NEW FOCUS AUTO TECH HOLDINGS LIMITED
新焦點汽車技術控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 360)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of New Focus Auto Tech Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 (the "**Year**") together with the comparative figures for the previous year as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2021 (Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
Continuing operations:			
Revenue	3	**728,142**	890,913
Cost of sales and services		**(625,688)**	(790,477)
Gross profit		**102,454**	100,436
Other revenue and gains or losses, net	4	**(28,330)**	(31,872)
Provision of allowance for expected credit losses on trade receivables, deposits, and other receivables, net		**(1,864)**	(298,673)
Impairment loss of property, plant and equipment and right-of-use assets		**(12,852)**	–
Distribution costs		**(62,615)**	(95,343)
Administrative expenses		**(57,678)**	(72,643)
Finance costs	5	**(25,885)**	(42,630)
Loss before taxation from continuing operations	6	**(86,770)**	(440,725)
Income tax expense	7	**(15,960)**	(22,282)
Loss for the year from continuing operations		**(102,730)**	(463,007)
Discontinued operation			
Profit/(loss) for the period/year from discontinued operations, net of income tax		**13,779**	(10,651)
Loss for the year		**(88,951)**	(473,658)
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**1,883**	(4,487)
Items that will not be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income: net movement in the fair value reserve		**(9,492)**	(26,724)
Other comprehensive loss for the year, net of tax		**(7,609)**	(31,211)
Total comprehensive loss for the year		**(96,560)**	(504,869)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2021 (Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000 (Restated)
(Loss)/profit for the year attributable to			
Equity shareholders of the Company			
– from continuing operations		**(101,617)**	(461,316)
– from discontinued operations		**16,823**	(5,432)
		(84,794)	(466,748)
Non-controlling interests			
– from continuing operations		**(1,113)**	(1,691)
– from discontinued operations		**(3,044)**	(5,219)
		(4,157)	(6,910)
		(88,951)	(473,658)
Total comprehensive (loss)/income attributable to			
Equity shareholders of the Company			
– from continuing operations		**(109,226)**	(492,527)
– from discontinued operations		**16,823**	(5,432)
		(92,403)	(497,959)
Non-controlling interests			
– from continuing operations		**(1,113)**	(1,691)
– from discontinued operations		**(3,044)**	(5,219)
		(4,157)	(6,910)
		(96,560)	(504,869)
(Loss)/earnings per share:	*9*		
Basic and diluted (RMB cents)			
– from continuing operations		**(1.50)**	(6.82)
– from discontinued operations		**0.25**	(0.08)
– from continuing and discontinued operations		**(1.25)**	(6.90)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2021 (Expressed in Renminbi)

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment		**62,272**	82,991
Right-of-use assets		**13,433**	119,550
Deposit for right-of-use assets		**17,922**	–
Investment properties		**47,162**	47,077
Other intangible assets		**–**	2,663
Deferred tax assets		**3,682**	16,786
Financial assets at fair value through other comprehensive income		**–**	9,492
		144,471	278,559
Current assets			
Inventories		**131,849**	131,535
Trade receivables	*10*	**143,710**	161,208
Financial assets at fair value through profit or loss		**880**	–
Deposits, prepayments and other receivables		**582,670**	655,366
Cash and cash equivalents		**38,929**	64,564
		898,038	1,012,673
Current liabilities			
Trade payables	*11*	**246,487**	283,514
Accruals and other payables		**163,904**	201,312
Contract liabilities		**44,413**	68,949
Lease liabilities		**2,796**	11,224
Tax payable		**3,667**	3,327
Bank and other borrowings		**264,035**	286,595
		725,302	854,921
Net current assets		**172,736**	157,752
Total assets less current liabilities		**317,207**	436,311

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2021 (Expressed in Renminbi)

	Notes	**2021** **RMB'000**	2020 *RMB'000*
Non-current liabilities			
Lease liabilities		**2,600**	98,842
Deferred tax liabilities		**9,820**	10,465
Bank and other borrowings		**110,326**	54,149
		122,746	163,456
Net assets		**194,461**	272,855
Capital and reserves			
Share capital	*12*	**556,286**	556,286
Reserves		**(376,487)**	(284,083)
Total equity attributable to equity shareholders of the Company		**179,799**	272,203
Non-controlling interests		**14,662**	652
Total equity		**194,461**	272,855

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. ORGANISATION AND PRINCIPAL ACTIVITIES

New Focus Auto Tech Holdings Limited (the "**Company**") was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. Its principal place of business is in Shanghai, the People's Republic of China (the "**PRC**").

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of electronic and power-related automotive parts and accessories; and operating the 4S dealership stores and related business. The Company and its subsidiaries are collectively referred to as the Group.

The directors of the Company (the "**Directors**") regard CDH Fast Two Limited, a company incorporated in the British Virgin Islands (the "**BVI**") as the immediate holding company, and China Diamond Holdings Company Limited, a company incorporated in BVI as the ultimate holding company.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by International Accounting Standards Board ("**IASB**"). These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The following provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

(b) Basis of preparation of financial statements

As at 31 December 2021, the Group incurred a loss for the year of RMB88,951,000 and the Group has short-term bank and other borrowings amounting to RMB264,035,000. As at 31 December 2021, the Group had cash and cash equivalents amounting to HK$38,929,000 which is insufficient to fully repay the bank and other borrowings expiring within 12 months. These indicates that the Group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and other sources.

