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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)

DISCLOSEABLE TRANSACTION FORMATION OF LIMITED PARTNERSHIP

THE LIMITED PARTNERSHIP

The Board is pleased to announce that on 2 July 2023, New Focus (Beijing) (an indirect wholly-owned subsidiary of the Company) entered into the Partnership Agreement with Tianjin Yun Qi Tian, Yanshi Hongyuan and Beijing Xifu for the establishment of the Limited Partnership. According to the Partnership Agreement, the total amount of capital commitments of the Limited Partnership is RMB290.2 million, of which Tianjin Yun Qi Tian (as general partner) and Yanshi Hongyuan (as general partner and executive partner) will each contribute RMB0.1 million, while New Focus (Beijing) and Beijing Xifu (as limited partners) will contribute RMB140 million and RMB150 million, respectively.

Upon the establishment of the Limited Partnership, the Limited Partnership will be accounted for as an associate of the Company, and its financial results will not be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the Listing Rules in respect of the transactions contemplated under the Partnership Agreement exceed 5% and are below 25%, the entering into of the Partnership Agreement constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

THE PARTNERSHIP AGREEMENT

The principal terms of the Partnership Agreement are summarised below.

Date:	2 July 2023
Name of the Limited Partnership:	天津宏卓企業管理中心 (有限合夥) (Tianjin Hongzhuo Enterprise Management Center (Limited Partnership)*)
Partners:	General Partners/ Executive Partner: (1) Tianjin Yun Qi Tian (2) Yanshi Hongyuan Limited Partners: (1) New Focus (Beijing) (2) Beijing Xifu

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Tianjin Yun Qi Tian, Yanshi Hongyuan and Beijing Xifu and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Purpose of the Limited Partnership:	The Limited Partnership will focus on national strategic emerging and high-tech industries, and will primarily invest in fields such as new energy and new materials. This includes specific sub-sectors such as new energy, lithium batteries, new materials and new energy engines. The Limited Partnership will prioritize its investment in those industries principally engaged in by the Group and aims to form an ecological matrix with resources from the Group, which will help to drive growth and innovation in these sectors.
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Term of the Limited Partnership:	The investment term of the Limited Partnership shall be five (5) years commencing from the date of issue of the business licence of the Limited Partnership, which can be extended for one (1) year if approved by the Partners' meeting.
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The Limited Partnership shall be terminated under the following events:

- (1) the proposal of dissolution is put forward by the general partner, and approved by the general partner(s) and the limited partners with two-thirds or more of the paid-up capital contributed by all partners to the Limited Partnership;
- (2) the term of the Limited Partnership has been expired and no extension of the term has been agreed by the Partners;

- (3) the Limited Partnership has exited all its investment projects and the general partner notifies the limited partners in writing in advance to terminate the Limited Partnership;
- (4) the general partner is removed or withdraws from the Limited Partnership and no new general partner is accepted by the limited partners in accordance with the Partnership Agreement;
- (5) there is material breach of the Partnership Agreement by one or more of the limited partners which leads the general partner to conclude that the Limited Partnership can no longer carry out its business;
- (6) the business licence of the Limited Partnership has been revoked; or
- (7) any legal or other reasons to dissolve under the Partnership Agreement.

Committed capital contribution:

The following is the details of the capital contributions payable by each Partner in cash:

Partners	Amount of committed capital contribution	% of capital contribution
Tianjin Yun Qi Tian	RMB0.1 million	0.0345%
Yanshi Hongyuan	RMB0.1 million	0.0345%
New Focus (Beijing)	RMB140 million	48.2426%
Beijing Xifu	RMB150 million	51.6884%
Total	RMB290.2 million	100.00%

The amount of capital contribution is determined after arm's length negotiations by the Partners having taken into account, among other things, the estimated value of most of the reserve projects ranges from approximately RMB250 million to RMB400 million.

All the capital contribution shall be made not later than six (6) months from the date of the Partnership Agreement.

