



apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0860)



2022

INTERIM REPORT



Due to the change of financial year end date from 30 September to 31 December with effect from 22 August 2022, the board (the "Board") of directors (the "Directors") of Apollo Future Mobility Group Limited ("AFMG" or the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the twelve months ended 30 September 2022 (the "Period") together with the comparative figures for the corresponding period in 2021. The unaudited interim condensed consolidated financial information for the Period has been reviewed by the audit committee (the "Audit Committee") of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
REVENUE	4	689,926	528,559
Cost of sales		(526,493)	(397,051)
Gross profit		163,433	131,508
Other income	5	22,792	18,878
Other gains/(losses), net	6	245,710	(40,230)
Selling and distribution expenses		(21,895)	(42,937)
General and administrative expenses		(231,974)	(294,763)
Research and development costs		(56,262)	(77,811)
Other expenses		–	(1,124)
Finance costs	7	(16,382)	(6,823)
Share of profits and losses of:			
Joint venture		(15,015)	(2)
Associates		(51,234)	(42,905)
PROFIT/(LOSS) BEFORE TAX	8	39,173	(356,209)
Income tax credit/(expense)	9	2,726	(3,144)
PROFIT/(LOSS) FOR THE PERIOD/YEAR		41,899	(359,353)
Attributable to:			
Owners of the Company		37,821	(349,589)
Non-controlling interests		4,078	(9,764)
		41,899	(359,353)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic		HK0.46 cent	HK(4.51) cents
Diluted		HK(0.73) cent	HK(5.05) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2022

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
PROFIT/(LOSS) FOR THE PERIOD/YEAR	41,899	(359,353)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(334,232)	(61,697)
Reclassification adjustments for foreign operations disposed of during the period/year	457	3,676
	(333,775)	(58,021)
Share of other comprehensive income of a joint venture and an associate	2,199	2,070
OTHER COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	(331,576)	(55,951)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	(289,677)	(415,304)
Attributable to:		
Owners of the Company	(293,202)	(413,136)
Non-controlling interests	3,525	(2,168)
	(289,677)	(415,304)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		84,970	103,323
Investment properties		12,605	12,825
Right-of-use assets		95,124	100,696
Goodwill		1,730,867	2,146,526
Other intangible assets		236,962	296,559
Interest in a joint venture		16,816	379
Interest in an associate		–	–
Financial assets at fair value through profit or loss	12	1,092,823	1,010,742
Loans receivable	13	93,176	52,442
Deferred tax assets		19,077	18,619
Deposits		6,521	7,675
Total non-current assets		3,388,941	3,749,786
CURRENT ASSETS			
Inventories		120,141	173,352
Accounts receivable	14	23,582	54,183
Contract assets		4,715	2,684
Loans receivable	13	580,261	652,062
Prepayments, deposits and other receivables		312,123	294,392
Financial assets at fair value through profit or loss	12	–	1,011
Tax recoverable		2,132	4,140
Cash and cash equivalents		135,443	150,053
Total current assets		1,178,397	1,331,877

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
CURRENT LIABILITIES			
Accounts payable	15	116,564	82,735
Other payables and accruals		185,709	312,651
Interest-bearing bank borrowings		83,085	105,371
Lease liabilities		13,230	11,312
Contingent consideration payable	12	–	742,882
Convertible bonds	16	152,737	–
Tax payable		26,606	22,644
Total current liabilities		577,931	1,277,595
NET CURRENT ASSETS		600,466	54,282
TOTAL ASSETS LESS CURRENT LIABILITIES		3,989,407	3,804,068
NON-CURRENT LIABILITIES			
Other payables		–	10,808
Interest-bearing bank borrowings		13,108	17,343
Lease liabilities		34,732	36,458
Contingent consideration payable	12	–	53,460
Deferred tax liabilities		36,588	46,417
Total non-current liabilities		84,428	164,486
Net assets		3,904,979	3,639,582

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 SEPTEMBER 2022

	Notes	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Issued capital	17	961,633	798,279
Reserves		2,957,430	2,860,418
		3,919,063	3,658,697
Non-controlling interests		(14,084)	(19,115)
Total equity		3,904,979	3,639,582

Ho King Fung, Eric
Director

Joseph Lee
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company										
	Issued capital HK\$'000	Share premium account HK\$'000	Treasury shares HK\$'000	Exchange fluctuation reserve HK\$'000	Reserve funds HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 October 2020	717,019	5,912,183	-	64,388	953	83,937	11	(3,171,296)	3,607,195	126,197	3,733,392
Loss for the year	-	-	-	-	-	-	-	(349,589)	(349,589)	(9,764)	(359,353)
Other comprehensive income/(loss) for the year:											
Exchange differences on translation of foreign operations	-	-	-	(69,293)	-	-	-	-	(69,293)	7,596	(61,697)
Reclassification adjustments for foreign operations disposed of during the year	-	-	-	3,676	-	-	-	-	3,676	-	3,676
Share of other comprehensive income of an associate	-	-	-	2,070	-	-	-	-	2,070	-	2,070
Total comprehensive loss for the year	-	-	-	(63,547)	-	-	-	(349,589)	(413,136)	(2,168)	(415,304)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	435	435
Disposal of subsidiaries	-	-	-	-	(561)	-	-	561	-	(143,579)	(143,579)
Issue of shares	81,260	292,534	-	-	-	-	-	-	373,794	-	373,794
Share issue expenses	-	(16,022)	-	-	-	-	-	-	(16,022)	-	(16,022)
Equity-settled share option arrangements	-	-	-	-	-	106,866	-	-	106,866	-	106,866
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	-	(9,270)	-	9,270	-	-	-
At 30 September 2021 (audited)	798,279	6,188,695	-	841	392	181,533	11	(3,511,054)	3,658,697	(19,115)	3,639,582
At 1 October 2021	798,279	6,188,695	-	841	392	181,533	11	(3,511,054)	3,658,697	(19,115)	3,639,582
Profit for the period	-	-	-	-	-	-	-	37,821	37,821	4,078	41,899
Other comprehensive income/(loss) for the period:											
Exchange differences on translation of foreign operations	-	-	-	(333,679)	-	-	-	-	(333,679)	(553)	(334,232)
Reclassification adjustments for foreign operations disposed of during the period (note 18)	-	-	-	457	-	-	-	-	457	-	457
Share of other comprehensive income of a joint venture and an associate	-	-	-	2,199	-	-	-	-	2,199	-	2,199
Total comprehensive loss for the period	-	-	-	(331,023)	-	-	-	37,821	(293,202)	3,525	(289,677)
Deregistration of a subsidiary	-	-	-	-	-	-	-	(1,506)	(1,506)	1,506	-
Issue of shares (note 17)	165,524	355,875	-	-	-	-	-	-	521,399	-	521,399
Shares repurchased (note 17)	-	-	(8,003)	-	-	-	-	-	(8,003)	-	(8,003)
Cancellation of repurchased shares (note 17)	(2,170)	(4,887)	7,057	-	-	-	-	-	-	-	-
Equity-settled share option arrangements	-	-	-	-	-	41,678	-	-	41,678	-	41,678
Transfer of share option reserve upon the forfeiture of share options	-	-	-	-	-	(23,788)	-	23,788	-	-	-
At 30 September 2022 (unaudited)	961,633	6,539,683*	(946)*	(330,182)*	392*	199,423*	11*	(3,450,951)*	3,919,063	(14,084)	3,904,979

* These reserve accounts comprise the consolidated reserves of HK\$2,957,430,000 (30 September 2021: HK\$2,860,418,000) in the condensed consolidated statement of financial position as at 30 September 2022.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2022

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(7,127)	(281,727)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	299	792
Purchases of/deposits paid for purchases of items of property, plant and equipment	(7,744)	(8,861)
Proceeds from disposal of items of property, plant and equipment	1,061	1,012
Additions to investment properties	–	(46,248)
Settlement from expropriation of investment properties	–	260,498
Additions to other intangible assets	(2,829)	(1,648)
Deposit paid for acquisition of a subsidiary	(130,000)	–
Acquisition of subsidiaries	–	(131,128)
Disposal of subsidiaries	(3,871)	(142,554)
Settlement of consideration receivable for disposal of subsidiaries	80,000	–
Investment in a joint venture	(33,464)	–
Proceed from deregistration of an associate	–	4,380
Proceed from disposal of a financial asset at fair value through profit or loss	–	20,000
Net cash flows used in investing activities	(96,548)	(43,757)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	–	373,794
Share issue expenses	–	(16,022)
Shares repurchased	(8,003)	–
Proceeds from issue of convertible bonds	148,200	–
New bank borrowings	89,425	89,657
Repayment of bank and other borrowings	(102,609)	(137,139)
Principal portion of lease payments	(11,254)	(8,744)
Interest paid	(16,382)	(6,823)
Net cash flows from financing activities	99,377	294,723

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2022

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,298)	(30,761)
Cash and cash equivalents at beginning of period/year	150,053	184,541
Effect of foreign exchange rate changes, net	(10,312)	(3,727)
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	135,443	150,053
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	135,443	145,237
Non-pledged time deposits with original maturity of less than three months when acquired	–	4,816
	135,443	150,053

NOTES

FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2022

1. CORPORATE INFORMATION

Apollo Future Mobility Group Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong.