These facts and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

(1) *Attainment of profitable and positive cash flow operations*

The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

(2) *Necessary facilities*

The Group is in the process of negotiating with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.

(3) *Extension of Completion Date for Shares Subscription*

On 28 May 2021, the Company entered into a subscription agreement with Daodu (Hong Kong) Holding Limited. Daodu (Hong Kong) Holding Limited agreed to subscribe an aggregate of not more than 11,252,732,911 subscription shares of the Company at the subscription price of HK$0.059 per subscription share. The gross proceeds to be raised from the subscription would amount to a maximum of HK$663,911,241.749. To ensure the minimum public float of the Company's issued share capital as enlarged by the subscription will be maintained in accordance with the Listing Rules, the completion date of the subscription has been extended to a date on or before 30 April 2022 (or such other later date as may be mutually agreed by the parties in writing).

In the opinion of the Directors, in light of the various measures or arrangements implemented after the end of the reporting period together with the expected results of the other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**"), for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretation Committee (the "**Committee**") of the IASB issued in June 2021, which clarified the costs an entity should be included as "estimated cost necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments IFRSs that have been issued but are not yet effective

The Group has not applied in advance the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture[3]
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[4]
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments IAS 8	Definition of Accounting Estimates[2]
Amendments IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 April 2021.

The Directors anticipate that the application of all the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the sales value of goods supplied and services provided to customers and is analysed as follows:

Continuing operations:

	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Recognised at a point in time:		
Sale of goods	**689,859**	797,464
Service income	**38,283**	93,449
	728,142	890,913

Automobile repair, maintenance and restyling services are typically provided for a period of one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(a) Reportable segment

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

Continuing operations

The Group operates in two reportable segments of the manufacture and sale of automobile accessories (the "**Manufacturing Business**") and the operation of the 4S dealership stores and related business (the "**Automobile Dealership and Service Business**").

During the year ended 31 December 2021, the segment of trading of automobile accessories (the "**Wholesale Business**") was discontinued.

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-makers for assessment of segment performance and resources allocation.

Set out below is an analysis of segment information:

	Continuing operation						Discontinued operation			
	The Manufacturing Business		Automobile Dealership and Service Business		Sub-total		The Wholesale Business		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
External revenue	**502,471**	536,837	**225,671**	354,076	**728,142**	890,913	**12,808**	20,814	**740,950**	911,727
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Segment revenue	**502,471**	536,837	**225,671**	354,076	**728,142**	890,913	**12,808**	20,814	**740,950**	911,727
Reportable segment results	**19,142**	7,931	**(11,954)**	(358,849)	**7,188**	(350,918)	**13,779**	(10,651)	**20,967**	(361,569)
Interest income	**56**	2,347	**36**	316	**92**	2,663	**–**	32	**92**	2,695
Unallocated interest income					**22**	1,027	**–**	–	**22**	1,027
Total interest income					**114**	3,690	**–**	32	**114**	3,722
Interest expenses	**(1,694)**	(652)	**(7,849)**	(15,010)	**(9,543)**	(15,662)	**–**	(250)	**(9,543)**	(15,912)
Unallocated interest expenses					**(16,342)**	(26,968)	**–**	–	**(16,342)**	(26,968)
Total interest expenses					**(25,885)**	(42,630)	**–**	(250)	**(25,885)**	(42,880)
Depreciation and amortisation charges	**(9,224)**	(14,285)	**(7,620)**	(14,172)	**(16,844)**	(28,457)	**(401)**	(1,526)	**(17,245)**	(29,983)
Unallocated depreciation and amortisation charges					**–**	(1,440)	**–**	–	**–**	(1,440)
Total depreciation and amortisation charges					**(16,844)**	(29,897)	**(401)**	(1,526)	**(17,245)**	(31,423)
Reportable segment assets	**411,672**	369,353	**461,599**	622,776	**873,271**	992,129	**–**	26,435	**873,271**	1,018,564
Additions to capital expenditure	**4,693**	1,424	**10,088**	2,326	**14,781**	3,750	**–**	274	**14,781**	4,024
Unallocated additions to capital expenditure					**–**	–	**–**	–	**–**	–
Total capital expenditure					**14,781**	3,750	**–**	274	**14,781**	4,024
Reportable segment liabilities	**426,937**	421,566	**285,405**	407,751	**712,342**	829,317	**–**	20,354	**712,342**	849,671

Note: Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

(b) Reconciliation of reportable segment profit or loss, and assets and liabilities

Continuing operations:

	2021 ***RMB'000***	2020 *RMB'000* (Restated)
Loss before taxation		
Reportable segment profit/(loss)	**7,188**	(350,918)
Unallocated other revenue and gains or losses, net	**(39,163)**	(6,830)
Unallocated corporate expenses	**(38,453)**	(56,009)
Unallocated finance costs	**(16,342)**	(26,968)
Consolidated loss before taxation	**(86,770)**	(440,725)

	As at **31 December** **2021** ***RMB'000***	As at 31 December 2020 *RMB'000*
Assets:		
Reportable segment assets	**873,271**	1,018,564
Unallocated corporate assets	**169,238**	272,668
Consolidated total assets	**1,042,509**	1,291,232
Liabilities:		
Reportable segment liabilities	**712,342**	849,671
Unallocated corporate liabilities	**135,706**	168,706
Consolidated total liabilities	**848,048**	1,018,377

For the purposes of resource allocation and performance assessment between segments:

- All expenses are allocated to reportable segments, other than partial administrative expenses and other partial operating expenses; and

- All assets are allocated to reportable segments, other than partial deposit, prepayment and other receivables, partial cash and bank balance, partial property, plant and equipment, partial right-of-use assets and financial assets at fair value through other comprehensive income; and

- All liabilities are allocated to reportable segments, other than partial bank and other borrowings, partial accruals and other payables and partial lease liabilities.