The capital commitment payable by New Focus (Beijing) will be funded by internal resources of the Group.

**Management of the
Limited Partnership:**

Yanshi Hongyuan, one of the general partners, will be the executive partner of the Limited Partnership and will be responsible for the operation and management of the Limited Partnership and act on behalf of the Limited Partnership externally.

The general partners will be entitled to receive a service fee payable on an annual basis from the Limited Partnership calculated at 0.5% of the total paid-up capital of the Limited Partnership.

The fees were determined after arm's length negotiations between the Partners with reference to, among other things, market standards, including the fee structures and fee rates for those adopted by other limited partnerships similar to that of the Limited Partnership.

The executive partner has the sole right to decide and direct the Limited Partnership to execute or act on certain affairs in respect of the Limited Partnership, except for matters stipulated under the Partnership Agreement which require approval in the Partners' meeting or in the investment decision committee.

The other Partners shall have the authority to monitor and supervise the execution of the affairs in the Limited Partnership by the executive partner.

Partners' meeting:

The first Partners' meeting shall be convened within 3 months from date of establishment of the Limited Partnership, and shall then be convened within first six months after each financial year end and presided over by the executive partner.

At the Partners' meeting, the Partners shall exercise their voting rights in accordance with the proportion of their paid-up capital contributions.

Matters to be discussed at the Partners' meeting shall be approved by the general partners and the limited partners with two-thirds or more of the paid-up capital contributed by all Partners to the Limited Partnership.

The following matters shall be considered by the Partners' meeting:

- (a) amendment or alteration of terms of the Partnership Agreement;
- (b) the terms of reference of the investment decision committee and its amendments;

- (c) the dissolution and liquidation of the Limited Partnership;
- (d) the removal of the general partner(s) in accordance with terms of the Partnership Agreement;
- (e) change of the name of the Limited Partnership;
- (f) extension of the term of the Limited Partnership;
- (g) addition of new limited partner(s) to the Limited Partnership;
- (h) change of the custodian arrangement of those important stamps of the Limited Partnership;
- (i) distribution in specie as proposed by the general partners; and
- (j) such other matters as required to be decided by the Partners' meeting in accordance with the Partnership Agreement and applicable laws and regulations.

Investment decision committee:

The Limited Partnership will establish an investment decision committee to consider and approve, by unanimous decision, among other things, investment decisions and investment exit plans.

Distribution of investment proceeds and loss sharing:

The profit of the Limited Partnership will be distributed or shared upon in accordance with the proportion of the paid-up capital contributions.

In the event that the Limited Partnership incurs losses or liabilities, such losses or liabilities shall first be borne with the assets of the Limited Partnership and any outstanding losses or liabilities shall be borne by the general partner with unlimited liability.

Transfer of interest in the Limited Partnership:

Subject to the provisions of the Partnership Agreement, no limited partner may transfer its interests from the Limited Partnership unless with prior written consent from the general partner, whereas transfer of interests in the Limited Partnership by the general partner shall be approved by all Partners in the Partners' meeting.

INFORMATION ON THE PARTIES

The Group

The Group focuses 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 PRC, North America and Europe. The Group's automobile dealership and services business is operated mainly in the Inner Mongolia Autonomous Region for automobile sales, automotive aftersales services, as well as the distribution of car insurance products and automobile financial products.

New Focus (Beijing)

New Focus (Beijing) is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary, and is principally engaged in research and development, production, and manufacturing of auto inverters, multifunctional mobile power supplies, and vehicle cables. New Focus (Beijing) focuses on the industrialization and large-scale production of domestic auto components, and drives the domestic upstream and downstream auto industry chain while expanding both domestic and international auto industry market opportunities.