2.1 BASIS OF PREPARATION

Pursuant to a resolution of the Board passed on 22 August 2022, the Company’s financial year end date was changed from 30 September to 31 December with effect from 22 August 2022. Accordingly, the next audited financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) to be published will cover a period of fifteen months from 1 October 2021 to 31 December 2022. The unaudited interim condensed consolidated financial information for the current period covers a period of twelve months from 1 October 2021 to 30 September 2022, and the comparative amounts presented covered a period of twelve months from 1 October 2020 to 30 September 2021.

The unaudited interim condensed consolidated financial information of the Group for the twelve months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 30 September 2021. The unaudited interim condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's unaudited interim condensed consolidated financial information.

Amendments to HKFRS 9, HKAS 39, *Interest Rate Benchmark Reform — Phase 2*
HKFRS 7, HKFRS 4 and HKFRS 16

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Mobility technology solutions segment — design, development, manufacturing and sales of high performance hypercars, and provision of mobility technology solutions;
- (b) Jewellery products, watches and other commodities segment — retailing and wholesale of jewellery products, watches and other commodities; and
- (c) Money lending segment — provision of loan finance.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income, fair value gains/losses on listed equity investments, net, fair value gains on convertible bonds, gain/loss on disposal of subsidiaries, non-lease-related finance costs as well as head office and corporate income and expenses are excluded from such measurement.

3. OPERATING SEGMENT INFORMATION *(continued)*
Twelve months ended 30 September 2022 (unaudited)

	Mobility technology solutions HK\$'000	Jewellery products, watches and other commodities HK\$'000	Money lending HK\$'000	Total HK\$'000
Segment revenue:				
Revenue from external customers	185,579	465,899	38,448	689,926
Segment results	171,179	3,686	(20,990)	153,875
Reconciliation				
Bank interest income				299
Fair value gains on listed equity investments, net				23,332
Fair value gains on convertible bonds				11,063
Loss on disposal of subsidiaries				(4,249)
Corporate and other unallocated income and expenses, net				(129,993)
Finance costs (other than interest on lease liabilities)				(15,154)
Profit before tax				39,173

3. OPERATING SEGMENT INFORMATION *(continued)* Year ended 30 September 2021 (audited)

	Mobility technology solutions HK\$'000	Jewellery products, watches and other commodities HK\$'000	Money lending HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:					
Revenue from external customers	104,845	377,246	45,115	1,353	528,559
Segment results					
	(58,480)	(47,577)	6,197	1,353	(98,507)
Reconciliation					
Bank interest income					792
Fair value losses on listed equity investments					(47,338)
Gain on disposal of subsidiaries					35,840
Corporate and other unallocated income and expenses, net					(241,294)
Finance costs (other than interest on lease liabilities)					(5,702)
Loss before tax					(356,209)

4. REVENUE

An analysis of revenue is as follows:

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Revenue from contracts with customers		
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	185,579	104,845
Sales of jewellery products, watches and other commodities	465,899	377,246
	651,478	482,091
Revenue from other sources		
Interest income from loan financing	38,448	45,115
Rental income from investment properties	–	1,353
	38,448	46,468
	689,926	528,559

4. REVENUE *(continued)*

Revenue from contracts with customers

Disaggregated revenue information

For the twelve months ended 30 September 2022 (unaudited)

Segments	Mobility technology solutions HK\$'000	Jewellery products, watches and other commodities HK\$'000	Total HK\$'000
Types of goods or services			
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	185,579	–	185,579
Sales of jewellery products, watches and other commodities	–	465,899	465,899
Total revenue from contracts with customers	185,579	465,899	651,478
Geographical markets			
Mainland China	15,907	413,719	429,626
Hong Kong	79,874	32,060	111,934
Germany	49,772	–	49,772
Taiwan	–	20,120	20,120
Japan	403	–	403
Other countries/regions	39,623	–	39,623
Total revenue from contracts with customers	185,579	465,899	651,478
Timing of revenue recognition			
At a point in time	120,150	465,899	586,049
Over time	65,429	–	65,429
Total revenue from contracts with customers	185,579	465,899	651,478

4. REVENUE *(continued)*
Revenue from contracts with customers (continued)
Disaggregated revenue information (continued)

For the year ended 30 September 2021 (audited)

Segments	Mobility technology solutions HK\$'000	Jewellery products, watches and other commodities HK\$'000	Total HK\$'000
Types of goods or services			
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	104,845	–	104,845
Sales of jewellery products, watches and other commodities	–	377,246	377,246
Total revenue from contracts with customers	104,845	377,246	482,091
Geographical markets			
Mainland China	5,100	338,912	344,012
Hong Kong	57,466	26,223	83,689
Germany	20,323	–	20,323
Taiwan	–	12,111	12,111
Japan	751	–	751
Other countries/regions	21,205	–	21,205
Total revenue from contracts with customers	104,845	377,246	482,091
Timing of revenue recognition			
At a point in time	82,074	377,246	459,320
Over time	22,771	–	22,771
Total revenue from contracts with customers	104,845	377,246	482,091

5. OTHER INCOME

An analysis of other income is as follows:

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Bank interest income	299	792
Consultancy income	6,682	–
Marketing subsidies	–	5,233
Government subsidies (note)	–	602
Others	15,811	12,251
	22,792	18,878

Note:

Government subsidies mainly represent subsidies received in connection with the support from the Anti-epidemic Fund of the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. OTHER GAINS/(LOSSES), NET

An analysis of the Group's other gains/(losses), net, is as follows:

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Fair value gains/(losses) on investment properties	879	(121)
Fair value gains on financial assets at fair value through profit or loss, net — mandatorily classified as such, including those held for trading	128,949	21,885
Fair value gains/(losses) on contingent consideration payables, net	274,943	(56,008)
Fair value gains on convertible bonds	11,063	–
Gain on deregistration of a subsidiary	–	46
Gain/(loss) on disposal of subsidiaries	(4,249)	35,840
Gain on termination of leases	43	48
Impairment of goodwill	(105,398)	–
Reversal of impairment/(impairment) of accounts receivable, net	928	(1,302)
Impairment of loans receivable, net	(31,921)	(12,547)
Reversal of impairment/(impairment) of other receivables	1,104	(25,554)
Foreign exchange differences, net	(29,089)	(1,953)
Loss on disposal of items of property, plant and equipment, net	(1,542)	(564)
	245,710	(40,230)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Interest on interest-bearing bank and other borrowings	3,912	5,702
Interest on lease liabilities	1,228	1,121
Interest on convertible bonds	11,242	–
	16,382	6,823

8. PROFIT/(LOSS) BEFORE TAX

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

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Cost of inventories sold	471,526	377,177
Depreciation of property, plant and equipment	9,541	12,660
Depreciation of right-of-use assets	12,742	9,293
Amortisation of other intangible assets	19,970	20,689
Write-down/(reversal of write-down) of inventories to net realisable value	777	(1,121)

9. INCOME TAX

The Group calculates the income tax expense for each interim period based on the best estimate of the applicable weighted average annual income rate expected for the full financial year. The major components of income tax charge/(credit) in the condensed consolidated statement of profit or loss are:

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Current:		
Hong Kong		
Charge for the period/year	12,373	3,594
Overprovision in prior periods/years	–	(631)
Elsewhere		
Charge for the period/year	160	10,782
Overprovision in prior periods/years	(7,624)	–
Deferred	(7,635)	(10,601)
Total tax charge/(credit) for the period/year	(2,726)	3,144

10. DIVIDEND

The board of directors of the Company does not recommend the payment of an interim dividend in respect of the twelve months ended 30 September 2022 (2021: Nil).