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, right-of-use assets, deposit of right-of-use assets and other intangible assets ("**specified non-current assets**"):

	Revenue from external customers		**Specified non-current assets**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		
PRC (Place of domicile)	**323,571**	562,665	**140,789**	252,281
America	**337,616**	224,685	**–**	–
Europe	**22,769**	36,611	**–**	–
Asia Pacific	**44,186**	66,952	**–**	–
	728,142	890,913	**140,789**	252,281

The above revenue information is based on the locations of the customers. The non-current assets do not include deferred tax assets and financial assets at fair value through other comprehensive income.

(d) Major customers

During the year, the Group's customer base is diversified and there was no customer (2020: Nil) with whom transactions exceeded 10% of the Group's revenue.

4. OTHER REVENUE AND GAINS OR LOSSES, NET

	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Continuing operations:		
Exchange loss, net	**(6,772)**	(1,141)
Interest income	**114**	3,690
Fair value gain/(loss) on investment properties	**85**	(1,562)
Gross rentals from investment properties and other rental income	**2,164**	2,574
Loss on disposal of property, plant and equipment	**(3,872)**	(2,691)
Government subsidies	**92**	2,045
Written-off of other receivable	**(35,347)**	(44,904)
Reversal of financial guarantee provision	**–**	10,171
Fair value loss on financial assets at fair value through profit or loss	**(50)**	–
Gain on disposal of subsidiaries	**11,089**	–
Gain on lease modification	**4,167**	–
Others	**–**	(54)
	(28,330)	(31,872)

5. FINANCE COSTS

	2021 *RMB'000*	2020 *RMB'000* (Restated)
Continuing operations:		
Interests on bank and other borrowings within five years	**23,337**	37,571
Interests on lease liabilities	**2,548**	5,059
	25,885	42,630

6. LOSS BEFORE TAXATION

Continuing operations:

Loss before taxation is arrived at after charging/(crediting):

	2021 *RMB'000*	2020 *RMB'000* (Restated)
Cost of inventories*	**621,849**	787,477
Write-down of inventories	**3,839**	3,000
	625,688	790,477
Depreciation of property, plant and equipment	**13,849**	20,587
Depreciation of right-of-use assets	**2,995**	9,310
Provision of allowance for expected credit loss ("**ECL**") on trade receivables, deposits and other receivables, net	**1,864**	298,673
Gain on disposal of subsidiaries	**(11,089)**	–
Auditors' remuneration		
– audit services	**2,500**	2,500
Gross rentals from investment properties	**2,164**	2,574
Less: Direct operating expenses incurred	**(4)**	(2)
	2,160	2,572
Employee benefit expenses (including Directors' remuneration)		
Salaries and allowances	**61,815**	58,955
Retirement scheme contributions	**6,088**	6,877
Other benefits	**878**	1,271
Total employee benefit expenses	**68,781**	67,103

* Costs of inventories include RMB64,815,000 (2020: RMB52,268,000 (restated)) relating to employee benefit expenses and depreciation, which are also included in the respective total amounts disclosed separately above.

7. INCOME TAX

(a) Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2021	2020
	RMB'000	*RMB'000*
Current Tax		
Provision for the year	**2,835**	908
Under-provision in respect of prior year	**–**	3,703
	2,835	4,611
Deferred tax		
Origination and reversal of temporary differences, net	**13,125**	17,671
	15,960	22,282
Continuing operations	**15,960**	22,282
Discontinuing operations	**–**	–
	15,960	22,282

(b) No provision for Hong Kong profit tax has been made as the Group had no taxable profits arising in Hong Kong for the years ended 31 December 2021 and 2020. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

The applicable PRC income tax rate is 25% (2020: 25%) for the Year. One major PRC subsidiary of the Company renewed the qualification of high and new technology enterprise in the PRC and is entitled to a preferential income tax rate of 15% (2020: 15%) for three years from 12 November 2020.

8. DIVIDEND

The Board did not recommend the any payment of a dividend for the year ended 31 December 2021 (2020: Nil).

9. LOSS PER SHARE

Basic loss per share

Continuing and discontinued operations

The basic loss per share from continuing and discontinued operations is based on the loss for the year attributable to ordinary equity holders of the Company from continuing and discontinued operations of RMB84,794,000 (2020: RMB466,748,000) and the weighted average number of ordinary shares of 6,767,636,000 (2020: 6,767,636,000) during the year ended 31 December 2021.

