of this circular, containing their recommendation to the Independent Shareholders, and the letter from the Independent Financial Adviser set out on pages 26 to 49 of this circular, which contains its advice to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders.

### **10. DISPOSAL EGM**

The Disposal EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the Disposal Agreement and the Disposal contemplated thereunder.

A notice convening the Disposal EGM to be held at Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong on Tuesday, 18 July 2023 at 4:00 p.m. is set out on pages 56 to 57 of this circular. A form of proxy for use at the Disposal EGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.apollofmg.com](http://www.apollofmg.com)).

Whether or not you are able to attend the Disposal EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event no less than 48 hours before the time appointed for the holding of the Disposal EGM (i.e. before 4:00 p.m. on Sunday, 16 July 2023) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Disposal EGM or any adjourned meeting should you so wish.

The RTO Transactions are subject to the approval of the Independent Shareholders at the RTO EGM. The Disposal EGM will be convened to approve the Disposal Agreement and the Disposal contemplated thereunder first. The RTO EGM will be convened subsequent to the Disposal EGM to approve the RTO Transactions (other than the Disposal Agreement and the Disposal contemplated thereunder, which will be contemplated at the Disposal EGM and further details of which are contained in this circular). The time and place to hold the RTO EGM will be announced by the Company later.

WM Motor, Mr. Shen, Mr. Joseph Lee and their respective associates and parties acting in concert with any of them, any shareholders of WM Motor and their respective associates and parties acting in concert with any of them (including Ruby Charm Investment Limited and

## LETTER FROM THE BOARD

Jumbo Eagle Investments Limited, together with their beneficial owner Mr. Ho King Man, Justin), and any of those Shareholders who are involved in or interested in the Acquisition Agreement, the Whitewash Waiver, the Disposal Agreement and the Disposal contemplated thereunder are required to abstain from voting on the resolutions to be proposed at the Disposal EGM to approve, among others, the Disposal Agreement and the Disposal contemplated thereunder. WM Motor, holding 2,275,545,343 Shares (approximately 23.67% of the entire issued share capital of the Company) and Mr. Joseph Lee, holding 2,400,000 Shares, (approximately 0.02% of the entire issued share capital of the Company) will abstain from voting on the resolutions to be proposed at (i) the Disposal EGM to approve, among others, the Disposal Agreement and the Disposal contemplated thereunder; and (ii) the RTO EGM to approve, among others, the Acquisition Agreement and the Whitewash Waiver. Ruby Charm Investment Limited, a minority shareholder of WM Motor and wholly owned by Mr. Ho King Man, Justin, is holding 884,220,474 Shares (approximately 9.20% of the entire issued share capital of the Company), so Ruby Charm Investment Limited has a conflict of interest and will, together with Jumbo Eagle Investments Limited (which holds 22,112,000 Shares (approximately 0.23% of the entire issued share capital of the Company) and wholly owned by Mr. Ho King Man, Justin), abstain from voting on the resolutions to be proposed at (i) the Disposal EGM to approve, among others, the Disposal Agreement and the Disposal contemplated thereunder; and (ii) the RTO EGM to approve, among others, the Acquisition Agreement and the Whitewash Waiver. No other Shareholder is required to abstain from voting on the proposed resolution in respect of the Disposal Agreement and the Disposal contemplated thereunder at the Disposal EGM.

In order to determine the Shareholders' entitlements to attend and vote at the Disposal EGM, the register of members of the Company will be closed from 13 July 2023 to 18 July 2023 (both days inclusive) during which period no transfer of Shares will be registered. All properly completed transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 12 July 2023.

The voting at the Disposal EGM will be taken by poll in accordance with the Listing Rules, the Takeovers Code and the memorandum and articles of association of the Company. The chairman at the Disposal EGM will explain the detailed procedures for conducting a poll at the commencement of the Disposal EGM.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy shall have one vote for every fully paid Share held. A Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy who is entitled to more than one vote need not use all his/her/its votes or cast all his/her/its votes in the same way.

After the conclusion of the Disposal EGM, the poll results will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.apollofmg.com](http://www.apollofmg.com).

## LETTER FROM THE BOARD

### 11. RECOMMENDATION

Apart from Mr. Shen, being the ultimate beneficial owner of the Buyer, and a non-executive Director and a substantial shareholder of the Company, who is considered to have a material interest in the Disposal Agreement and the Disposal contemplated thereunder and has abstained from voting on the relevant Board resolutions approving the Disposal Agreement and the Disposal contemplated thereunder, none of the Directors has any material interest in such transaction or was required to abstain from voting on the relevant Board resolutions.

After taking into account the reasons for and benefits of the Disposal, the Directors (excluding Mr. Shen who was considered to be interested in the Disposal Agreement and the Disposal contemplated thereunder and has abstained from voting in respect of the Board resolutions proposed to approve the Disposal Agreement and the Disposal contemplated thereunder, and excluding members of the Independent Board Committee and the Whitewash Independent Board Committee whose views have been set out in the letter from the letter from the Independent Board Committee and the letter from the Whitewash Independent Board Committee, respectively, after considering the advice of the Independent Financial Adviser), are of the view that (i) the terms of the Disposal Agreement, including the terms of the Promissory Note, are not in the ordinary and usual course of business of the Company, but they are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole; and (ii) the Disposal Agreement and the Disposal contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the Disposal Agreement and the Disposal contemplated thereunder at the Disposal EGM.

### 12. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder.*



**apollo**

**APOLLO FUTURE MOBILITY GROUP LIMITED**

**APOLLO 智慧出行集團有限公司**

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

**(Stock Code: 860)**

27 June 2023

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE INTEREST IN THE TARGET COMPANY**

We refer to the circular of the Company dated 27 June 2023 (the “**Circular**”) of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders as to whether, in our opinion, the terms of the Disposal Agreement and the Disposal contemplated thereunder which constitutes a connected transaction under the Listing Rules are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and the Shareholders as a whole. Altus Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board on pages 7 to 21 of the Circular, which sets out details of the Disposal Agreement and the Disposal contemplated thereunder. We also wish to draw your attention to the letter from the Independent Financial Adviser set out on pages 26 to 49 of the Circular, which contains its advice on the terms of the Disposal.



**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

Having taken into account the reasons for and benefits of the Disposal and the advice of the Independent Financial Adviser, we consider that although the Disposal Agreement and the Disposal contemplated thereunder are not in the ordinary and usual course of business of the Company, they are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Disposal Agreement and the Disposal contemplated thereunder, particulars of which are set out in the notice of the Disposal EGM set out on pages 56 to 57 of this Circular.

Yours faithfully,

For an on behalf of the Independent Board Committee,

**Mr. Teoh Chun Ming**

**Mr. Peter Edward Jackson**

**Mr. Charles Matthew Pecot III**

**Ms. Hau Yan Hannah Lee**

*Independent non-executive Directors*

## LETTER FROM THE WHITEWASH INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter from the Whitewash Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder.*



**apollo**

**APOLLO FUTURE MOBILITY GROUP LIMITED**

**APOLLO 智慧出行集團有限公司**

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

**(Stock Code: 860)**

27 June 2023

*To the Shareholders*

Dear Sir or Madam,

### **SPECIAL DEAL DISPOSAL OF THE ENTIRE INTEREST IN THE TARGET COMPANY**

We refer to the circular of the Company dated 27 June 2023 (the “**Circular**”) of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders as to whether, in our opinion, the Disposal Agreement and the Disposal contemplated thereunder which constitutes a special deal under Rule 25 of the Takeovers Code is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Altus Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board on pages 7 to 21 of the Circular, which sets out details of the Disposal Agreement and the Disposal contemplated thereunder. We also wish to draw your attention to the letter from the Independent Financial Adviser set out on pages 26 to 49 of the Circular, which contains its advice on the terms of the Disposal.

**LETTER FROM THE WHITEWASH INDEPENDENT BOARD COMMITTEE**

Having taken into account the reasons for and benefits of the Disposal, the terms of the Disposal Agreement and the advice of the Independent Financial Adviser as stated in its letter of advice, we consider that the Disposal which constitutes a special deal under Rule 25 of the Takeovers Code is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Disposal Agreement and the Disposal contemplated thereunder, particulars of which are set out in the notice of the Disposal EGM set out on pages 56 to 57 of this Circular.