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period/year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 8,239,277,466 (2021: 7,747,285,685) in issue during the period/year, as adjusted to exclude the shares repurchased during the period.

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The calculation of the diluted loss per share amount for the twelve months ended 30 September 2022 is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amount for the twelve months ended 30 September 2022 is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, as the impact of the convertible bonds and share options outstanding had an anti-dilutive effect on the diluted loss per share amount presented.

The calculation of the diluted loss per share amount for the year ended 30 September 2021 is based on the loss for the year attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amount for the year ended 30 September 2021 is the number of ordinary shares in issue during the year ended 30 September 2021, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the diluted loss per share amount presented.

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

The calculations of basic and diluted earnings/(loss) per share are based on:

Earnings/(loss)

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	37,821	(349,589)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	(97,896)	(41,397)
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	(60,075)	(390,986)

Shares

	Number of shares	
	Twelve months ended 30 September 2022 (Unaudited)	Year ended 30 September 2021 (Audited)
Weighted average number of ordinary shares in issue during the period/year used in the basic and diluted earnings/(loss) per share calculations	8,239,277,466	7,747,285,685

12. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Assets	
	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Non-current assets		
Unlisted investments	1,100,758	1,003,844
Share of loss of an associate	(58,170)	(19,850)
	1,042,588	983,994
Listed equity investment	50,235	26,748
	1,092,823	1,010,742
Current assets		
Listed equity investments	–	1,011

The above unlisted investments mainly comprised of:

- (i) Investment in Divergent Technologies Inc. (“Divergent”) in an aggregate amount of HK\$528,958,000 (30 September 2021: HK\$521,502,000), including preferred shares of Divergent and a convertible note issued by Divergent of US\$12.5 million with a coupon rate of 5% per annum, was converted into preferred shares of Divergent during the period; and
- (ii) Investment in EV Power Holding Limited (“EV Power”) in an aggregate amount of HK\$571,800,000 (30 September 2021: HK\$482,342,000), including preferred shares of EV Power and a call option to acquire additional ordinary shares of EV Power at nil consideration, was granted by a shareholder of EV Power and was exercised during the period.

The above unlisted investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

12. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS *(continued)*

The above listed equity investments were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

	Liabilities	
	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Non-current liability		
Contingent consideration payable	–	53,460
Current liability		
Contingent consideration payable	–	742,882

Contingent consideration payables represented the fair values of contingent cash consideration which may be paid and contingent consideration shares which may be allotted and issued by the Company for the acquisitions of certain subsidiaries.

During the period, consideration shares of 1,655,232,000 ordinary shares of the Company of HK\$0.1 each were allotted and issued to Ideal Team Ventures Limited in respect of the acquisition of 86.06% of the total issued share capital of Si no Partner Global Limited in March 2020. The fair value of the consideration shares as at the date of allotment amounted to HK\$521,399,000.

13. LOANS RECEIVABLE

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Loans receivable	766,041	765,686
Impairment	(92,604)	(61,182)
	673,437	704,504
Less: Portion classified as non-current assets	(93,176)	(52,442)
Portion classified as current assets	580,261	652,062

Included in the Group's loans receivable as at 30 September 2021 were loans advanced to an associate with a total carrying amount of HK\$6,545,000 which bore interest at 10% per annum and were repayable within one year.

The Group seeks to maintain strict control over its outstanding loans receivable so as to minimise credit risk. The granting of loans is subject to approval by management, whilst overdue balances are reviewed regularly for recoverability.

Loans receivable of the Group bear interest at rates ranging from 4.75% to 12% (30 September 2021: 4.75% to 12%) per annum. At 30 September 2022, certain loans receivable with aggregate carrying amounts of HK\$81,568,000 (30 September 2021: HK\$78,158,000) and HK\$455,734,000 (30 September 2021: HK\$484,272,000) were secured by the pledge of certain equity interest and property, and personal guarantees provided by certain independent third parties, respectively.

14. ACCOUNTS RECEIVABLE

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Accounts receivable	24,612	56,257
Impairment	(1,030)	(2,074)
	23,582	54,183

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The credit period is generally one month, extending up to three months or more for certain customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Within 30 days	17,325	42,209
31 to 60 days	243	1,324
61 to 90 days	3,755	6,876
Over 90 days	2,259	3,774
	23,582	54,183

15. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Within 30 days	28,929	12,439
31 to 60 days	92	1,071
61 to 90 days	47	22
Over 90 days	87,496	69,203
	116,564	82,735

16. CONVERTIBLE BONDS

On 5 October 2021, Able Catch Limited, Vivaldi International Limited and 45 Yi Capital Holdings Co., Ltd subscribed for the convertible bonds of the Company in the principal amount of HK\$85,800,000 (the "13 September Convertible Bonds"). The 13 September Convertible Bonds carry interest at a rate of 9% per annum, which is payable half-yearly in arrears, have a maturity date on 5 October 2024 and are convertible at the option of the bondholders, in whole or in part, into ordinary shares of the Company at the initial conversion price of HK\$0.55 per share (subject to adjustments) at any time on or after 7 days from the issue date until 7 days prior to the maturity date.

On 18 October 2021, Walong Holdings Limited subscribed for the convertible bonds of the Company in the principal amount of HK\$78,000,000 (the "Walong Convertible Bonds"). The Walong Convertible Bonds carry interest at a rate of 9% per annum, which is payable half-yearly in arrears, have a maturity date on 18 October 2024 and are convertible at the option of the bondholders, in whole or in part, into ordinary shares of the Company at the initial conversion price of HK\$0.55 per share (subject to adjustments) at any time on or after 7 days from the issue date until 7 days prior to the maturity date.

Any convertible bonds not converted will be redeemed at maturity at 100% of the outstanding principal amount.

17. ISSUED CAPITAL

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Authorised: 20,000,000,000 (2021: 10,000,000,000) ordinary shares of HK\$0.1 each	2,000,000	1,000,000
Issued and fully paid: 9,616,326,562 (2021: 7,982,794,562) ordinary shares of HK\$0.1 each	961,633	798,279

On 10 March 2022, an ordinary resolution was passed at the annual general meeting of the Company to approve the increase of the authorised share capital of the Company from HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.1 each to HK\$2,000,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.1 each by the creation of additional 10,000,000,000 ordinary shares.

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

	Notes	Number of ordinary shares in issue '000	Issued capital HK\$'000
At 1 October 2021		7,982,795	798,279
Issue of new shares	12	1,655,232	165,524
Share repurchased and cancelled	(i)	(21,700)	(2,170)
At 30 September 2022		9,616,327	961,633

Note:

- (i) During the period, the Company purchased a total of 24,928,000 shares on The Stock Exchange of Hong Kong Limited at a total consideration, before expenses of HK\$95,000, of approximately HK\$7,908,000. 21,700,000 shares out of the 24,928,000 purchased shares have been cancelled during the period.

18. DISPOSAL OF SUBSIDIARIES

On 14 June 2022, the Group disposed of its 100% equity interest in Sinoforce Group Limited and its subsidiaries for a cash consideration of HK\$50,000,000.

	HK\$'000
Net assets disposed of	53,792
Exchange fluctuation reserve released	457
	54,249
Loss on disposal of subsidiaries	(4,249)
	50,000

19. CONTINGENT LIABILITIES

In September 2021, a borrower who entered into a loan agreement with the Group for a loan principal of HK\$28,300,000 in prior years (the "Borrower") initiated a litigation claim against a subsidiary of the Group (the "Subsidiary") disputing over the validity and enforceability of the loan agreement. In December 2021, the Subsidiary filed a defence and counterclaim against the Borrower for the loan principal, interests and other costs. Based on the advice obtained from a legal counsel of the Group, the claim is at early stage and the Subsidiary is considered to have a good defence against the Borrower and a good cause of action against the Borrower in the counterclaim. Accordingly, the directors consider that it is appropriate to disclose such claim as contingent liabilities as at 30 September 2022 and no provision has been made in the unaudited interim condensed consolidated financial information.

20. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Contracted, but not provided for:		
Capital contributions to a joint venture	–	33,493

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, accounts receivable, the current portion of loans receivable, the current portion of financial assets included in prepayments, deposits and other receivables, accounts payable, financial liabilities included in other payables and accruals, and the current portion of interest-bearing bank borrowings reasonably approximate to their carrying amounts largely due to the short term maturities of these instruments or the effect of discounting being not material.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of listed equity investments are based on quoted market prices. The following methods and assumptions were used to estimate the fair values of the other financial instruments of the Group.

The fair values of the non-current portions of loans receivable, financial assets included in deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of the reporting period were assessed to be insignificant. In the opinion of the directors, the fair values of these financial instruments reasonably approximate to their carrying amounts.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The fair values of the contingent consideration payables have been determined using a scenario analysis, taking into account the probabilities in which each target of the earnings before interests and taxes and net profit after tax would be achieved.

The fair values of the preferred shares included in unlisted investments have been determined by equity value allocation method with option pricing model or scenario analysis. The underlying equity values have been determined based on market-based approach, such as certain earnings multiples, or income approach, such as discounted cash flows.

The fair value of the convertible note included in unlisted investments has been determined based on the probability-weighted expected return with option pricing method, which takes into account the probability-weighted value across multiple future outcomes, while using the option pricing method to estimate the allocation of value within one or more of those scenarios.

The fair values of the options included in unlisted investments have been determined using a scenario analysis or a binomial option pricing model. The valuations take into account of the expected future values and probabilities under different scenarios discounted at the rate reflecting the risk of the payoff.

The fair values of the convertible bonds have been determined using the Hull's binomial tree model, which incorporates the interest rate curves and the price evolution of the Company's shares over the validity period of the convertible bonds.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

	Valuation technique	Significant unobservable input	Percentage or ratio	Sensitivity of fair value to the input
Unlisted investments — Preferred shares	Equity value allocation method	Risk-free rate	4.39% to 4.59% (30 September 2021: 0.34% to 0.46%)	1 percentage point increase in risk-free rate would result in increase in fair value by HK\$1,277,000 (30 September 2021: decrease in fair value by HK\$2,875,000)
		Volatility	56.40% to 61.65% (30 September 2021: 65.25% to 75.46%)	10% increase in volatility would result in decrease in fair value by HK\$3,741,000 (30 September 2021: HK\$12,225,000)
		Earnings multiples	N/A (30 September 2021: 6.21)	N/A (30 September 2021: 10% decrease in earnings multiples would result in decrease in fair value by HK\$28,259,000)
Unlisted investments — Convertible note	Expected return with option pricing method	Risk-free rate	N/A (30 September 2021: 0.33% to 0.51%)	N/A (30 September 2021: 1 percentage point increase in risk-free rate would result in decrease in fair value by HK\$320,000)
		Volatility	N/A (30 September 2021: 55.10% to 73.85%)	N/A (30 September 2021: 10% increase in volatility would result in decrease in fair value by HK\$2,193,000)
		Earnings multiples	N/A (30 September 2021: 6.21)	N/A (30 September 2021: 10% decrease in earnings multiples would result in decrease in fair value by HK\$2,223,000)
Unlisted investments — Options	Scenario analysis	Discount rate	N/A (30 September 2021: 35%)	N/A (30 September 2021: 10% increase in discount rate would not result in significant decrease in fair value)
		Earnings multiples	N/A (30 September 2021: 18.8)	N/A (30 September 2021: 10% decrease in earnings multiples would result in decrease in fair value by HK\$778,000)
Convertible bonds	Hull's binomial tree model	Risk-free rate	3.93% (30 September 2021: N/A)	1 percentage point increase in risk-free rate would result in decrease in fair value by HK\$2,170,000 (30 September 2021: N/A)
		Bond yield	17.34% (30 September 2021: N/A)	1 percentage point increase in bond yield would result in decrease in fair value by HK\$2,293,000 (30 September 2021: N/A)
		Volatility	70.82% (30 September 2021: N/A)	10% increase in volatility would result in increase in fair value by HK\$4,386,000 (30 September 2021: N/A)

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 September 2022

	Fair value measurement using			Total HK\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) HK\$'000 (Unaudited)	Significant observable inputs (Level 2) HK\$'000 (Unaudited)	Significant unobservable inputs (Level 3) HK\$'000 (Unaudited)	
Financial assets at fair value through profit or loss (before share of loss of an associate)	50,235	–	1,100,758	1,150,993

As at 30 September 2021

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss (before share of loss of an associate)	27,759	–	1,003,844	1,031,603

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 30 September 2022

	Fair value measurement using			Total HK\$'000 (Unaudited)
	Quoted prices in active markets (Level 1) HK\$'000 (Unaudited)	Significant observable inputs (Level 2) HK\$'000 (Unaudited)	Significant unobservable inputs (Level 3) HK\$'000 (Unaudited)	
Contingent consideration payable	-	-	-	-
Convertible bonds	-	-	152,737	152,737
	-	-	152,737	152,737

As at 30 September 2021

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Contingent considerable payables	-	-	796,342	796,342

During the twelve months ended 30 September 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (year ended 30 September 2021: Nil).

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The movements in fair value measurements within Level 3 during the period/year are as follows:

	Assets		Liabilities	
	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
At beginning of period/year	1,003,844	954,621	(796,342)	(619,069)
Net gain/(loss) recognised in profit or loss	105,617	49,223	274,764	(56,008)
Reclassification to interest in an associate upon exercise of a call option	(8,703)	–	–	–
Issue of convertible bonds	–	–	(163,800)	–
Payments	–	–	11,242	–
Issue of consideration shares	–	–	521,399	–
Acquisition of subsidiaries	–	–	–	(121,265)
At end of period/year	1,100,758	1,003,844	(152,737)	(796,342)

22. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

The directors of the Company comprise the key management personnel of the Group. Details of the compensation of the directors are as follows:

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Fees	1,974	1,076
Other emoluments:		
Salaries, allowances and other benefits	17,370	23,706
Equity-settled share option expense	25,965	22,248
Pension scheme contributions	117	44
	43,452	45,998
	45,426	47,074

23. EVENT AFTER THE REPORTING PERIOD

On 14 October 2022, (i) Lucky Ample Limited (“Lucky Ample”), a wholly-owned subsidiary of the Company, (ii) Shanghai Alliance Investment Ltd. (上海聯和投資有限公司; “SAIL”) and (iii) WESail New Energy Automotive Co. Ltd. (上海聯和力世紀新能源汽車有限公司; the “Joint Venture”), a jointly-controlled entity of the Company, entered into a capital injection agreement, pursuant to which Lucky Ample and SAIL shall inject capital in the amount of US\$43 million (equivalent to approximately HK\$335.4 million) and US\$27 million (equivalent to approximately HK\$210.6 million), respectively, in cash into the Joint Venture on or before 31 December 2022 (the “Capital Injection”). The Joint Venture is principally engaged in the NEV-related technology development, technology transfer, technology consulting and technology services.

Upon completion of the Capital Injection, (i) the registered capital of the Joint Venture shall be increased from US\$10 million (equivalent to approximately HK\$78 million) to US\$80 million (equivalent to approximately HK\$624 million); and (ii) the Joint Venture will be owned as to 60% and 40% by Lucky Ample and SAIL, respectively. Accordingly, the Joint Venture will become a non-wholly-owned subsidiary of the Company.

Further details of the Capital Injection are set out in the announcement of the Company dated 14 October 2022.

24. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 30 November 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Automobile Market

New Energy Vehicles

Global sales of new energy vehicles (“NEV(s)”) which were robust throughout 2021, remained strong in 2022. They continue to be bolstered by high demand for electric vehicles (“EVs”) given a backdrop of soaring gas prices and growing momentum in various countries to replace conventional gasoline vehicles with EVs to reduce greenhouse gas emissions. Deadlines being set around the globe such as the European Union’s resolution to ban the sales of gasoline-powered cars from 2035 further boost the popularity of NEVs. According to an industry report published by PwC, sales of battery EV (“BEV(s)”) worldwide reached 2 million units in the third quarter of 2022, representing an increase of 75% compared to the same period last year. The International Energy Agency also confirmed that global sales of EVs doubled in 2021, accounting for close to 9% of the car market, and it expects them to hit a new peak in 2022, rising to 13% of total light-duty vehicle sales globally.