Continuing operations

The computation of the basic loss per share from continuing operations is based on the loss for the year attributable to ordinary equity holders of the Company from continuing operations of RMB101,617,000 (2020: RMB461,316,000 (restated)) and the weighted average number of ordinary shares of 6,767,636,000 (2020: 6,767,636,000) during the year ended 31 December 2021.

Discontinued operations

As at 31 December 2021, the computation of the basic earnings/(loss) per share from discontinued operation is based on the profit for the period attributable to ordinary equity holders of the Company from discontinued operations of RMB16,823,000 (2020: loss of RMB5,432,000) and the weighted average number of ordinary shares of 6,767,636,000 (2020: 6,767,636,000) during the year ended 31 December 2021.

Diluted loss/earnings per share

Continuing and discontinued operations

For the years ended 31 December 2021 and 2020, the computation of diluted loss/earnings per share from continuing and discontinued operations were the same as the basic loss/earnings per share as there were no potential dilutive ordinary shares outstanding during the years.

10. TRADE RECEIVABLES

The ageing analysis of trade receivables at the end of reporting period by invoice date is as follows:

	2021	2020
	RMB'000	*RMB'000*
Current to 30 days	**58,371**	47,991
31 to 60 days	**36,083**	48,154
61 to 90 days	**15,708**	19,202
Over 90 days	**43,531**	48,338
	153,693	163,685
Less: allowance for ECL	**(9,983)**	(2,477)
	143,710	161,208

The credit period to the Group's customers ranged from 0 to 360 days.

11. TRADE PAYABLES

The ageing analysis of trade payables of the Group at the end of reporting period by invoice date is as follows:

	2021	2020
	RMB'000	*RMB'000*
Current to 30 days	**71,672**	170,169
31 to 60 days	**25,676**	19,353
61 to 90 days	**20,187**	10,408
Over 90 days	**128,952**	83,584
	246,487	283,514

The average credit period for the Group's trade creditors is 60 days.

12. SHARE CAPITAL

	2021		2020	
	Number of shares	**Amount**	Number of shares	Amount
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised				
Ordinary shares of HK$0.1 each:				
At beginning of the year	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Increase the authorised ordinary shares during the year	**10,000,000**	**1,000,000**	–	–
At end of the year	**20,000,000**	**2,000,000**	10,000,000	1,000,000

	2021			2020		
	Number of shares	**Amount**	**Amount**	Number of shares	Amount	Amount
	'000	***HK$'000***	***RMB'000***	*'000*	*HK$'000*	*RMB'000*
Issued and fully paid:						
At beginning and end of the year	**6,767,636**	**676,764**	**556,286**	6,767,636	676,764	556,286

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2021, the Group focused on the research and development, manufacturing and sales of automotive electronic products, as well as the construction and development of automobile dealership networks. The automotive electronic products that the Group produces mainly include inverters, chargers, multi-functional power packs and cooling and heating boxes, which are mainly sold to the markets of the People's Republic of China (the "**PRC**" or "**China**"), North America and Europe. The Group's automobile dealership and services business is operated mainly in Inner Mongolia Autonomous Region for automobile sales, automotive after-sales service, as well as the distribution of car insurance products and automobile financial products. The Group's wholesale service business was discontinued as at 31 December 2021.

Results Highlights

Revenue

During the Year, the consolidated revenue from continuing operations of the Group amounted to approximately RMB728,142,000 (2020: RMB890,913,000), representing a decrease of approximately 18.27%.

The consolidated revenue from the manufacturing business of the Group was approximately RMB502,471,000 (2020: RMB536,837,000), representing a decrease of approximately 6.40%, which was mainly attributable to lower domestic sales revenue from the Group's manufacturing business due to a smaller sales volume of trucks in China in the second half of the Year and an optimized product structure.

The consolidated revenue from the Group's automobile dealership and services business amounted to approximately RMB225,671,000 (2020: RMB354,076,000), representing a decrease of approximately 36.26%, which was mainly because the Group's automobile dealership and services business have adjusted the structure of automobile brands.

Gross profit and gross profit margin

The consolidated gross profit from continuing operations for the Year was approximately RMB102,454,000 (2020: RMB100,436,000), representing an increase of approximately 2.01%; and the gross profit margin increased from 11.45% to 14.07%. The increase in gross profit and gross profit margin was primarily attributable to the optimization of customer structure and product structure, as well as fewer low-price promotions during the Year.

The gross profit of the Group's manufacturing business was approximately RMB84,477,000 (2020: RMB86,424,000), representing a decrease of approximately 2.25%; and the gross profit margin increased from approximately 16.10% to approximately 16.81%. The decrease in gross profit was mainly attributable to the decrease in revenue for the Year as compared with 2020. The increase in gross profit margin was primarily attributable to the optimization of customer structure and product structure during the Year, which reduced the proportion of sales revenue of low-margin products.

The gross profit of the Group's automobile dealership and services business was approximately RMB17,977,000 (2020: RMB14,012,000), representing an increase of approximately 28.30%; and the gross profit margin increased from approximately 3.96% to approximately 7.97%. The increase in gross profit and gross profit margin was mainly attributable to fewer low-price promotions and gradual product price increases during the Year.