Yours faithfully,

For an on behalf of the Whitewash Independent Board Committee,

**Mr. Teoh Chun Ming**

**Mr. Peter Edward Jackson**

**Mr. Charles Matthew Pecot III**

**Ms. Hau Yan Hannah Lee**

*Independent non-executive Directors*

**Mr. Wilfried Porth**

*non-executive Director*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder, which has been prepared for the purposes of incorporation in this circular.*

# ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

27 June 2023

*To the Independent Board Committee and the Independent Shareholders*

### **Apollo Future Mobility Group Limited**

Units 2001–2002, 20/F  
Li Po Chun Chambers  
189 Des Voeux Road Central  
Sheung Wan  
Hong Kong

Dear Sirs,

## **SPECIAL DEAL, DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE INTEREST IN THE TARGET COMPANY**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 27 June 2023 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 30 December 2022 (after trading hours), the Seller (a wholly-owned subsidiary of the Company) entered into the Disposal 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 Disposal Consideration of HK\$408,000,000. As at the Latest Practicable Date, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon Disposal Completion, the Company will cease to hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal Agreement and the Disposal contemplated thereunder exceed 5% but is less than 25%, the Disposal Agreement and the Disposal contemplated thereunder constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements, but is exempt from Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Buyer was wholly owned by Mr. Shen, a non-executive Director and substantial shareholder of the Company, and is therefore a connected person of the Company. As such, the Disposal Agreement and the Disposal contemplated thereunder also constitutes connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **TAKEOVERS CODE IMPLICATIONS**

Reference is made to the RTO Announcement. Since the Disposal Agreement is an agreement entered into between the Seller and the Buyer, which is wholly owned by Mr. Shen (who directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of WM Motor, which in turn holds approximately 23.67% of the entire issued share capital of the Company), a substantial shareholder of the Company and a party acting in concert with WM Motor under the Takeovers Code, when the Whitewash Waiver was reasonably in contemplation and which is not capable of being extended to all Shareholders, the Disposal Agreement and the Disposal contemplated thereunder constitute special deal of the Company under Rule 25 of the Takeovers Code and requires the consent of the Executive. The consent of the Executive to the special deal, if granted by the Executive, will be subject to (i) the independent financial adviser publicly stating that in its opinion the terms of the Disposal Agreement and the Disposal contemplated thereunder are fair and reasonable; and (ii) the approval of the Disposal Agreement and the Disposal contemplated thereunder (as a special deal) by the Independent Shareholders by way of poll at the Disposal EGM.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, has been established to advise the Independent Shareholders as to whether (i) the entering into of the Disposal Agreement and the Disposal contemplated thereunder is in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole; (ii) the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the proposed resolution at the Disposal EGM to approve the Disposal Agreement and the Disposal as contemplated thereunder, taking into account the recommendation from the Independent Financial Adviser.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### THE WHITEWASH INDEPENDENT BOARD COMMITTEE

The Whitewash Independent Board Committee comprising the non-executive Director who has no direct or indirect interest in the Disposal, namely Mr. Wilfried Porth and all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, has been formed for the purpose of advising the Independent Shareholders in respect of the Disposal Agreement and the Disposal contemplated thereunder which constitutes a special deal under Rule 25 of the Takeovers Code.

### THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to

- (i) the Independent Board Committee and the Independent Shareholders as to whether (a) the entering into of the Disposal Agreement and the Disposal contemplated thereunder is in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole; (b) the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable as far as the Company and the Independent Shareholders are concerned; and (c) how the Independent Shareholders should vote in respect of the proposed resolution at the Disposal EGM to approve the Disposal Agreement and the Disposal as contemplated thereunder; and
- (ii) the Whitewash Independent Board Committee as to whether the terms of the Disposal which constitutes a special deal under Rule 25 of the Takeovers Code, are fair and reasonable so far as the Independent Shareholders are concerned.

We (i) are not associated or connected, financial or otherwise, with the Company or WM Motor, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and we have not acted as the financial adviser or independent financial adviser in relation to any transactions of the Company or WM Motor, their respective controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them in the last two years prior to the date of the Circular.

Pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the terms of the Disposal Agreement and the Disposal as contemplated thereunder is at market level and not conditional upon successful passing of the resolution, (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or WM Motor, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee and the Whitewash Independent Board Committee, we are independent of and not associated with the Company or WM Motor, their respective controlling shareholder(s) (if any) or any parties acting in concert with any of them and can act as the Independent Financial Adviser in respect of the Disposal and the special deal.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the Disposal Agreement; (ii) the annual report for the 15 months ended 31 December 2022 of the Company (the “**2022 Annual Report**”); (iii) the interim report for the 12 months ended 30 September 2022 of the Company (the “**September 2022 Interim Report**”); (iv) the annual report for the year ended 30 September 2021 of the Company (the “**2021 Annual Report**”); (v) the audited financial statements of the Target Company for the year ended 30 September 2022; (vi) the supplemental announcement of the Company dated 11 January 2023 (the “**Supplemental Announcement**”); and (vii) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the Latest Practicable Date. The Company will notify the Shareholders of any material changes to information contained or referred to in the Circular as soon as practicable in accordance with Rule 9.1 of the Takeovers Code up to the date of the Disposal EGM. Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular, and information relating to the Group provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

#### 1. Background information of the Group, the Target Company and the Buyer

##### *1.1. Principal businesses of the Group*

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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 1.2. Financial information of the Group

Set out below is a table summarising certain key financial information of the Group extracted from the 2022 Annual Report.

*Table A — Extract of consolidated statement of profit or loss*

	<b>For the fifteen months ended 31 December 2022 (Note) HK\$'000 (audited) (Note)</b>	<b>For the year ended 30 September 2021 HK\$'000 (audited)</b>
Revenue	774,888	528,559
Gross profit	159,709	131,508
Other gains/(losses), net	523,779	(40,230)
Profit/(loss) for the period/year	266,359	(359,353)

*Note:* The Company announced the change of the financial year end date from 30 September to 31 December on 22 August 2022. Following the change of financial year end date, the Company published unaudited interim results for the 12 months ended 30 September 2022 and audited annual results for the 15 months ended 31 December 2022 and will publish unaudited interim results for the six months ending 30 June 2023.

For the 15 months ended 31 December 2022, revenue of the Group increased to approximately HK\$774.9 million as compared to approximately HK\$528.6 million for the year ended 30 September 2021, representing an increase of approximately 46.6%.

Other gains/losses, net mainly comprised: (i) the fair value gains of approximately HK\$439.3 million for the 15 months ended 31 December 2022 (year ended 30 September 2021: HK\$21.9 million) on financial assets at fair value through profit or loss due to changes in market conditions; (ii) impairment of goodwill of approximately HK\$107.8 million for the 15 months ended 31 December 2022 (year ended 30 September 2021: Nil) due to the Ideenion Disposal (as defined below); and (iii) fair value gains on contingent consideration payables of approximately HK\$274.9 million for the 15 months ended 31 December 2022 (year ended 30 September 2021: losses of approximately HK\$56.0 million) arising from the Group's acquisitions due to the changes in share price of the Company as at the valuation dates and the Ideenion Disposal.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The fair value gains on contingent consideration payables of approximately HK\$274.9 million for the 15 months ended 31 December 2022 were the combined effects of:

- (i) The contingent consideration payable as at 30 September 2021 relating to the acquisition of 86.06% of the total issued share capital of Sino Partner Global Limited in March 2020 (“**Apollo Acquisition**”) was approximately HK\$742.9 million, the fair value of which was based on the share price of the Company as at 30 September 2021 of HK\$0.51 per share. The consideration shares were then issued during the 15 months ended 31 December 2022. The share price as at the issue date was HK\$0.315 per share and the fair value of the consideration shares was approximately HK\$521.4 million. The fair value difference between these valuation dates was credited to profit or loss as fair value gain.
- (ii) The contingent consideration payable as at 30 September 2021 relating to the acquisition of the entire issued share capital of Ideenion Automobil AG (“**Ideenion**”) was approximately HK\$53.5 million. On 23 December 2022, the Company entered into an agreement to dispose of the entire share capital of Ideenion. The Company also entered into an agreement with the former vendors of Ideenion that the Company would no longer be required to pay the contingent consideration, and hence the whole amount of the related contingent consideration payable was recorded as a fair value gain during the 15 months ended 31 December 2022. For details of the change of contingent consideration, please refer to note 2 under the paragraph headed “1.3 Recent development and outlook of the Group” in this letter below.