The People’s Republic of China (“PRC” or “China”) continues to be the global growth engine for EV sales. The China Passenger Car Association (“CPCA”) announced that the sales volume of NEVs in China accounted for 62% of the global sales volume of NEVs in the first nine months of 2022, while cumulative sales of BEVs in China increased by 98.2% year-on-year to approximately 3 million units. Given these strong figures, the CPCA raised its 2022 annual sales forecast for NEVs to approximately 6.5 million units, indicating a very optimistic outlook.

China has implemented several policies to encourage purchase of NEVs including extending the purchase tax exemption on them until 2023 which was originally scheduled to expire at the end of 2022. In addition, increasingly mature and sophisticated fast-charging technologies and EV battery development also contribute to the steady growth of NEVs in China.

Hypercars

According to The Business Research Company, the global hypercar market was valued at nearly US\$10.6 billion in 2021 and is expected to grow to US\$44.2 billion in 2026, at a rate of 33% during the forecast period. Enhancement of technologies, increasing disposable income and rise in consumer demand continues to drive market growth.

High-end Vehicles and Luxury Vehicles

According to McKinsey, global sales of luxury vehicles reached approximately 1.5 million units in 2021, while the luxury car segment enjoyed double-digit margins from 2016 to 2021. The share of the luxury car segment should increase by 2031, with a compound annual growth rate ("CAGR") of 8-14%. With evermore millionaires and billionaires in evermore places as well as technology shifts, the center of sales growth for luxury vehicles has shifted from North America and Europe to Asia and the Middle East. This new demand for high-ticket automobiles has attracted emerging entrants to the market especially in China, resulting in more product launches. According to the China Association of Automobile Manufacturers, sales volume of domestically produced high-end brand passenger vehicles reached approximately 2.76 million units in the nine months ended 30 September 2022, representing a year-on-year growth of 10.9% which indicates a promising development of the segment.

Engineering Service Outsourcing

According to Future Market Insights, a certified market research organization, the global automotive engineering service outsourcing ("ESO") market is projected to reach US\$74 billion in value in 2022. The market is forecasted to be worth US\$477.6 billion by the end of 2032 with a CAGR of 20.5% from 2022 to 2032, driven by the increase in research and development ("R&D") activities and technological innovations.

BUSINESS REVIEW

During the Period, the Group has strategically positioned to focus on its own branded vehicles development business riding on the smart EVs adoption trend across the globe and strives to becoming one of the leaders in smart mobility services industry. Various initiatives were implemented to build on the Group's unique hypercar DNA and further expand its smart EV business, consolidating the Group's unique position in the luxury mobility market.

The Group is delighted to see WM Motor Holdings Limited ("WM Motor"), one of China's market leaders in mainstream smart EVs, become the Company's largest shareholder. This brings the Group numerous benefits including adding senior executives with deep industry expertise and considerable market insight to the Board and a team of senior management with extensive automotive industry experience. The Group also explored synergies with WM Motor in automobile manufacturing and continued to advance its business by communicating its future vision and strategy to officially enter the luxury EV market.

Apollo Hypercar

Delivery of Apollo Intensa Emozione Hypercars

As the Group's flagship hypercar model, Apollo Intensa Emozione ("Apollo IE") features the first all-carbon fiber production chassis of its kind, from the monocoque to subframes and crash structures with extravagant styling and a V12 engine which aims to contend as one of the wildest cars ever made. During the Period, a total of three Apollo IE vehicles were delivered to Hong Kong, Germany and the United States.

Launch of Apollo Project EVO

As the successor of the critically-acclaimed Apollo IE hypercar, Apollo Project EVO was unveiled at China International Import Expo in November 2021 ("CIIE 2021"), setting the benchmark for next-generation collectable ICE hypercars. The car features an advanced carbon monocoque and a handling package that ensure raw power and emotional aesthetics are matched by peerless handling and driving dynamics. Meanwhile, it is a dramatically sculpted piece of design that always continues to offer an intense and emotional visual experience.

Appearance in Global Hypercar Events

Apollo Project EVO has been in test and attended a number of public events during the Period, with great response from fans and potential future customers. In June 2022, the Apollo IE and Apollo Project EVO participated in Germany's Nürburgring where they were received with great enthusiasm from key members of the hypercar community. This global tour extended to the prestigious Monterey Car Week 2022 in the United States where the Apollo IE made an appearance. This is one of the world's most important events for super-premium brands and represents one of the largest gathering of ultra-high net worth buyers anywhere across the globe. Attendance was vital to communicating and supporting Apollo's market position. A number of highly engaged prospects were generated, nurtured and advanced to support long-term demand for future Apollo products.

Marketing efforts returned to Europe for the crucial end of the summer buying period. This culminated in dynamic attendance at the highly prestigious Supercar Owners Circle in Croatia. This 4-day event attracts some of the world's exclusive hypercar customers. Apollo Project EVO was well received by both potential customers and fans, once again, supporting prospecting efforts for Apollo hypercars.

Apollo EV

Unveiling Apollo EVision S Concept Car

During the Period, the Group announced its entry into the promising luxury EV segments with the unveiling of its Apollo EVision S concept car in CIIE 2021. Apollo EVision S concept car is a progressive showcase of the Group's vision for the future of luxury electric mobility which builds a bridge between 'The Intense Emotions' of Apollo hypercars and the approach of daily usability. It also acts as a precursor to a broader, more extensive product development pipeline that the Group is developing.

Announcement on New AFMG Luxury Smart EV Model

In August 2022, the Group unveiled its strategic plan on electrification and EV product roadmap with the announcement that a new AFMG EV model would debut soon. The new model is developed based on a platform developed by GLM Co., Ltd. ("GLM", a subsidiary of the Company in Japan) and G2J advanced engineering prototype. It is a drivable concept car that will inherit Apollo's hypercar DNA with carbon-fiber bodyworks and aesthetic design, signaling the Group's commitment to establishing a foothold in the luxury smart EV market.

Unveiling G2J Advanced Engineering Prototype

Following the announcement on the Group's global strategic plan, AFMG further revealed the path to electric performance future with the introduction of the G2J advanced engineering prototype in October 2022. Under development for over two years, the G2J is an advanced rolling engineering prototype that draws upon the vehicle development, engineering, powertrain and platform technology expertise of the Group's German team and the vehicle technology department of GLM in Japan. G2J is currently undergoing final testing to refine and validate the key powertrain, connectivity and wider digital ecosystem technologies that will underpin AFMG's future electric sports car products.

Mobility Ecosystem

In addition to its hypercar and luxury smart EV businesses, the Group leverages on strategic partners including Divergent Technologies Inc. ("Divergent") and EV Power to jointly establish a forward-looking luxury mobility ecosystem. At the same time, the Group's R&D team has been working diligently to develop proprietary technologies and updating existing technologies to support the development and technological advancement of the Group's own-brand vehicles.

Licensing Income from In-house Proprietary Technologies

The Group signed the first vehicular platform licensing agreement with Italian brand De Tomaso in May 2020 and received licensing revenue from them during the Period. A platform comprises a complete rolling chassis with crash structure, powertrain, electronics and suspension, which can be used in a variety of vehicle types globally. This provides a solid foundation for the Group to expand its vehicle licensing arrangements with other original equipment manufacturers wanting to offer Apollo's state-of-the-art future mobility technology products to their customers.

The Crate Powertrain

Developed by the Group's in house R&D team, the Crate Powertrain embodies innovations that empower the transition to 800V systems for EVs and features two inverters utilizing the next-generation Silicon Carbide technology for higher efficiency. The Crate Powertrain prototype has been undergoing testing process during the Period. Given the potential power efficiencies this new inverter system can bring to the NEV ecosystem, the Group is exploring partnership options to progress into final testing.

Engineering Service Outsourcing

During the Period, the Group's automotive ESO unit continues to provide a full range of mobility innovation activities — from ideation, design, modeling, engineering, simulation, validation & testing, and prototype production through to the delivery of pre-production prototypes. The Group further consolidated its engineering units in one of Europe's great automotive heartlands, Ingolstadt, Germany with the new campus in Wolfsburg and its subsidiary in Japan.

To showcase its latest innovations and technological capabilities, the Group organized and participated in a series of events during the Period.