Other revenue and gains and losses

Other losses from continuing operations for the Year was approximately RMB28,330,000 (2020: RMB31,872,000). The losses decreased mainly because the Group recorded gains of approximately RMB11,089,000 on the disposal of its equity interests in five subsidiaries in Inner Mongolia during the Year, as opposed to no such gains in 2020. For other details of the equity disposals, please refer to the section headed "Equity Disposal of Five Hulunbuir Companies" in this announcement.

Expenses

Net allowance for expected credit losses on trade receivables, deposits, prepayments and other receivables from continuing operations for the Year was approximately RMB1,864,000 (2020: RMB298,673,000). Such decline was mainly because the Company made considerable ECL provisions for the trade, deposit, prepayment and other receivables (the "**Receivables**") of Inner Mongolia Lifeng Dingsheng Automobile Co., Ltd.* (內蒙古利豐鼎盛汽車有限公司) ("**Lifeng Dingsheng**") and its subsidiaries and associates (collectively, "**Lifeng Dingsheng Group**"), which were primarily engaged in the automobile dealership and services business in Inner Mongolia, in 2020. The case of Mr. Du Jinglei ("**Mr. Du**"), who was the former chairman and legal representative of Lifeng Dingsheng and the former executive director of the Company and chairman of the Board was heard by the court for the first time in 2020. In light of the poor operation of Lifeng Dingsheng, the Company made a considerable amount of allowance for expected credit losses on the Receivables due from Lifeng Dingsheng in 2020. For the reasons for, and other details of, the impairment on the Receivables due from Lifeng Dingsheng in 2020, please refer to the section headed "Collection of Receivables" in the annual report of the Company in 2020.

The distribution costs from continuing operations for the Year were approximately RMB62,615,000 (2020: RMB95,343,000), representing a decrease of approximately 34.33%, which was mainly attributable to the decrease in salaries and bonuses of sales personnel, freight, and other sales and marketing expenses as a result of the decline in consolidated revenue during the Year.

The administrative expenses from continuing operations for the Year were approximately RMB57,678,000 (2020: RMB72,643,000), representing a decrease of approximately 20.60%, which was mainly due to the Group's control of the number of management personnel and the reduction of administrative expenses.

Operating loss

The operating loss from continuing operations of the Group during the Year was approximately RMB60,885,000 (2020: RMB398,095,000). Such loss decreased mainly because the allowance for expected credit losses on trade receivables, deposits, prepayments and other receivables for the Year decreased by approximately RMB296,809,000 as compared with 2020 (the "**Change in ECL Allowance**") and the distribution cost decreased by approximately RMB32,728,000.

Finance costs

The finance costs from continuing operations for the Year amounted to approximately RMB25,885,000 (2020: RMB42,630,000), representing a decrease of approximately 39.28%. Such decrease was mainly attributable to the decline in the average amount of bank and other borrowings for the Year as compared with 2020.

Taxation

The income tax expenses from continuing operations for the Year were approximately RMB15,960,000 (2020: RMB22,282,000).

Loss attributable to equity shareholders of the Company

The loss attributable to equity shareholders of the Company from continuing operations during the Year was approximately RMB101,617,000 (2020: RMB461,316,000). Excluding the Change in ECL Allowance, the loss attributable to equity shareholders of the Company from continuing operations would have decreased by RMB62,890,000 as compared with that of 2020, which was mainly due to the strict control of costs and various expenditures during the Year.

The profit attributable to equity shareholders of the Company from discontinued operations during the Year was approximately RMB16,823,000 (2020: loss of RMB5,432,000).

The loss attributable to equity shareholders of the Company from continuing and discontinued operations during the Year was approximately RMB84,794,000 (2020: RMB466,748,000). The loss per share from continuing and discontinued operations during the Year was approximately RMB1.25 cents (2020: loss per share of RMB6.90 cents).

Financial Position and Liquidity

The Group continued to maintain a stable financial position and the liquidity of assets of the Group remained healthy during the Year. The Group had a net cash outflow from operating activities of approximately RMB26,283,000 (2020: inflow of RMB68,568,000).

Non-current assets were approximately RMB144,471,000 as at 31 December 2021 (31 December 2020: RMB278,559,000).

Net current assets were approximately RMB172,736,000 as at 31 December 2021 (31 December 2020: RMB157,752,000) with a current ratio of 1.24 (31 December 2020: 1.18).

Gearing ratio (calculated by dividing total liabilities by total assets) was approximately 81.35% as at 31 December 2021 (31 December 2020: 78.87%).

As at 31 December 2021, the total bank and other borrowings of the Group were approximately RMB374,361,000 (31 December 2020: RMB340,744,000), of which approximately 30.57% were made in United States Dollars ("**USD**") and approximately 69.43% were made in Renminbi ("**RMB**"). All of the borrowings were repayable at fixed interest rates, of which approximately RMB264,035,000 was repayable within one year and approximately RMB110,326,000 was repayable after one year but within five years.

The Group's need for borrowings was generally stable during the Year. As at 31 December 2021, the committed borrowing facilities available to but not utilized by the Group amounted to approximately RMB11,884,000.

Capital Structure

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy position of liquidity during the Year. To manage liquidity risks, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Approximately 75% of the revenue of the Group's manufacturing business was generated from the export of its products which was settled in USD, while other businesses were all in China. As such, the Group's cash and cash equivalents and borrowings are denominated in RMB and USD.