Profit attributable to owners of the Company for the 15 months ended 31 December 2022 turned around to approximately HK\$263.5 million from the loss of approximately HK\$349.6 million for the year ended 30 September 2021 due to the combined effect of increase in revenue and change in other gains/losses.

*Table B — Extract of consolidated statement of financial position*

	<b>As at 31 December 2022</b>	<b>As at 30 September 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
	<i>(Note)</i>	
Net assets	4,260,786	3,639,582
Cash and cash equivalents	52,528	150,053
Gearing ratio <i>(Note)</i>	2.1%	3.4%

*Note:* Gearing ratio is calculated as total interest-bearing bank borrowings (other than convertible bonds) divided by total equity.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The net assets of the Group increased to approximately HK\$4.3 billion as at 31 December 2022 as compared to approximately HK\$3.6 billion as at 30 September 2021. The contingent consideration payable as at 30 September 2021 relating to the Apollo Acquisition was approximately HK\$742.9 million. During the 15 months ended 31 December 2022, the contingent shares were issued to the vendor of the Apollo Acquisition, resulting the increase in net assets of the Group. The cash and cash equivalents decreased from approximately HK\$150.1 million as at 30 September 2021 to approximately HK\$52.5 million as at 31 December 2022. The decrease in cash and cash equivalents of approximately HK\$97.5 million was mainly due to (i) the net cash flow used in operating activities of approximately HK\$65.0 million for the 15 months ended 31 December 2022; (ii) the net cash flow used in investing activities of approximately HK\$91.4 million for the 15 months ended 31 December 2022; (iii) the net cash flow generated from financing activities of approximately HK\$93.4 million for the 15 months ended 31 December 2022; and (iv) that approximately HK\$28.8 million of cash and cash equivalents of Ideenion and the Target Company were included in assets of the disposal groups classified as held for sale as at 31 December 2022. The gearing ratio was relatively low at 2.1% as at 31 December 2022 (3.4% as at 30 September 2021).

*Table C — Extract of segment information*

Segment revenue/results	Mobility technology solutions HK\$'000	Jewellery products, watches and other commodities HK\$'000	Money lending HK\$'000	Others HK\$'000	Total HK\$'000
<b>For the fifteen months ended 31 December 2022 (audited)</b>					
Segment revenue (revenue from external customers)	218,819	507,760	48,309	—	774,888
Percentage of segment revenue to total revenue	28.2%	65.6%	6.2%	—	
Segment results	530,545	(25,784)	(23,124)	—	481,637
<b>For the year ended 30 September 2021 (audited)</b>					
Segment revenue (revenue from external customers)	104,845	377,246	45,115	1,353	528,559
Percentage of segment revenue to total revenue	19.8%	71.4%	8.5%	0.3%	
Segment results	(58,480)	(47,577)	6,197	1,353	(98,507)

During the 15 months ended 31 December 2022, revenue from the mobility technology solutions segment increased due to (i) the licensing income from the license of vehicular platform; and (ii) the revenue from engineering service

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

outsourcing. Sales of jewellery products, watches and other commodities increased due to improved sentiment in the PRC market. Income from loan financing remained relatively stable.

As shown in “Table C — extract of segment information”, it is noted that:

- (i) the segment results relating to mobility technology solutions improved substantially from a loss of approximately HK\$58.5 million for the year ended 30 September 2021 to a profit of approximately HK\$530.5 million for the 15 months ended 31 December 2022. Such increase was mainly due to (i) the fair value gains on the related financial assets at fair value through profit or loss of approximately HK\$423.7 million (year ended 30 September 2021: HK\$69.2 million); and (ii) the fair value gains on contingent consideration payables of approximately HK\$274.9 million (year ended 30 September 2021: fair value losses of approximately HK\$56.0 million);
- (ii) the segment results relating to jewellery products, watches and other commodities also improved from a loss of approximately HK\$47.6 million for the year ended 30 September 2021 to a loss of approximately HK\$25.8 million for the 15 months ended 31 December 2022. Such improvement, though still recorded a loss, was mainly due to the improved revenue as a result of the improved sentiment in the PRC market; and
- (iii) the segment results relating to money lending worsened from a profit of approximately HK\$6.2 million for the year ended 30 September 2021 to a loss of approximately HK\$23.1 million for the 15 months ended 31 December 2022. Such loss was mainly due to the increase in impairment of loans receivable to HK\$38.8 million (year ended 30 September 2021: HK\$12.5 million).

The revenue generated by the money lending business accounted for a small portion of the total revenue for the year ended 30 September 2021 and the 15 months ended 31 December 2022, being approximately 8.5% and 6.2% respectively. The money lending business recorded negative segment results of approximately HK\$23.1 million for the 15 months ended 31 December 2022 due to the reason explained above. Such segment loss was material as compared to the overall net profit of approximately HK\$266.4 million for the 15 months ended 31 December 2022 as shown above.

### ***1.3. Recent development and outlook of the Group***

On 23 December 2022, the Company (as seller) entered into an agreement with Mobility Technology Group Inc. (as buyer<sup>(Note 1)</sup>), pursuant to which the Company had conditionally agreed to sell and the buyer had conditionally agreed to acquire the entire issued share capital of Ideenion for a total cash consideration of EUR15,000,000 (equivalent to approximately HK\$124,350,000) (“**Ideenion Disposal**”). Following the completion of such disposal on 22 February 2023, the Company is no longer required to

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

pay any cash consideration or allot and issue consideration shares to the former shareholders of Ideenion<sup>(Note 2)</sup>. Given that the principal business of Ideenion group is the design, development and prototyping of internal combustion engine vehicles and new energy vehicles, including vehicle components and accessories for vehicles, we noted that such disposal was in line with the Company's strategic plan on electrification as the Group persists in developing its own branded luxury smart electric passenger cars.

*Notes:*

1. *As disclosed in an announcement of the Company dated 23 December 2022, the buyer is a company incorporated in the Cayman Islands with limited liability. To the best knowledge of the Directors, the buyer is principally engaged in investment holding. The buyer is held as to 35.72% by MTG Holding Inc., as to 32.14% by FIC Global, Inc., a company listed on Taiwan Stock Exchange (stock code: 3701), and as to 32.14% by Wistron Corporation, a company listed on Taiwan Stock Exchange (stock code: 3231).*

*MTG Holding Inc. is held by a number of shareholders and there are six shareholders, each holding 16% of the issued share capital of MTG Holding Inc. Amongst these six shareholders, three of them are Mr. Mirko Konta, a former executive Director, Mr. Sung Kin Man, a former executive Director and former chief executive officer of the Company and Mr. Lorenz Loew, the holder of 25% of issued share capital of Ideenion Design AG. As of 23 December 2022, being the date of the Company entering into the agreement of the Ideenion Disposal, each of Mr. Mirko Konta, Mr. Sung Kin Man and Mr. Lorenz Loew was a connected person of the Company but MTG Holding Inc. and the buyer were not connected persons of the Company.*

*To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed above, the buyer and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.*

2. *As disclosed in the circular of the Company dated 24 December 2020, (i) the Company (as buyer) and (ii) Mr. Mirko Konta, Mr. Werner Handl and Mr. Nigel Westwood (as vendors) entered into an acquisition agreement dated 31 October 2019 (the "**Ideenion Acquisition Agreement**", as supplemented by five supplemental agreements thereafter), in relation to the proposed acquisition of the entire issued share capital of Ideenion (the "**Ideenion Acquisition**") at an aggregate consideration of up to approximately EUR36.0 million. Such consideration comprises:*
  - (a) initial consideration price of EUR15 million payable in cash; and*
  - (b) further consideration price of up to (i) EUR4.2 million cash and (ii) up to EUR16.8 million in consideration shares of the Company payable in three tranches.*