At CIIE 2021, the Group presented its latest and ambitious projects — the Apollo Project EVO for the high-performance segment, the Apollo EVision S concept car for the premium electric mobility segment as well as the Crate Powertrain, Apollo all-carbon monocoque chassis and the UME electric utility vehicle. These projects demonstrated to our industry peers and partners the future of performance and provided a roadmap that defines the transition to clean-air mobility. Following its successful participation in the CIIE, AFMG hosted "APOLLO FIRE AND ICE" mobility showcase at the MGM Theatre at MGM MACAU, bringing an exciting motorsport atmosphere to the city known as "Monte Carlo of the Orient" during the 68th Macau Grand Prix. As the grand finale of AFMG's 2021 Mobility Innovation Roadshow, the Group hosted a showcase for investors and media at The Murray, Hong Kong in December 2021 with the theme of "THE ULTIMATE SUSTAINABLE FUTURE OF MOBILITY".

Other Corporate Developments

Change of Company's Chinese Name

To fully convey the management team's determination and confidence in the field of smart mobility, the Company's Chinese name was officially changed to "Apollo 智慧出行集團有限公司" with effect from 26 August 2022. The new Chinese name aligns the Group with its strategy of becoming the leading provider of smart mobility services. It will also enable the Group to further capture potential business opportunities by enhancing its corporate image and identity.

Further details of the change of Company's Chinese name are set out in the announcement of the Company dated 26 September 2022.

Admitted to "Consumer Discretionary — Automobiles — Automobiles" under HSICS

The Company was admitted to the "Consumer Discretionary" industry — "Automobiles" sector — "Automobiles" subsector under the Hang Seng Industry Classification System ("HSICS") with effect from 30 September 2022. This change in classification effectively informs the market of the Group's latest mobility developments, enabling investors to more accurately identify AFMG as a key industry participant and make better-informed decisions.

WM Motor Became AFMG's Largest Shareholder

Through several share exchange arrangements, WM Motor, one of China's leading smart EV companies, became AFMG's largest shareholder during the Period. Combining WM Motor's established smart EV manufacturing facilities with the Group's experience in sales and distribution of the Apollo brand in the high-end automobile market backed by its proprietary technology, these significant synergies will enable faster expansion of the Group's luxury smart EV business.

New AFMG Senior Management Team

AFMG welcomes seasoned professionals from the automotive and finance industry joining the Group during the Period.

The Board appointed Mr. Freeman Hui Shen as a non-executive Director and Co-Chairman of the Board; Mr. Joseph Lee was appointed as an executive Director and Vice Chairman of the Board; Mr. Qi Zhenggang, Marcus, was appointed as the General Manager of the Group and an executive Director; Ms. Zheng Kaiyan, Enya, was appointed as Senior Vice President, Finance of the Group; Ms. Hau Yan Hannah Lee, was appointed as an independent non-executive Director; and Mr. Wilfried Porth joined AFMG as a non-executive Director.

The valuable experience of these top executives will enable the Group to tread deeper into the NEV industry chain and establish stronger footholds in the NEV industry in China and overseas markets.

Further details of these directorship appointments are set out in the Company announcements dated 13 January 2022, 31 March 2022 and 26 April 2022.

Other Legacy Businesses

The Group has been continuously seeking to scale down its legacy businesses including the jewellery products, watches and other commodities segment and the money lending segment, in order to focus its capital and management resources on further developing the more promising mobility businesses.

As disclosed in the section headed "Material Acquisitions or Disposals" below, during the Period, the Group reached an agreement to dispose of part of its watches wholesale business for a total cash consideration amounted to HK\$50 million. The Group intends to apply the proceeds in further development of its high-performance hypercars and luxury smart EVs, provision of mobility technology solutions businesses, and as general working capital.

PROSPECTS AND OUTLOOK

The Group's decisive move into the luxury smart EV market responds to strong market dynamics. According to Statista Mobility Market Outlook, sales of EVs globally are expected to increase by 20% year-on-year from US\$384 billion at the end of 2022 to US\$462 billion in 2023. McKinsey expects China to be the market leader for luxury cars by 2031 with 8–14% annual growth, increasing its global share in the segment from 24% in 2021 to around 35% by the end of 2031. The Group is uniquely well placed to capture the ample potential of the luxury smart EV market.

Building on the success of the Apollo hypercar brand, the Group will continue to focus on penetrating the luxury and premium car market in response to rapidly changing demographic dynamics in China. The number of high- and ultra-high-net-worth individuals are expected to increase globally, and in particular the fastest growth among the ultra-high-net-worth clusters is expected to come from China, creating optimal market conditions for the Group's state-of-the-art and luxury vehicles.

Through all the initiatives since the Group's first foothold in the NEV industry, the Group stands ready to cope with surging global market demand for EVs. The Group will focus on the robust luxury sector, leverage the significant value in the Apollo brand as a celebrated and highly desired maker of bespoke hypercars and partner with the Group's strategic partners to create synergies in its mobility ecosystem. A range of luxury smart EV models featuring advanced mobility technologies, aesthetics design and premium services with a view to meeting the growing mobility needs of high-end users are in the pipeline.

Looking ahead, the Group will continue leveraging the Apollo brand's unique appeal and the Group's technological capabilities to further excel in its hypercar and EV development. With WM Motor becoming the Company's largest shareholder, the Group is poised to capitalize on these new opportunities within the luxury smart EV market and redefine smart mobility by creating a better, more personalized driving experience for users, and hence building a future-oriented luxury mobility ecosystem.

FINANCIAL REVIEW

For the twelve months ended 30 September 2022, the revenue of the Group increased by approximately 30.5% to approximately HK\$689.9 million as compared to approximately HK\$528.6 million in the corresponding period of last year. The revenue comprised revenue from mobility services segment of approximately HK\$185.5 million (2021: HK\$104.8 million), sales of jewellery products, watches and other commodities of approximately HK\$465.9 million (2021: HK\$377.2 million), and interest income from loan financing of approximately HK\$38.5 million (2021: HK\$45.1 million). During the Period, revenue from mobility services segment increased due to (i) the licensing income from the license of vehicular platform; and (ii) the revenue from engineering service outsourcing following the completion of the acquisition of Ideenion Automobil AG in February 2021. Sales of jewellery products, watches and other commodities increased due to improved sentiment in the PRC market. Income from loan financing remained stable.

The Group's gross profit amounted to approximately HK\$163.4 million for the Period as compared to approximately HK\$131.5 million in the corresponding period of last year. The gross profit margin decreased to approximately 23.7% for the Period (2021: 24.9%) mainly due to decrease in margin from the sales of jewellery products, watches and other commodities to boost sales.

General and administrative expenses decreased by 21.3% to approximately HK\$232.0 million (2021: HK\$294.8 million) mainly due to the decrease in equity-settled share option expense of approximately HK\$41.7 million (2021: HK\$106.8 million) recorded during the Period as less share options were granted during the Period as compared to the corresponding period of last year.

Other gains/losses, net mainly comprised: (i) the fair value gains of approximately HK\$128.9 million (2021: HK\$21.9 million) on financial assets at fair value through profit or loss; (ii) impairment of goodwill of approximately HK\$105.4 million (2021: Nil) due to changes in market conditions; and (iii) fair value gains on contingent consideration payables of approximately HK\$274.9 million (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.

Overall, the profit attributable to owners of the Company for the Period turned around to approximately HK\$37.8 million from the loss of approximately HK\$349.6 million for the corresponding period of last year due to the reasons as explained above.

Significant Investments Held

Details of significant investments held by the Group were set out as follows:

Nature of investments	As at 30 September 2022			For the twelve months ended 30 September 2022		Share of results of an associate		Fair value		Investment cost HK\$'000
	Number of preferred shares held '000	Percentage of preferred shares held in such investee %	Percentage to the Group's total assets %	Fair value HK\$'000	As at		As at			
					30 September 2022 HK\$'000	1 October 2021 HK\$'000	30 September 2022 HK\$'000	1 October 2021 HK\$'000		
Financial assets at fair value through profit or loss with a value of 5% or more of total assets:										
(i) EV Power										
— Preferred shares	142,820	33.23	11.25	107,266	(58,170)	(19,850)	571,800	464,534	407,679*	
— Call option	N/A	N/A	N/A	(9,105)	–	–	–	17,808		
				98,161	(58,170)	(19,850)	571,800	482,342	407,679	
(ii) Divergent										
— Preferred shares	4,932	20.69	11.58	98,260	–	–	528,958	430,698	469,378	
— 2019 Divergent Convertible Note	N/A	N/A	N/A	(90,804)	–	–	–	90,804	97,500	
				7,456	–	–	528,958	521,502	566,878	

* Represented the aggregate consideration

(i) Investment in EV Power

EV Power and its subsidiaries are principally engaged in the provision of convenient, safe and cost-effective EV charging solutions in Hong Kong and the PRC. EV Power is China's largest charging point operator in terms of number of charging sites in operation in residential areas. It operates over 7,600 charging sites and over 36,000 charging piles (or 61,000 charging bays), covering over 60 cities in the country. The Group's investment in EV Power represents an opportunity for the Group to create strong synergies with EV Power through the Group's proprietary EV technologies and thereby completing the full value chain of mobility.