As at 31 December 2021, the total assets of the Group were approximately RMB1,042,509,000 (31 December 2020: RMB1,291,232,000), which included: (1) share capital of approximately RMB556,286,000 (31 December 2020: approximately RMB556,286,000); (2) reserves of approximately RMB(361,825,000) (31 December 2020: approximately RMB(283,431,000)); and (3) liabilities of approximately RMB848,048,000 (31 December 2020: approximately RMB1,018,377,000).

Financial Guarantees and Pledge of Assets

As at 31 December 2021, the net book values of inventory, investment properties, property, plant and equipment and right-of-use assets pledged as security for the Group's bank and other borrowings totaled approximately RMB98,497,000 (31 December 2020: approximately RMB100,056,000).

Acquisition and Disposal of Subsidiaries

Equity Disposal of Five Hulunbuir Companies

On 15 July 2021, Inner Mongolia Chuangying Auto Co., Ltd. ("**Inner Mongolia Chuangying**"), a subsidiary of the Company, entered into an equity transfer agreement with Inner Mongolia Zuolichi Auto Co., Ltd.* (內蒙古佐利馳汽車有限公司, "**Zuolichi**"). Pursuant to the equity transfer agreement, Zuolichi agreed to acquire 96% equity interests in Hulunbuir Lifeng Taidi Auto Sales Co., Ltd.* (呼倫貝爾市利豐泰迪汽車銷售有限公司), 96% equity interests in Hulunbeier Lifeng Wuling Automobile Sales and Services Co., Ltd.* (呼倫貝爾市利豐五菱汽車銷售服務有限公司), 96% equity interests in Hulunbeier Lifeng Tailing Automobile Sales and Services Co., Ltd.* (呼倫貝爾市利豐泰鈴汽車銷售服務有限公司), 96% equity interests in Hulunbuir Lifengtong Vehicle Store Co., Ltd* (呼倫貝爾市利豐通汽車行有限公司) and 96% equity interests in Hulunbuir Lifeng Tailai Auto Services Co., Ltd.* (呼倫貝爾市利豐泰萊汽車服務有限公司) held by Inner Mongolia Chuangying (the "**Equity Disposal of Five Hulunbuir Companies**") at the transfer consideration of RMB1,650,000, RMB1, RMB640,000, RMB1 and RMB1, respectively, totaling RMB2,290,003. After the completion of the Equity Disposal of Five Hulunbuir Companies on 5 July 2021, the abovementioned five companies ceased to be subsidiaries of the Company.

Zuolichi and its ultimate beneficial owners are third parties independent of the Company and its connected persons, with all the percentage ratios of the Equity Disposal of Five Hulunbuir Companies being less than 5%. Under the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Equity Disposal of Five Hulunbuir Companies did not constitute a notifiable or connected transaction of the Company.

Equity Disposal of Liaoning XTC

On 25 November 2021, New Focus Lighting and Power Technology (Shanghai) Co., Ltd. ("**New Focus Lighting & Power**"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Liaoning Xin Tian Cheng Industrial Co., Limited ("**Liaoning XTC**"), Li Haidong and Chen Gaosen. Li Haidong was the then chairman and general manager of Liaoning XTC and held approximately 27.64% equity interests in Liaoning XTC. Chen Gaosen was the then executive director and general manager of Zhejiang Autoboom Industry Co., Ltd.* (浙江歐特隆實業有限公司) (renamed as Zhejiang Autoboom Technology Co., Ltd.* (浙江歐特隆科技有限公司), "**Zhejiang Autoboom**"), a wholly-owned subsidiary of Liaoning XTC. Pursuant to the equity transfer agreement, New Focus Lighting & Power transferred its 40% and 10.098% equity interests held in Liaoning XTC to Li Haidong and Chen Gaosen (the "**Equity Disposal of Liaoning XTC**") at the transfer consideration of RMB1,600,000 and RMB400,000, respectively. After the completion of the Equity Disposal of Liaoning XTC on 1 December 2021, Liaoning XTC ceased to be a subsidiary of the Company.

Li Haidong and Chen Gaosen, as directors of Liaoning XTC and Zhejiang Autoboom respectively, were connected persons of the Company at the subsidiary level at the time of signing the equity transfer agreement. Hence, the Equity Disposal of Liaoning XTC constituted a connected transaction of the Company. As all the percentage ratios (other than the profits ratio) of the Equity Disposal of Liaoning XTC were less than 5% and the total consideration was less than HK$3,000,000, the Equity Disposal of Liaoning XTC constituted a de minimis transaction under Rule 14A.76 of the Listing Rules.

Significant Investments

The Group had no significant investments during the Year. The Group has no specific plans for material future investments or acquisition of capital assets.

Exchange Risks

The Group's wholesale service and automotive dealership and services business mainly take place in the PRC, with the settlement currency being RMB. Hence, there is no exchange risk.

Approximately 75% of the revenue from the Group's manufacturing business was generated from the export of its products which was settled in USD. The raw materials used to produce such products were purchased in RMB. Therefore, the depreciation of USD against RMB would normally have an adverse effect on the profitability of the Group's manufacturing business. The Group managed its foreign exchange exposure to USD by making USD borrowings to mitigate such exchange risks. As at 31 December 2021, the amount of the Group's USD borrowings was approximately USD18,001,000 (31 December 2020: USD16,499,000).