*Each tranche would be settled no later than one month after the date of the audited consolidated financial statements of Ideenion and its subsidiaries ("**Ideenion Group**") for the year ending 30 June 2021, 2022 and 2023 respectively provided that the net profit after tax for each year ending 30 June 2021, 2022 and 2023 equal to or more than EUR4.6 million.*

*The issue price of the consideration shares of the Company will be (i) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for all the Business Days in the three calendar months immediately preceding the date of allotment and issuance of the respective tranche of consideration shares; or (ii) HK\$0.52, whichever is higher. In any event, the maximum aggregate number of consideration shares to be allotted and issued to the vendors of Ideenion shall not exceed 281,080,000 Shares.*

*The abovementioned Ideenion Acquisition was completed on 10 February 2021 and the initial consideration price of EUR15 million was paid in cash.*

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

*Subsequently, on 23 December 2022, the Company conditionally agreed to dispose of the entire issued share capital of Ideenion to Mobility Technology Group Inc. for a cash consideration of EUR15 million. In view of the Ideenion Disposal, (i) the Company and (ii) Mr. Mirko Konta, Mr. Werner Handl and Mr. Nigel Westwood, the vendors in relation to the Ideenion Acquisition Agreement (“Former Ideenion Shareholders”) entered into the sixth supplemental agreement to the Ideenion Acquisition Agreement, pursuant to which:*

- (a) the Company and the Former Ideenion Shareholders acknowledged that:*
  - (i) the consolidated net profit after tax as shown in the audited consolidated financial statements of the Ideenion Group for the financial year ended 30 June 2021 is not more than or equal to EUR4,600,000, and the Company was not required to pay the first tranche of consideration price, including cash and allot and issue consideration shares to the Former Ideenion Shareholders; and*
  - (ii) the consolidated net profit after tax as shown in the audited consolidated financial statements of the Ideenion Group for the financial year ended 30 June 2022 is not more than or equal to EUR4,600,000, and the Company is not required to pay the second tranche of consideration price, including cash and allot and issue consideration shares to the Former Ideenion Shareholders.*
- (b) the Company and the Former Ideenion Shareholders agreed that the Company would no longer be required to pay the third tranche of consideration price, including cash and allot and issue consideration shares to the Former Ideenion Shareholders.*

*Hence, following the completion of the Ideenion Disposal on 22 February 2023, the Company is no longer required to pay any cash consideration or allot and issue consideration shares to the Former Ideenion Shareholders.*

The Group (as the seller) reached an agreement on 30 December 2022 with a company wholly-owned by Mr. Shen (as the buyer), a non-executive Director and substantial Shareholder, whereby the seller conditionally agreed to dispose of and the buyer conditionally agreed to acquire the entire issued share capital of the Target Company for a total consideration of HK\$408 million. Upon the Disposal Completion, the Group’s money lending business will be significantly downsized. The Group will continue to look for opportunities to dispose of its remaining money lending business and put its focus on its mobility business. As advised by the Management, the Group received clear feedback from market participants (including commercial lenders) that they prefer the Group to pursue a cleaner platform focus (i.e. focus on the mobility technology solutions business). Accordingly, we concur with the Management that the Disposal adheres to this business strategy and illustrates to the Shareholders and the potential investors that the Company is determined to pursue such goal, which in turn, allows the Group to have a clearer focus and concentrate on the implementation of strategies to pursue opportunities in the smart mobility industry.

In addition, the Group entered into the Acquisition Agreement on 11 January 2023 with WM Motor for the acquisition of the entire issued capital of the Acquisition Target Company, the wholly-owned subsidiary of WM Motor which owns the revenue generating operating entities of WM Motor, at a consideration of US\$2,023.27 million (equivalent to approximately HK\$15,853.71 million), and will be settled by way of allotment of and issue of consideration shares of the Company at the issue price of HK\$0.55 per Share (the “**RTO Consideration Shares**”). In addition, the Company is proposing to carry out a placing, pursuant to which the placing agent will place up to 7,123,363,636 placing shares

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(“**Placing Shares**”) at the placing price of not less than HK\$0.55 per placing shares to not less than six independent placees (“**Placing**”). WM Motor is interested in 2,275,545,343 Shares, representing approximately 23.67% of the entire issued share capital of the Company. Immediately after the allotment and issue of the RTO Consideration Shares and the Placing Shares and assuming that there is no other change in the entire issued share capital of the Company as at the Latest Practicable Date to the date of completion of the RTO Transactions (including the Placing), the shareholding of WM Motor and parties acting in concert with it will increase to 32,006,797,374 Shares, representing approximately 70.25% of the entire issued share capital of the Company as enlarged by the allotment and issue of the RTO Consideration Shares and the Placing Shares. Pursuant to Rule 26.1 of the Takeovers Code, WM Motor would be required to make an unconditional mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

According to the 2022 Annual Report, the Group will continue to focus on development of luxury smart electric passenger cars and future mobility related technology and services by leveraging the Apollo’s brand DNA and having WM Motor as the Group’s strategic manufacturing partner. With the Apollo brand’s reputation and proprietary technology, coupled with the Group’s sales and distribution experience targeting luxury automobile segments as well as WM Motor’s experience in automobile manufacturing, the Group will continue to excel in the development of its luxury smart electric passenger car business in response to the growing desire for high performance and luxury experience in the global market through developing a range of luxury smart electric passenger car models featuring cutting-edge mobility technology, striking design and premium personalised service. With the increasing awareness of the impact that can be brought to the environment, there is a trend for consumers to switch from traditional petrol-powered vehicles to new energy vehicles. Based on data published by the China Association of Automobile Manufacturers<sup>(Note)</sup>, during the first four months of 2023, production volume and sales volume of overall passenger cars in China recorded year-on-year increases of approximately 8.6% and 6.8% respectively, while production volume and sales of new energy passenger cars during the same period both recorded year-on-year increases of approximately 42.8%, a growth rate far exceeds that of passenger cars as a whole. Taking into account Apollo’s brand reputation and proprietary technology and the increasing demand for new energy vehicles, we concur with the Management that there is growth potential in the development of its luxury smart electric passenger car business. However, we are of the view that it will inevitably be challenging for the Management going forward on the back drop of the rising inflation rate, interest rate hike trends, the precarious global economic situation and the Sino-US political and economic relationships; the Management can therefore be expected to have to manage its business cautiously.

*Note:* China Association of Automobile Manufacturers is a self-discipline and non-profit social organisation consisting of enterprises and institutions and organisations engaged in production and management of automobiles, auto parts and vehicle-related industries in China.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *1.4. Background information of the Target Company*

The Target Company is principally engaged in money lending in Hong Kong.

Set out below is a table summarising certain financial information of the Target Company extracted from its audited financial statements for the year ended 30 September 2022.

*Table D — Extract of statement of profit or loss and other comprehensive income*

	<b>For the year ended 30 September 2022</b>	<b>For the year ended 30 September 2021</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
(Loss) profit before taxation	(29,674)	10,954
(Loss) profit and total comprehensive (expense) income for the year	(24,496)	8,618

For the year ended 30 September 2022, the Target Company recorded a loss and total comprehensive expenses of approximately HK\$24.5 million as compared to a profit and total comprehensive income of approximately HK\$8.6 million for the year ended 30 September 2021. Such change was mainly attributable to the decrease in revenue by approximately HK\$10.3 million for the year ended 30 September 2022 as compared to 2021; and increase in impairment of loan receivables to approximately HK\$38.8 million for the year ended 30 September 2022 as compared to approximately HK\$12.5 million for the year ended 30 September 2021.

### *1.5. Background information of the Buyer and the Guarantor*

The Buyer is a company incorporated in Samoa with limited liability engaging in investment holding and wholly owned by Mr. Shen.