(ii) Investment in Divergent

Divergent is a company based in the United States of America which uses 3D metal printing technology through its patented hardware and software platform to conduct research, design, development and production of 3D printed vehicle structures. Not only does the patented digital manufacturing system radically reduce capital needs and design risks, it also reduces product cycle time and increases market response. The Group believes that the investment in Divergent will create synergies with the Group's mobility businesses by vastly improving existing factory economics of automobile OEMs.

The Group is optimistic about the future growth and prospect of the mobility market. We are determined to build a world-leading one-stop service platform for "future mobility" through the integration of global advanced mobility technologies. Our investment strategy mainly focuses on value creation through long-term cooperation and synergies with the mobility technology companies. We leverage our capital strength to invest in mobility technology companies with returns generated from capital appreciation, which are expected to be in line with the overall growth of the mobility industry.

Liquidity, Financial Resources and Gearing

As at 30 September 2022, the cash and cash equivalents of the Group amounted to approximately HK\$135.4 million (2021: HK\$150.1 million), which were mainly denominated in HK\$, Renminbi ("RMB"), Euro and Japanese Yen.

The total current assets and total current liabilities of the Group as at 30 September 2022 were approximately HK\$1,178.4 million and HK\$577.9 million, respectively (30 September 2021: total current assets of HK\$1,331.9 million and total current liabilities of HK\$1,277.6 million). The Group's net current assets as at 30 September 2022 comprised inventories of approximately HK\$120.1 million (2021: HK\$173.4 million), accounts receivable, prepayments, deposits and other receivables of approximately HK\$335.7 million (2021: HK\$348.6 million), loans receivable of approximately HK\$580.3 million (2021: HK\$652.1 million) and contract assets of approximately HK\$4.7 million (2021: HK\$2.7 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods were 102 days, 21 days and 69 days, respectively. The turnover ratios were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Period, the Group financed its operations and investment activities mainly through a combination of (i) equity financing; (ii) operating cash inflows; and (iii) interest-bearing bank borrowings and convertible bonds. As at 30 September 2022, equity attributable to owners of the Company amounted to approximately HK\$3,919.1 million (2021: HK\$3,658.7 million).

The Group's total interest-bearing bank borrowings and convertible bonds issued by the Company as at 30 September 2022 amounted to approximately HK\$96.2 million (2021: HK\$122.7 million) and approximately HK\$152.7 million (2021: Nil), respectively, which were mainly denominated in HK\$, RMB and Japanese Yen. The interest-bearing bank borrowings and convertible bonds were mainly used for investment in business opportunities in order to expand into the mobility technology solutions and related business and for working capital purpose. The interest-bearing bank borrowings were at commercial lending variable interest rates. The maturity profile was spread over a period, with approximately HK\$83.1 million repayable within one year and approximately HK\$13.1 million repayable after one year.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2022, the gearing ratio was approximately 2.5% (2021: 3.4%). This ratio is calculated as total interest-bearing bank borrowings (other than convertible bonds) divided by total equity.

Contingent Liabilities

Details of contingent liabilities of the Group are set out in note 19 to the unaudited interim condensed consolidated financial information in this report.

Pledge of Assets

As at 30 September 2022, the Group's freehold land and buildings and certain building including right-of-use assets, with an aggregate carrying amount of approximately HK\$88.0 million were pledged to secure certain bank loans to the Group of principal amount of approximately HK\$58.1 million.

Interim Dividend

The Board does not recommend the payment of any dividend in respect of the Period (2021: Nil).

Capital Management

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

Foreign Exchange Exposure

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

Event After the Reporting Period

Details of event after the reporting period of the Group are set out in note 23 to the unaudited interim condensed consolidated financial information in this report.

Material Acquisitions or Disposals

On 24 May 2022, Ming Fung Investment Holdings Limited (the "Seller"), an indirect wholly-owned subsidiary of the Company, and State Energy Group International Assets Holdings Limited (the "Buyer") entered into an agreement, pursuant to which the Seller had conditionally agreed to sell and the Buyer had conditionally agreed to acquire the entire issued share capital of Sinoforce Group Limited ("Sinoforce" and together with its subsidiaries, "Sinoforce Group"), for a total cash consideration of HK\$50,000,000 (the "Disposal"). Sinoforce Group was principally engaged in wholesale of watches in Hong Kong, the PRC and Taiwan. The completion of the Disposal took place on 14 June 2022. Further details of the Disposal are set out in the announcement of the Company dated 24 May 2022.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no specific plan for material investments or capital assets as at 30 September 2022.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Directors	Capacity and nature of interest	Number of ordinary shares held	Number of share options held (Note 1)	Total interests	Percentage of interest (Note 2)
Mr. Ho King Fung, Eric (<i>Chairman</i>)	Personal	39,000,000	117,500,000	156,500,000	1.63%
Mr. Joseph Lee (<i>Vice Chairman</i>)	Personal	2,400,000	40,000,000	42,400,000	0.44%
Mr. Mirko Konta	Personal	115,244,000 (Note 3)	2,000,000	117,244,000	1.22%
Mr. Teoh Chun Ming	Personal	–	5,000,000	5,000,000	0.05%
Mr. Peter Edward Jackson	Personal	–	5,000,000	5,000,000	0.05%
Mr. Charles Matthew Pecot III	Personal	–	4,000,000	4,000,000	0.05%

Notes:

- Details of share options held by the Directors are shown in the section "Share Option Scheme" below.
- Based on 9,616,326,562 shares of the Company in issue as at 30 September 2022.
- These represent the shares of the Company that may be allotted and issued by the Company to Mr. Mirko Konta as part of the total consideration payable to him for the acquisition of Ideenion Automobil AG.
- All the interests disclosed above represent long positions in the shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Share Option Scheme" below, at no time during the twelve months ended 30 September 2022 was the Company, or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the twelve months ended 30 September 2022 and up to the date of this report, none of the Directors and directors of the Company's subsidiaries or their respective associates had any interests in any businesses, apart from the Group's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

SHARE OPTION SCHEME

The existing share option scheme (the "Share Option Scheme") was adopted by the Company on 1 March 2013, the purpose of which is to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, advisors and shareholders of the Group and to promote the success of the business of the Group.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, after such period no further options may be granted under the Share Option Scheme but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto.

Eligible participants under the Share Option Scheme include, among others, employees, directors, customers, advisors, shareholders, consultants, suppliers or service providers of the Group.

Details of the Share Option Scheme are as follows:

- (a) The maximum number of ordinary shares issuable upon exercise of the share options (the "Share Options") which may be granted under the Share Option Scheme and any other share option scheme of the Group (if any) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. Any further grant of Share Options in excess of this limit is subject to shareholders' approval in a general meeting;
- (b) The exercise period of the Share Options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the Share Options or other expiry date(s) stipulated in the Share Option Scheme, whichever is the earlier;
- (c) The offer of a grant of Share Options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1.00 by the grantee; and
- (d) The exercise price of the Share Options is determinable by the Board but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the offer; or (iii) the nominal value of the Company's shares on the date of the offer.