Other Material Risks and Uncertainties

The Group faces other material risks and uncertainties, which mainly include the future development of China's economy and the China-US relations. Should China's economy head towards a downturn, consumers will suffer a negative impact on their willingness and ability to purchase new vehicles and automobile-related products and services, which will in turn reduce the operating revenue of the Group's automobile dealership and services business. As the US is a major export market for the Group's manufacturing business, the worsening China-US relations will affect the results of the Group's manufacturing business. Having adopted the methods of streamlining personnel and reducing other expenses reasonably to cut costs, the Group will pay close attention to the economic trend of China and address such risks and uncertainties in a timely manner. Meanwhile, the Group will strive to expand the domestic market for its manufacturing business, so as to reduce the reliance on the export market.

Contingent Liabilities

As at 31 December 2021, the Group had no significant contingent liabilities.

Employees and Remuneration Policy

During the Year, the Group employed a total of 969 full-time employees (31 December 2020: 1,142), of which 204 (31 December 2020: 251) were managerial staff. The Group's remuneration policies are designed to attract talent and retain quality staff. The remuneration package for the Group's employees includes wages, incentives (such as performance-based bonus) and allowances. The Group also provides social insurance and benefits to its employees, and formulates and implements its share option scheme as a long-term incentive scheme of the Group. Details of the share option scheme will be disclosed in the "Report of the Directors" of the 2021 annual report of the Company. The Group emphasizes the importance of staff development and provides relevant training programs on an ongoing basis with reference to its strategic objectives and the performance of its staff.

Environmental Policies and Performance

The Group has been continuously promoting the establishment and improvement of environment-related management mechanism and system. Such systems require all the employees of the Group to comply with the applicable environmental laws and regulations in their daily work. The automobile distribution branches of the Group have obtained approval from environmental protection authorities prior to commencement of operations and strictly complied with applicable environmental laws and regulations in the subsequent operation, to minimize the damages to the environment. The manufacturing business of the Group proactively incorporates the concept of environmental protection into product design and manufacturing, with a view to providing energy-saving and environmentally friendly products to customers. The Group encourages its employees to save energy and treasure resources.

Compliance with Laws and Regulations

During the Year, the Group complied with the relevant laws and regulations that had a significant impact on the operations of the Group in all material respects, covering various aspects such as labor, fire prevention, environmental protection and product liability, including but not limited to the Law of Environmental Protection of the People's Republic of China (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the People's Republic of China (《中華人民共和國環境影響評價法》), the Law of Prevention and Control of Environmental Noise Pollution of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Law on Product Quality of the People's Republic of China (《中華人民共和國產品質量法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》).

Relationship with Employees, Customers and Suppliers

The Group attaches great importance to the relationships with its employees, customers, suppliers and other relevant parties since such relationships are key to the Group's sustainable development. The Group adheres to the principle of legality, fairness, reasonableness and mutual benefit in its daily operation and duly handles the relationships with its employees, customers, suppliers and other relevant parties.

Industrial Development, Business Progress and Outlook

Automobile Dealership and Services Business of the Group

According to the latest production and sales figures of the automobile industry released by the China Association of Automobile Manufacturers, the sales volume of passenger cars in Mainland China amounted to approximately 21,482,000 for the Year, representing an increase of approximately 6.5% as compared to 2020. With the coronavirus disease 2019 ("**COVID-19**") pandemic gradually being under control in China, the passenger car sales industry has been gradually recovering, albeit still subject to adverse factors such as rising raw material prices and the COVID-19 pandemic resurgence, coupled with intensifying industrial competition. In the first half of 2021, both production and sales of new energy vehicles grew; in terms of the sales of non-new energy vehicles, the sales of JV automobile brands declined while that of proprietary automobile brands increased. In the second half of 2021, the entire auto sales industry was severely impacted by the chip issue.

The Group's automobile dealership and services business network is located in the Inner Mongolia Autonomous Region, and its main businesses include automobile sales and after-sales service, as well as the distribution of car insurance products and financial products.

The operating results of the Group's automobile dealer shops did not grow in sync with the overall automobile sales market in the first half of the Year primarily due to the overall poor domestic sales of the automobile brands under our operation. Other reasons included the cancellation of many orders over extended delivery deadlines caused by the industry chip issue during the second half of the Year. Furthermore, in mid-October 2021, the COVID-19 pandemic outbreak in Alxa, Inner Mongolia spread to Hohhot, resulting in lackluster customer traffic after the National Day Holiday until Christmas.

The Group mainly implemented the following operating strategies for the automobile dealership and services business in 2021:

First, we leased out idle fixed assets with priority given to proprietary brands and green energy vehicle dealers such as Geely and BYD.

Second, we launched the operation of our derivative business for automobile sales, such as credit loans for second-hand vehicles and agency service for vehicle license application.

Third, we actively transformed some of our outlets with no brand license into comprehensive automobile malls.

Fourth, we reduced the proportion of management staff in our outlets and improved management efficiency.