The Guarantor is a company with limited liability incorporated under the laws of BVI and wholly owned by Mr. Shen, who is also the sole shareholder of the Buyer. The Guarantor is an investment holding company and holds approximately 4.55% equity interest in WM Motor, which in turn is a substantial shareholder of the Company, holding approximately 23.67% of the entire issued share capital of the Company as at the Latest Practicable Date.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 2. The Company's rationale for the Disposal

As described in the paragraph headed "Reasons for and benefits of the Disposal Agreement" of the "Letter from the Board" in this Circular, the Management expects the Disposal will be in the interests of the Company and the Shareholders as a whole. The reasons considered include, among others:

- (i) the Disposal being consistent with the Group's focus on developing its own branded luxury smart EVs and the intention to scale down legacy businesses including the money lending business, and that the Disposal allows the Group to redeploy its human resources and internal financial resources to concentrate on the mobility technology solutions business;
- (ii) as advised by the Management, the Group received clear feedback from market participants (including commercial lenders) that they prefer the Group to pursue a cleaner platform focus (i.e. focus on the mobility technology solutions business);
- (iii) the fact that based on the price discovery process undertaken by the Directors, it was found that it will be difficult in finding a willing buyer for the loan portfolio held by the Target Company without a significant discount to its book value;
- (iv) the Buyer, who is a connected person associated to a substantial shareholder of the Company, paying HK\$100 million as cash consideration on Disposal Completion indicates his confidence in the Group and the alignment of interests for mutual benefits; and
- (v) the fact that the Buyer agrees to pay an interest rate of 6.2% on the Promissory Notes which would help to defray potential loss of bargain from the portfolio under the Disposal while allowing the Group to make a clean exit from the money lending business.

To assess the reasonableness of the Management's rationale, we have considered:

- (i) the strategic positioning of the Group, which is to focus on its own branded vehicles development business riding on the smart EVs adoption trend across the globe and striving to become one of the leaders in the smart mobility services industry. The Disposal can be an opportunity to the Group to redeploy its human resources and internal financial resources to focus on the mobility technology solutions business when the need for active supervision of the money lending business does not represent an optimum use of management resources;

We concur that the money lending business is not within the supply chain of vehicles development business and may not be consistent with the Group's strategic positioning. An exit from the money lending business mitigates the inherent risks such as volatility in the operation and profitability as well as default risks from borrowers. In addition, the Management believes and we concur that the Disposal will allow the Group to redeploy its human resources and internal financial resources to focus on its own branded vehicles development business.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the disclosures in the September 2022 Interim Report and the 2021 Annual Report, where the Group had stated its intention to gradually scale down its legacy businesses, including the money lending business, as part of its rebranding exercise, and suits investors' and commercial lenders' expectation;

We noted that Hong Kong listed companies in EV industry, such as NIO Inc. (stock code: 9866), XPeng Inc. (stock code: 9868), Li Auto Inc. (stock code: 2015) and Zhejiang Leapmotor Technology Co., Ltd. (stock code: 9863), mainly have only one reportable segment.

- (iii) the performance of the money lending business in the past two years;

Based on the 2022 Annual Report, revenue generated by the money lending business accounted for a small portion of the total revenue for the year ended 30 September 2021 and the 15 months ended 31 December 2022, being approximately 8.5% and 6.2% respectively. The money lending business recorded negative segment results of approximately HK\$23.1 million for the 15 months ended 31 December 2022. Such segment loss was material as compared to the overall net profit of approximately HK\$266.4 million for the 15 months ended 31 December 2022.

- (iv) the price discovery process undertaken by the Directors, who found that it was difficult in finding a willing buyer for the loan portfolio held by the Target Company without a significant discount to its book value; and

We have interviewed the Management responsible for the price discovery process and have reviewed a summary of feedback prepared by the financial adviser who assisted the Company in identifying potential buyers. The summary indicated that there were no positive interests from the parties approached by the financial adviser. According to the Management, the three potential buyers that have been approached by the financial adviser are engaged in money lending businesses in Hong Kong or the PRC. We noted that all three buyers have sizable business scale where two of the potential buyers are listed companies and the remaining one has applied for listing on the Stock Exchange. On this basis, we are of the view that the parties have been reasonably selected as potential buyers who may be interested in the loan portfolio of the Target Company.

- (v) the financial strength of the Buyer and the Guarantor,

Please refer to the sub-section headed "Security and credit risk" in this letter below.

we concur with the Management that the Disposal (i) will enable the Group to have a more defined platform focusing on vehicles business; (ii) is in line with the Group's published strategy to scale down its legacy businesses; and (iii) will enable the Group to mitigate risks of volatility in the operation and profitability of the Target Company and allow the Group to redeploy its internal financial resources to concentrate on the mobility technology solutions business. As such, subject to our analysis on the terms of the Disposal under the section

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

headed “3. Principal terms of the Disposal Agreement” in this letter below, we are of the view that the Disposal, though not in the ordinary and usual course of business of the Company, is in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the Disposal Agreement

The principal terms of the Disposal Agreement are summarised as follows.

- Date:** 30 December 2022 (after trading hours)
- Parties:** Buyer: Innosphi Company Limited, which is wholly-owned by Mr. Shen, a non-executive Director and substantial shareholder of the Company
- Seller: Ming Fung Investment Holdings Limited, a wholly-owned subsidiary of the Company
- Assets to be disposed of:** The Sale Share, representing the entire issued share capital of the Target Company
- Disposal Consideration:** Total Disposal Consideration is HK\$408,000,000 and shall be satisfied by the Buyer in the following manner:
- within 30 Business Days from the signing of the Disposal Agreement, a sum of HK\$50,000,000, being the Initial Deposit (which shall become part payment of the Initial Cash Payment at Disposal Completion), shall be paid in cash by the Buyer to the Seller or the Seller’s nominees;
  - upon Disposal Completion, a sum of HK\$50,000,000, being the remaining balance of the Initial Cash Payment, shall be paid in cash by the Buyer to the Seller or the Seller’s nominees; and
  - upon Disposal Completion, a sum of HK\$308,000,000, being the remaining balance of the Disposal Consideration, shall be satisfied by the Promissory Note.

The Initial Deposit had been settled on 31 January 2023 in accordance with the terms of the Disposal Agreement.

#### *3.1. The Disposal Consideration*

The Disposal Consideration was determined based on arm’s length negotiations between the parties to the Disposal Agreement with reference to, among other things: (a) the net liabilities of the Target Company of approximately HK\$9.1 million based on

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

its audited financial statements as at 30 September 2022; (b) the existing intra-group loan amount due from the Target Company to the Company as at 30 September 2022 of approximately HK\$415.5 million; (c) the business development and future prospects of the money lending business in Hong Kong; and (d) the business strategies and asset allocation preference of the Seller and the Buyer. The Disposal Consideration shall be fully offset against the outstanding intra-group loan amount due from the Target Company to the Company upon Disposal Completion.

To assess the fairness and reasonableness of the Disposal Consideration, we have obtained from the Management and reviewed the audited financial statements of the Target Company as at 30 September 2022. In terms of assets, we noted that the principal assets of the Target Company were loan receivables due from the borrowers, which accounted for over 90% of the total assets of the Target Company. In terms of liabilities, we noted that the principal liabilities of the Target Company were the amount due to the Company of approximately HK\$415.5 million, which accounted for over 80% of the total liabilities of the Target Company.

By reference to the audited financial information of the Target Company for the year ended 30 September 2022, the Disposal Consideration of HK\$408 million would have taken into account (a) the net liabilities of the Target Company as at 30 September 2022 of approximately HK\$9.1 million; (b) the existing intra-group loan amount due from the Target Company to the Company as at 30 September 2022 of approximately HK\$415.5 million; (c) the business development and future prospects of the money lending business in Hong Kong; and (d) the business strategies and asset allocation preference of the Seller and the Buyer. By disposing of the Target Company, the Group will eliminate net liabilities of approximately HK\$9.1 million and recoup an intra-group loan of approximately HK\$415.5 million at a Disposal Consideration of HK\$408.0 million. Therefore, subject to audit, it is expected that the Company will record a net gain on disposal of approximately HK\$1.6 million arising from the Disposal, being the difference between the amount of Disposal Consideration and the sum of (i) the net liabilities of approximately HK\$9.1 million of the Target Company as at 30 September 2022; and (ii) the amount due from the Target Company to the Company of approximately HK\$415.5 million as at 30 September 2022.