Details of the movement of the Share Options during the twelve months ended 30 September 2022 under the Share Option Scheme are as follows:

	Date of Grant	Number of Share Options					Vesting and exercise period	Exercise price per share HK\$	Closing price per share immediately before date of grant HK\$
		As at 1 October 2021	Granted during the Period	Lapsed/Cancelled during the Period	Exercised during the Period	As at 30 September 2022			
Directors and Chief Executive									
Mr. Ho King Fung, Eric	6 April 2017	20,000,000	-	-	-	20,000,000	Note 1	0.85	0.84
	30 May 2019	30,000,000	-	-	-	30,000,000	Note 2	0.475	0.485
	4 January 2021	37,500,000	-	-	-	37,500,000	Note 6	0.78	0.77
	4 January 2022	-	30,000,000	-	-	30,000,000	Note 9	0.445	0.45
Mr. Joseph Lee (Note 8)	13 January 2022	-	40,000,000	-	-	40,000,000	Note 10	0.44	0.42
Mr. Sung Kin Man (Note 11)	30 May 2019	30,000,000	-	(30,000,000)	-	-	Note 2	0.475	0.485
	4 January 2021	37,500,000	-	(37,500,000)	-	-	Note 6	0.78	0.77
	4 January 2022	-	20,000,000	(20,000,000)	-	-	Note 9	0.445	0.45
Mr. Mirko Konta	4 January 2022	-	2,000,000	-	-	2,000,000	Note 9	0.445	0.45
Mr. Tam Ping Kuen, Daniel (Note 12)	19 July 2016	1,488,000	-	(1,488,000)	-	-	Note 3	0.65	0.65
	30 May 2019	1,000,000	-	(1,000,000)	-	-	Note 2	0.475	0.485
	4 January 2021	2,000,000	-	(2,000,000)	-	-	Note 6	0.78	0.77
	4 January 2022	-	2,000,000	(2,000,000)	-	-	Note 9	0.445	0.45
Mr. Teoh Chun Ming	30 May 2019	1,000,000	-	-	-	1,000,000	Note 2	0.475	0.485
	4 January 2021	2,000,000	-	-	-	2,000,000	Note 6	0.78	0.77
	4 January 2022	-	2,000,000	-	-	2,000,000	Note 9	0.445	0.45
Mr. Peter Edward Jackson	30 May 2019	1,000,000	-	-	-	1,000,000	Note 2	0.475	0.485
	4 January 2021	2,000,000	-	-	-	2,000,000	Note 6	0.78	0.77
	4 January 2022	-	2,000,000	-	-	2,000,000	Note 9	0.445	0.45
Mr. Charles Matthew Pecot III	4 January 2021	2,000,000	-	-	-	2,000,000	Note 6	0.78	0.77
	4 January 2022	-	2,000,000	-	-	2,000,000	Note 9	0.445	0.45
Former Director									
Mr. Zhang Jinbing (Note 7)	19 July 2016	1,488,000	-	-	-	1,488,000	Note 3	0.65	0.65
Others									
Substantial shareholder	13 March 2018	50,000,000	-	-	-	50,000,000	Note 4	1.782	1.71
Employees (Note 13)	30 May 2019	10,000,000	-	-	-	10,000,000	Note 2	0.475	0.485
	4 January 2021	72,000,000	-	-	-	72,000,000	Note 6	0.78	0.77
	4 January 2022	-	65,000,000	(5,000,000)	-	60,000,000	Note 9	0.445	0.45
Consultants	4 January 2021	225,000,000	-	-	-	225,000,000	Note 6	0.78	0.77
Total		525,976,000	165,000,000	(98,988,000)	-	591,988,000			

The total number of shares available for issue upon the exercise of all Share Options granted or to be granted under the Share Option Scheme is 830,507,856 (30 September 2021: 862,995,856), representing approximately 8.64% (30 September 2021: 11.86%) of the Company's total number of issued shares as at the date of this report.

Notes:

1. From 6 April 2017 to 5 April 2027.
2. From 30 May 2019 to 29 May 2029.
3. Subject to the rules of the Share Option Scheme, the Share Options are exercisable in the following manner for a period from the date of the acceptance of the Share Options to 10 years from the date of grant:

Percentage of the Share Options that are vested and exercisable

Period for the exercise of the relevant Share Options

20%
 Additional 20% (i.e. up to 40% in total)
 Additional 20% (i.e. up to 60% in total)
 Additional 20% (i.e. up to 80% in total)
 Additional 20% (i.e. up to 100% in total)

From 19 July 2017 to 18 July 2026
 From 19 July 2018 to 18 July 2026
 From 19 July 2019 to 18 July 2026
 From 19 July 2020 to 18 July 2026
 From 19 July 2021 to 18 July 2026

4. From 13 March 2018 to 12 March 2028.
5. From 3 April 2018 to 2 April 2028.
6. From 4 January 2021 to 3 January 2031.
7. Mr. Zhang Jinbing retired as a Director with effect from 19 March 2021.
8. Mr. Joseph Lee was appointed as a Director with effect from 13 January 2021.
9. From 4 January 2022 to 3 January 2032.
10. From 13 January 2022 to 12 January 2032.
11. Mr. Sung Kin Man resigned as a Director and the chief executive officer of the Company with effect from 14 March 2022.
12. Mr. Tam Ping Kuen, Daniel resigned as a Director with effect from 31 March 2022.
13. "Employees" mean employees working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance (Chapter 57 of the laws of Hong Kong).

The fair value of the share options granted during the Period was HK\$41,678,000 (HK\$0.24 to HK\$0.26 each) (30 September 2021: 106,774,000 (HK\$0.27 each)). The Group recognised a share option expense of HK\$41,678,000 (2021: HK\$106,866,000) during the period ended 30 September 2022.

The fair value of equity- settled share optio ns granted during the Period was estim ated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

**30 September
2022**

Dividend yield (%)	–
Expected volatility (%)	66.00
Risk-free interest rate (%)	1.64–1.79
Expected life of options (years)	10
Weighted average share price (HK\$ per share)	0.44

The expected life of the options is based on the historical exercise patterns and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at 30 September 2022, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholders	Capacity and nature of interest	Number of shares held	Percentage of shares in issue (Note 1)
WM Motor Holdings Limited	Beneficial owner	2,275,545,343	23.66%
Mr. Ho King Man, Justin	Beneficial owner and interest in a controlled corporation	956,332,474 (Note 2)	9.94%
Ruby Charm Investment Limited	Beneficial owner	884,220,474 (Note 3)	9.91%

Notes:

1. Based on 9,616,326,562 shares of the Company in issue as at 30 September 2022.
2. 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 of the Company. Details of share options held by Mr. Ho King Man, Justin as a substantial shareholder of the Company are shown in the section “Share Option Scheme” above.
3. Ruby Charm Investment Limited is a private company directly wholly owned by Mr. Ho King Man, Justin.
4. All the interests stated above represent long positions in the shares of the Company.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 30 September 2022, the Group had 190 employees (30 September 2021: 193). The related employees’ costs for the Period (including directors’ remuneration) amounted to approximately HK\$169.3 million (2021: HK\$129.6 million). In addition to basic salary, employees are entitled to other benefits including social insurance contributions, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and with reference to the market rate and the performance of individual employees, which are regularly reviewed each year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, the Company repurchased 24,928,000 shares of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for an aggregate consideration (before transaction costs) of approximately HK\$7,908,000 pursuant to the share repurchase mandate approved by the shareholders of the Company (the “Shareholders”) at the annual general meeting held on 10 March 2022. The repurchase was effected as the Board considered that the then trading price of the Shares did not reflect their intrinsic value and business prospects of the Company and that it presented a good opportunity for the Company to repurchase Shares. The Board believed that a share repurchase would demonstrate the Company’s confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to the Shareholders. As at the date of this report, 21,700,000 Shares out of the 24,928,000 Shares repurchased have been cancelled.

Details of the Shares repurchased during the Period are as follows:

Month of repurchase	No. of Shares	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration HK\$'000
March	672,000	0.365	0.365	245
April	3,816,000	0.340	0.330	1,280
May	3,000,000	0.350	0.330	1,004
June	7,396,000	0.340	0.315	2,391
July	1,184,000	0.310	0.310	367
August	5,632,000	0.325	0.305	1,770
September	3,228,000	0.295	0.208	851
Total	24,928,000			7,908

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the twelve months ended 30 September 2022.

CORPORATE GOVERNANCE

During the Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

As at the date of this report, the Audit Committee consists of four independent non-executive Directors, namely Mr. Teo h Chun Ming (Chairman of the Audit Committee), Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee; and one non-executive Director, namely Mr. Freeman Hui Shen.

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company’s financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed and discussed the interim results of the Group for the Period and this report.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the twelve months ended 30 September 2022 (2021: Nil).

APPRECIATION

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

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

Hong Kong, 30 November 2022