The automobile dealership industry is expected to remain under pressure in the near term. To improve our operating results, we plan to focus on the following operational strategies in 2022:

Firstly, we will actively acquire the distribution rights of proprietary new energy vehicle brands, to meet the growing market demand for new energy vehicles. Meanwhile, we will enhance our ancillary service facilities for new energy vehicles and create a cluster for the new energy vehicle industry in Hohhot.

Secondly, we will focus on lean management and implement the responsibility system of operation targets in various automobile dealership outlets. We will also comprehensively sort out our operation and management processes to improve operational efficiency.

Manufacturing Business of the Group

In 2021, the manufacturing business of the Group continued to be affected by the COVID-19 pandemic, rising bulk material prices, much extended delivery schedules for or shortage of electronic components, labor shortage and higher labor costs. The export business of our manufacturing operations managed to remain stable with an evident uptick in the gross profit margin, as we implemented our operational measures in 2020, including optimization of our product category and price structures and production organization model, as well as the search of domestic alternatives for relevant raw materials. We also made breakthroughs in the research and development ("**R&D**") of new high-power inverters and energy storage products. Well-known international customers have also granted us trial production of new products or designated us as the supplier of relevant products.

Our pre-installation factory business recorded evident year-on-year growth in the first half of 2021, despite suffering a major contraction in demand in the second half of the Year due to higher vehicle emission standards and lower vehicle transportation prices. Nevertheless, pre-installation factories displayed significant growth in their R&D demand for products of our manufacturing business, as we were appointed by multiple new customers to supply a range of products and new offerings, with their trial production underway.

The operating revenue of the Group's manufacturing business remained stable in 2021 as compared to 2020, with conspicuous year-on-year growth in profit. In 2022, the Group's manufacturing business will continue to optimize its organizational structure, increase R&D investment, expand its R&D team and improve its team incentive system to further consolidate resources. We will seek to expand our production capacity in line with the progress of new customer development and market demand for new products. We will further enhance our operating results by focusing on the impact of changing external macro environment on the prices of bulk materials and enhancing our internal compliance and risk prevention awareness.

PROSPECTS

The Group's principal businesses have a vast market with still much room for growth. The Group will continue to strengthen its management and enhance the operating results of all its businesses as soon as possible.

CORPORATE GOVERNANCE

The Board believes that good corporate governance practice is the key to business growth and management of the Group. The Company has applied the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules (applicable to the annual financial period ended 31 December 2021) throughout the Year. In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code throughout the Year.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company 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 as its own code of conduct for dealings in securities of the Company by the Directors or relevant employees as defined in the Model Code. Having made specific enquiry to all Directors by the Company, all Directors confirmed that they had complied with the requirements set out in the Model Code during the Year.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements for the Year in conjunction with the Company's external auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), Certified Public Accountants. The financial information set out in this announcement represents an extract from these consolidated financial statements.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the Year (2020: Nil).

SALE, PURCHASE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Year, there were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on 30 June 2022 and the notice of annual general meeting will be published and despatched in accordance with the requirements under the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23 June 2022 to Thursday, 30 June 2022 (both days inclusive), during which no transfer of shares will be registered. In order to be entitled to attend the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 22 June 2022.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB on this preliminary announcement.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRSs issued by the International Accounting Standards Board (the"**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2(b) to the consolidated financial statements which describes that the Group incurred a loss for the year of RMB88,951,000 and the Group has short-term bank and other borrowings amounting to RMB264,035,000. As at 31 December 2021, the Group had cash and cash equivalents amounting to HK$38,929,000 which is insufficient to fully repay the bank and other borrowings expiring within 12 months. These indicates that the Group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and other sources. As stated in note 2(b), indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EVENTS AFTER THE REPORTING PERIOD

Extension of Completion Date for Subscription

On 28 May 2021, the Company entered into a subscription agreement with Daodu (Hong Kong) Holding Limited (the "**Subscriber**"), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has agreed to subscribe, an aggregate of not more than 11,252,732,911 subscription shares of the Company at the subscription price of HK$0.059 per subscription share (the "**Subscription**"). The gross proceeds to be raised from the Subscription would amount to a maximum of HK$663,911,241.749, and the maximum net proceeds to be raised would amount to approximately HK$662 million, of which, (i) approximately HK$480 million will be applied for enhancement of the Company's manufacturing capability; (ii) approximately HK$120 million will be applied for repayment of the outstanding bank loans of the Group; and (iii) approximately HK$62 million will be applied as general working capital of the Group.

To ensure the minimum public float of the Company's issued share capital as enlarged by the Subscription will be maintained in accordance with the Listing Rules, the completion date of the Subscription has been extended to a date on or before 30 April 2022 (or such other later date as may be mutually agreed by the parties in writing). For details of the Subscription, please refer to the announcements of the Company dated 28 May 2021, 13 September 2021, 14 December 2021 and 28 February 2022, and the circular of the Company dated 29 July 2021, respectively.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.nfa360.com). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the above websites in due course.

By order of the Board
New Focus Auto Tech Holdings Limited
Tong Fei
Executive Director

Hong Kong, 30 March 2022

As at the date of this announcement, the directors of the Company are: executive director – TONG Fei; non-executive directors – WANG Zhenyu and ZHANG Jianxing; and independent non-executive directors – HU Yuming, LIN Lei and ZHANG Xiaoya.

* *For identification purposes only*