Given that (i) the principal assets of the Target Company were loan receivables which accounted for over 90% of the total assets of the Target Company; (ii) the liabilities of the Target Group were mainly amounts due to the Company; and (iii) money lending company is akin to a financial institution of which book value is a common parameter for its valuation, we are of the view that it is fair and reasonable to use (i) the net liabilities position of the Target Company; and (ii) the amount due from the Target Company to the Company, as the basis to determine the Disposal Consideration.

To further assess the reasonableness of the value of assets of the Target Company, we have obtained from the Management a list of all 17 outstanding loans provided by the Target Company to 13 corporate borrowers and one individual borrower as at 30 September 2022 and noted that:

- (i) all borrowers as at 30 September 2022 were independent third party to the Company;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the loans have tenures ranging from one to three years. Save for two loans, the remaining ones are due by the end of 2023. We however note that eight loans had previously been extended once upon their original expiries; while three loans were extended twice. The Management advised that when considering the extension of loan tenures, the money lending team has taken into account the specific credit risk of each of the borrowers through regular review of the latest development and business operations of the borrowers, assessed their repayment abilities and reviewed the liquidity and financial conditions of the borrowers and their guarantors (where applicable);
- (iii) 12 out of 17 loans to the 13 corporate borrowers and one individual borrower as at 30 September 2022, representing approximately 70.2% in terms of the principal amount, are secured by personal guarantees provided by the relevant borrowers;
- (iv) the interest rates of the loans ranged from 6.0% to 7.5%, with an arithmetic weighted average of approximately 6.1% per annum based on loan principal amounts;
- (v) one of the loans with the principal amount of approximately HK\$28 million has been in default for over one year as at the date of the Disposal Agreement, and, having been assessed by the Management, the relevant outstanding loan receivables has been fully impaired; and
- (vi) as at 30 September 2022, the net carrying amount of the loans was approximately HK\$469.2 million. The Management has from time to time assessed the credit risk of each of the borrowers and made provision (as and when necessary). In view of the fact that (i) the loan receivables as at 30 September 2022 had factored in the credit risk at that point in time; (ii) only one out of the 17 loans was in default as at 30 September 2022 and the relevant outstanding loan receivables has been fully impaired; and (iii) the Management's confirmation that other than the one loan which has been in default as at 30 September 2022, there was no other loan in default as at the Latest Practicable Date, we are not aware of any indication that suggests the loan receivables will not be repaid.

The Disposal Consideration of HK\$408 million represents a slight premium of approximately HK\$1.6 million over approximately HK\$406.4 million, being the sum of (i) the net liabilities position of the Target Company of approximately HK\$9.1 million based on its audited financial statements as at 30 September 2022; and (ii) the amount due from the Target Company to the Company as at 30 September 2022 of approximately HK\$415.5 million.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered (i) that the basis of determining the Disposal Consideration is with reference to the Target Company's asset value and liabilities, which is a reasonable approach; (ii) the price discovery process undertaken by the Directors as described in the paragraph headed "2. The Company's rationale for the Disposal" above, where we have interviewed the Management responsible for the price discovery process and have reviewed a summary of feedback prepared by the financial adviser who assisted the Company in identifying potential buyers. The summary indicated that there were no positive interests from the parties approached by the financial adviser; and (iii) the slight premium of HK\$1.6 million over the sum of net liabilities position of the Target Company and amount due from the Target Company to the Company as at 30 September 2022 as mentioned above, we are of the view that the Disposal Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### *3.2. The payment terms of the Disposal Consideration*

The Disposal Consideration shall be satisfied by (i) an Initial Cash Payment of HK\$100 million upon Disposal Completion; and (ii) a Promissory Note with principal amount of HK\$308 million.

The principal terms of the Promissory Note are summarised below:

<b>Issuer:</b>	The Buyer
<b>Principal amount:</b>	HK\$308,000,000
<b>Maturity:</b>	One year, as may be extended by one year at the option of the Buyer
<b>Interest:</b>	An interest of 6.2% per annum, which was determined based on the average return per annum of the loan portfolio
<b>Security:</b>	Irrevocably and unconditionally guaranteed by the Guarantor, being Best Model International Limited (a company with limited liability incorporated under the laws of British Virgin Islands and wholly owned by Mr. Shen), on behalf of the Buyer to perform its obligations in accordance with the Promissory Note in favour of the Company
<b>Early repayment:</b>	The Buyer could, at its discretion, repay the Promissory Note in whole or in part prior to the maturity date and will not be subject to any premium over or discount to the payment obligations under the Promissory Note for any early repayment

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

**Transferability:**

The Promissory Note is not transferable or assignable unless with the prior consent of the holder or the issuer of the Promissory Note. The Promissory Note is not transferable to any connected person of the Company, unless with the prior consent of the holder or the issuer of the Promissory Note, and the Company has no plans now to transfer the Promissory Note. The Company confirms that it will comply with the applicable rule requirements under Chapter 14 and 14A under the Listing Rules in case of any transfer of the Promissory Note.

To assess the fairness and reasonableness of the payment terms of the Disposal Agreement and based on the fact that:

- (i) by entering into the Disposal Agreement, the Company is partially exiting from its money lending business by disposing of the Target Company;
- (ii) over 90% of the assets of the Target Company as at 30 September 2022 were loan receivables, which are return-generating assets; and
- (iii) HK\$308 million out of the HK\$408 million Disposal Consideration will be satisfied by the Promissory Note, which is not immediate cash payment,

we are of the view that the fairness and reasonableness of the payment terms of the Disposal Consideration can also be assessed by considering whether the Group's income would be financially worse off after entering into the Disposal Agreement. As such, we have conducted a comparison of the terms of the Promissory Note (as part of the payment terms) with the terms of the return-generating assets of the Target Company (which happened that the majority are loan receivables) as follows:

*Maturity*

The maturity of the Promissory Note is one year, which may be extended by one year at the option of the Buyer. In the event that the Buyer decides to extend the maturity by another year, the remaining Disposal Consideration of HK\$308 million shall be payable in two years along with the accrued interests. Based on our review of the list of loans in the Target Company's portfolio as at 30 September 2022, while most loans shall be due by the end of 2023, the majority of such loans have previously been extended once or twice upon their original due dates, and there is no assurance that the borrowers will not request for further extension. On this basis, we are of the view that the tenure of the Promissory Note of up to two years is not materially different from those of the loan portfolio.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Interest rate*

The interest rate of 6.2% per annum is determined based on the average return per annum of the loan portfolio. We noted that the arithmetic weighted average of the interest rate of the loan portfolio of the Target Company is approximately 6.1% per annum based on the loan principal amounts. Therefore, we are of the view that the interest rate of the Promissory Note is fair and reasonable.

### *Security and credit risk*

The Buyer is a company incorporated in Samoa with limited liability engaging in investment holding and wholly owned by Mr. Shen. The Promissory Note is irrevocably and unconditionally guaranteed by Best Model International Limited (a company with limited liability incorporated under the laws of BVI and wholly owned by Mr. Shen), which is also the sole shareholder of the Buyer. Since the Guarantor is also wholly owned by Mr. Shen and has identifiable assets, our analysis focuses on the financial standing of the Guarantor.

Based on the Supplemental Announcement, the Guarantor is an investment holding company and holds approximately 4.55% equity interest in WM Motor, which in turn is a substantial shareholder of the Company, holding approximately 23.67% of the entire issued share capital of the Company as at the Latest Practicable Date. WM Group is a pioneer in bringing innovative smart EV technologies to China's mainstream market. WM Group is the first EV automaker in China to have established its own manufacturing facilities and the brand of the WM Group is aiming to deliver smart EVs that offer safe and reliable performance, consistent quality and superior user experience at affordable prices in China.

We have endeavoured to assess the financial standing of the Guarantor based on the information made available to us.

For illustration purpose, we noted that

- (i) as at the Latest Practicable Date, the Guarantor held approximately 4.55% equity interest in WM Motor, which in turn is a substantial shareholder of the Company holding approximately 23.67% of the entire issued share capital of the Company. The value of such indirect interest in the Shares was approximately HK\$13.9 million as at the Latest Practicable Date;
- (ii) as at the Latest Practicable Date, the Guarantor held approximately 4.55% shares of WM Motor, which directly and wholly owns the Acquisition Target Company. The value of such indirect interest in the Acquisition Target Company was approximately US\$92.1 million (equivalent to approximately HK\$721.3 million) based on its valuation under the RTO Transactions;

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) based on the RTO Announcement, after the completion of the RTO Transactions, the Guarantor, as one of the shareholders of WM Motor, will receive distribution of the 1,393,881,172 RTO Consideration Shares from WM Motor. Based on the placing price and the issue price of the RTO Consideration Shares set out in the RTO Announcement, the value of the Guarantor's interests in the RTO Consideration Shares is approximately HK\$766.6 million. According to the Management, majority of assets of WM Motor should be held under the Acquisition Target Company. Accordingly, upon completion of the RTO Transactions and the distribution of the RTO Consideration Shares, there will remain no material assets in WM Motor;
- (iv) as advised by the Management, (a) pending the completion of the RTO Transactions, the Acquisition Agreement includes a representation given by WM Motor that it is (and will remain) the sole legal and beneficial owner of all shares of the Acquisition Target Company; and (b) as the RTO Transactions are under contemplation, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. Mr. Shen, together with his controlled corporations (including the Guarantor), are a group of controlling shareholders of WM Motor and the Acquisition Target Company and will be a group of single largest Shareholders upon completion of the RTO Transactions, and will therefore be subject to lock-up requirement under Rule 10.07 of the Listing Rules. Subject to the schedule of the RTO Transactions which is currently ongoing, and whether the Buyer will exercise its option to extend the term of the Promissory Note, the aforesaid lock-up period may or may not expire before the end of term of the Promissory Note;
- (v) upon Disposal Completion, the Buyer will hold the loan portfolio in the amount of approximately HK\$415.5 million which loan repayment proceeds could be used by the Buyer to settle the Promissory Note and the interest payment; and
- (vi) since the RTO Transactions and the Whitewash Waiver and the Disposal are not inter-conditional with each other, if the RTO Transactions are not approved by the Shareholders at the RTO EGM, the Guarantor will continue to hold 4.55% shares of WM Group, which itself has substantive business operations.

Based on the above, it appears to us that the Guarantor is of sound financial standing relative to the principal amount of the Promissory Note, and we concur with the Management's view that (i) the Guarantor is capable of providing the guarantee in favour of the Company; and (ii) there is no material difference for the Company to assume the credit risk of the Promissory Note as compared with the credit risk of the borrowers under the loan portfolio.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 30 September 2022, 12 out of 17 loans under the portfolio, representing approximately 70.2% in terms of loan principal amount, were secured by personal guarantees provided by the relevant borrowers without other charges or collaterals. Compared with the fact that the Company will receive the Initial Cash Payment of HK\$100 million upon Disposal Completion and that the entire HK\$308 million Promissory Note will be secured by the Guarantor, we are of the view that the security of the Promissory Note provided is no less favourable to the Company compared with those currently available under the loan portfolio of the Target Company.

### *Sub-section summary*

Taking into account the analysis on this sub-section, we are of the view that (i) the payment terms of the Disposal Agreement (including the Promissory Note as part of the payment arrangement) are fair and reasonable; and (ii) the terms of the Disposal Agreement and the Disposal contemplated thereunder are on normal commercial terms.

#### **4. Financial effect of the Disposal**

As described in the “Letter from the Board” contained in the Circular, subject to audit, it is expected that the Company will record a net gain on disposal of approximately HK\$1.6 million arising from the Disposal, being the difference between the amount of Disposal Consideration and (i) the net liabilities of approximately HK\$9.1 million of the Target Company as at 30 September 2022; and (ii) the amount due from the Target Company to the Company of approximately HK\$415.5 million as at 30 September 2022. As confirmed by the Management, there is no material effect on the net asset value of the Company.

Following the Disposal, the Company will lose the future interest income from the loan portfolio. Instead, the Company will be entitled to (i) the interest income from the Promissory Note, which is based on an annual interest rate similar to those under the loan portfolio held by the Target Company as at 30 September 2022 prior to the Disposal; and (ii) interest income from the HK\$100 million Initial Cash Payment, before deployment for its stated purpose.

The Company intends to use the proceeds from the Disposal for 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.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### RECOMMENDATION

In summary, having considered the above principal factors and reasons, in particular:

- (i) the Disposal (a) will enable the Group to have a more defined platform focusing on vehicles business; (b) is in line with the Group's published strategy to scale down its legacy businesses; and (c) will enable the Group to mitigate risks of volatility in the operation and profitability of the Target Company and allow the Group to redeploy its human resources and internal financial resources to concentrate on the mobility technology solutions business;
- (ii) the Disposal Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole because (a) the basis of determining the Disposal Consideration is with reference to the Target Company's asset value and liabilities, which is a reasonable approach; (b) of the price discovery process that has been undertaken by the Directors, where we have interviewed the Management responsible for the price discovery process and have reviewed a summary of feedback prepared by the financial adviser who assisted the Company in identifying potential buyers. The summary indicated that there were no positive interests from the parties approached by the financial adviser; and (c) of the slight premium of HK\$1.6 million over the sum of net liabilities position of the Target Company and amount due from the Target Company to the Company as at 30 September 2022;
- (iii) the tenure of the Promissory Note of up to two years is not materially different from those of the loan portfolio;
- (iv) the interest rate of the Promissory Note is determined based on the average return per annum of the loan portfolio;
- (v) the security of the Promissory Note provided is no less favourable to the Company compared with those currently available under the loan portfolio of the Target Company;

we are of the view that (i) the entering into of the Disposal Agreement and the Disposal contemplated thereunder, though is not in the ordinary and usual course of business of the Group, is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Disposal Agreement and the Disposal contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution at the Disposal EGM to approve the Disposal Agreement and the Disposal.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that the terms of the Disposal are fair and reasonable as explained above, we are of the view that the Disposal which constitutes a special deal under Rule 25 of the Takeovers Code is also fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Whitewash Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution at the Disposal EGM to approve the Disposal which constitutes a special deal under Rule 25 of the Takeovers Code.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**

**Jeanny Leung**  
*Executive Director*

**Chang Sean Pey**  
*Executive Director*

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*Mr. Chang Sean Pey (“**Mr. Chang**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 25 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to WM Motor and its subsidiaries) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the directors of WM Motor and its subsidiaries) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The directors of WM Motor jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statements in this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### 2.1 Directors' and chief executives' interests and short positions in Shares and underlying Shares of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were deemed or taken to have under provisions of the SFO); or (ii) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director/ chief executive	Capacity/Nature of interests (Note 1)	Number of Shares held/ interested (Note 2)	Approximate percentage of interest as at the Latest Practicable Date (Note 3)
Mr. Shen (Note 4)	Interest in controlled corporations	2,275,545,343	23.67%
Mr. Ho King Fung, Eric (Note 5)	Personal	170,000,000	1.77%
Mr. Joseph Lee (Note 6)	Personal	42,400,000	0.44%
Mr. Peter Edward Jackson (Note 7)	Personal	5,000,000	0.05%
Mr. Teoh Chun Ming (Note 8)	Personal	5,000,000	0.05%
Mr. Charles Matthew Pecot III (Note 9)	Personal	4,000,000	0.04%

*Notes:*

1. All the interests stated above represent long positions in the Shares.
2. Number of Shares represents the total interests of Directors/chief executive of the Company, including number of Shares held by Directors/chief executive of the Company under the Share Option Scheme.
3. Based on 9,613,098,562 Shares in issue as at the Latest Practicable Date.
4. The Vendor beneficially owned 2,275,545,343 Shares, representing approximately 23.67% of the entire issued share capital of the Company. Mr. Shen, directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of the Vendor. Timeless Hero Limited, which is wholly owned by Freeman Schenk Limited, the entire interest of which is in turn held by Cantrust (Far East) Limited, a trust that was established by Mr. Shen (as the settlor) for the benefit of himself and his family, holds 65.41% voting rights of the Vendor. Hence Mr. Shen is deemed to be interested in the Shares held by the Vendor by virtue of Part XV of SFO.
5. Mr. Ho King Fung, Eric is the beneficial owner of 52,500,000 Shares and 117,500,000 Share Options under the Share Option Scheme (20,000,000 Share Options with an exercise price of HK\$0.85, 30,000,000 Share Options with an exercise price of HK\$0.475, 37,500,000 Share Options with an exercise price of HK\$0.78 and 30,000,000 Share Options with an exercise price of HK\$0.445).
6. Mr. Joseph Lee is the beneficial owner of 2,400,000 Shares and 40,000,000 Share Options under the Share Option Scheme with an exercise price of HK\$0.44.
7. Mr. Teoh Chun Ming, is the beneficial owner of 5,000,000 Share Options under the Share Option Scheme (1,000,000 Share Options with an exercise price of HK\$0.475, 2,000,000 Share Options with an exercise price of HK\$0.78 and 2,000,000 Share Options with an exercise price of HK\$0.445).
8. Mr. Peter Edward Jackson, is the beneficial owner of 5,000,000 Share Options under the Share Option Scheme (1,000,000 Share Options with an exercise price of HK\$0.475, 2,000,000 Share Options with an exercise price of HK\$0.78 and 2,000,000 Share Options with an exercise price of HK\$0.445).
9. Mr. Charles Matthew Pecot III, is the beneficial owner of 4,000,000 Share Options under the Share Option Scheme (2,000,000 Share Options with an exercise price of HK\$0.78 and 2,000,000 Share Options with an exercise price of HK\$0.445).

Other than the interests in the Shares, underlying Shares as set out above, as at the Latest Practicable Date, none of the Directors had any interest or short position in the Shares, underlying Shares or debentures (within the meaning of Part XV of the SFO) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which a Director or chief executive of the Company would be taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## 2.2 Substantial Shareholders' and other persons' interests

As at the Latest Practicable Date, to the best knowledge of the Company's Directors after making reasonable enquiry, the following persons (not being the Directors, supervisors or chief executives of the Company) had interests or short positions in the Shares and underlying Shares which shall be disclosed to the Company under Sections 2 and 3 of Part XV of the SFO, and recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholders	Capacity/Nature of interests	Number of Shares held/ interested	Approximate percentage of interest as at the Latest Practicable Date ( <i>Note 1</i> )
WM Motor ( <i>Note 2</i> )	Beneficial owner	2,275,545,343	23.67%
Mr. Ho King Man, Justin	Beneficial owner and interest in a controlled corporation	956,332,474 ( <i>Note 3</i> )	9.95%
Ruby Charm Investment Limited	Beneficial owner	884,220,474 ( <i>Note 4</i> )	9.20%

*Notes:*

1. Based on 9,613,098,562 Shares in issue as at the Latest Practicable Date.
2. Mr. Shen, a non-executive Director, is a director of WM Motor.
3. Among 956,332,474 Shares, (i) 884,220,474 Shares are owned by Ruby Charm Investment Limited (see also Note 3 below); (ii) 22,112,000 Shares are owned by Jumbo Eagle Investments Limited, a private company directly wholly owned by Mr. Ho King Man, Justin; and (iii) 50,000,000 Shares represent the Share Options granted to Mr. Ho King Man, Justin on 13 March 2018 pursuant to the terms of the Share Option Scheme, which entitle him to subscribe for Shares with vesting and exercise period from 3 April 2018 to 2 April 2028 and the exercise price per Share at HK\$1.782.
4. Ruby Charm Investment Limited is a private company directly wholly owned by Mr. Ho King Man, Justin.
5. All the interests stated above represent long positions in the Shares.

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, no other person had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

### 4. DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

### 5. DIRECTORS INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement, which was significant in relation to the business of the Group; and none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

### 6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position or prospects of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### 7. QUALIFICATIONS AND CONSENT OF EXPERT

The following are the qualifications of the experts who have been named in this circular or have given opinion or letter contained in this circular:

Name	Qualification
CL Partners CPA Limited	Certified Public Accountants
Dongxing Securities (Hong Kong) Company Limited	A corporation licensed to carry out Type 1 (Dealing in Securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Altus Capital Limited	A corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, each of CL Partners CPA Limited, Dongxing Securities (Hong Kong) Company Limited and Altus Capital Limited:

- (i) did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (ii) did not have any interest, direct or indirect, in any assets which have been since 31 December 2022, (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group; and
- (iii) had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter of advice and/or references to its names in the form and context in which they appear.

## **8. GENERAL.**

- (i) The company secretary of the Company is Mr. Moy Yee Wo, Matthew, the chief financial officer of the Company and a member of the Hong Kong Institute of Certified Public Accountants.
- (ii) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (iii) The principal place of business of the Company in Hong Kong is Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong.
- (iv) The share registrar of the Company in Hong Kong is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (v) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

## **9. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)), the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.apollofmg.com/en/](http://www.apollofmg.com/en/)) for the period of 14 days commencing from the date of this circular:

- (a) the letter from the Board to the Shareholders, the text of which is set out in the section headed “Letter from the Board” in this circular;
- (b) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this circular;



- (c) the letter of recommendation from the Whitewash Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed “Letter from the Whitewash Independent Board Committee” in this circular;
- (d) the letter of advice from Altus Capital Limited to the Independent Board Committee, Whitewash Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed “Letter from the Independent Financial Adviser” in this circular;
- (e) the written consents referred to in the paragraph headed “9. Qualification and consent of experts” in this appendix;
- (f) the Disposal Agreement; and
- (g) this circular.

## NOTICE OF EXTRAORDINARY GENERAL MEETING



**apollo**

### APOLLO FUTURE MOBILITY GROUP LIMITED

APOLLO 智慧出行集團有限公司

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

**(Stock Code: 860)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “**Disposal EGM**”) of Apollo Future Mobility Group Limited (the “**Company**”) will be held at Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong on Tuesday, 18 July 2023 at 4:00 p.m. for the purpose of considering and, if thought fit, approving the following resolution:

#### ORDINARY RESOLUTION

1. “**THAT**

- (a) the conditional sale and purchase agreement dated 30 December 2022 (the “**Disposal Agreement**”) entered into between (i) Ming Fung Investment Holdings Limited as the seller and (ii) Innosophi Company Limited as the buyer in relation to the proposed sale of one fully-paid up share of Chance Achieve Limited (勝達行有限公司) (the “**Target Company**”), representing the entire issued share capital of the Target Company, and all transactions contemplated thereunder, details of which are set out in the circular of the Company dated 27 June 2023 be and are hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and execute all such documents which he/she may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Disposal Agreement and the transactions contemplated thereunder and all matters incidental thereto.”

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

Hong Kong, 27 June 2023

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Registered Office:*  
Cricket Square  
Hutchins Drive, P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*  
Units 2001–2002  
20/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Sheung Wan  
Hong Kong

*Notes:*

1. A form of proxy to be used for the meeting is enclosed with the circular of the Company despatched to the Shareholder on 27 June 2023.
2. Any member entitled to attend and vote at the Disposal EGM (and any adjournment of such meeting) shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the Disposal EGM (and any adjournment of such meeting). A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he/her/it/they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her/its attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the Disposal EGM (or any adjournment of such meeting) (as the case may be) at which the person named in the instrument proposes to vote.
5. Completion and return of the proxy form does not preclude a member from attending and voting in person at the Disposal EGM (or any adjournment of such meeting) and, in such event, the proxy form shall be deemed to be revoked.
6. Where there are joint holders of any Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the Disposal EGM (and any adjournment of such meeting), the most senior will alone be entitled to vote, whether in person or by proxy. For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. The register of members of the Company will be closed from 13 July 2023 to 18 July 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the Disposal EGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 12 July 2023.

*As at the Latest Practicable Date, the Board comprised three executive Directors, namely Mr. Ho King Fung, Eric (Chairman), Mr. Joseph Lee (Vice Chairman) and Mr. Qi Zhenggang; 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.*