Yanshi Hongyuan

Yanshi Hongyuan is a limited partnership established in the PRC and is owned as to 0.9901% by its general partner, Yanshi Capital and 99.0099% by its limited partner, 王景會 (Wang Jinghui*). Yanshi Capital is owned as to 95% by 山南焰石創業投資有限公司 (Shannan Yanshi Chuangye Investment Co., Ltd.*) (“**Shannan Yanshi**”) and 5% by its executive partner, 楊磊 (Yang Lei*). Shannan Yanshi is owned as to 51%, 45%, and 4% by 王景會 (Wang Jinghui*), 王亞龍 (Wang Yalong*) and 楊磊 (Yang Lei*), respectively. Yanshi Capital has been established since March 2014 and is primarily focused on private equity investment funds and industrial investment funds, which has managed funds with size over RMB1.85 billion. Yanshi Hongyuan is a limited partnership managed by Yanshi Capital and is principally engaged in private equity and industrial investments.

Tianjin Yun Qi Tian

Tianjin Yun Qi Tian is a company established in the PRC with limited liability, which is owned as to 95% by 天津雲啟天恒企業管理中心(有限合夥) (Tianjin Yunqi Tianheng Enterprise Management Center (Limited Partnership)*) (“**Yunqi Tianheng**”) and 5% by 陳淑凡 (Chen Shufan*). Yunqi Tianheng is owned as to 80% by its general partner, 陳淑凡 (Chen Shufan*), and 20% by its limited partner, 高斌 (Gao Bin*). Tianjin Yun Qi Tian has experiences in investment management and related consultancy services.

Beijing Xifu

Beijing Xifu is a company established in the PRC with limited liability and is wholly owned by 李曉瑩 (Li Xiaoying*). Beijing Xifu mainly provides hardware equipment, software systems, and related technical services for carbon measurement that are applied in multiple industries such as thermal power plants, building materials and chemicals, and photovoltaic new energy. Beijing Xifu's all-process, data-driven, and traceable solutions help enterprises to effectively control energy consumption costs, obtain accurate and reliable carbon emissions data, and assist in formulating feasible energy conservation and emission reduction plans to achieve carbon neutrality goals.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The Group has established previous working relationships with other Partners who have accumulated projects in the new energy and new materials fields, thus the Group has decided to invest capital and establish the Limited Partnership with these Partners. The Limited Partnership will prioritize selecting industrial investment directions that revolve around the Group's principal businesses and form an ecosystem with the Group's industrial resources, which will facilitate the Group's layout along the upstream and downstream of the industrial chain and achieve synergies. Investment returns may also be generated from those investment projects of the Limited Partnership.

In view of the above, the Board considers that the terms of the Partnership Agreement are on normal commercial terms and are fair and reasonable, and that the entering into of the Partnership Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“Beijing Xifu”	北京嘻福科技有限公司 (Beijing Xifu Technology Co., Ltd.*), a company established in the PRC with limited liability, being one of the limited partners of the Limited Partnership
“Board”	the board of Directors
“Company”	New Focus Auto Tech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third party(ies) independent of the Company and its connected persons in accordance with the Listing Rules
“Limited Partnership”	天津宏卓企業管理中心(有限合夥) (Tianjin Hongzhuo Enterprise Management Center (Limited Partnership)*), a limited partnership to be established in the PRC in accordance with the Partnership Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Focus (Beijing)”	紐福克斯科技(北京)有限公司 (New Focus Technology (Beijing) Co., Ltd.*), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company, and being one of the limited partners of the Limited Partnership
“Partner(s)”	collectively, the general partners and the limited partners of the Limited Partnership from time to time

“Partnership Agreement”	the partnership agreement entered into between New Focus (Beijing) and Beijing Xifu (as limited partners) and Yanshi Hongyuan and Tianjin Yun Qi Tian (as general partners) on 2 July 2023 in respect of the establishment of the Limited Partnership
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Yun Qi Tian”	天津雲啟天科技有限公司 (Tianjin Yun Qi Tian Technology Co., Ltd*), a company incorporated in the PRC with limited liability, as one of the general partners of the Limited Partnership
“Yanshi Capital”	北京焰石投資管理中心(有限合夥)(Beijing Yanshi Investment Management Centre (Limited Partnership)*) is a limited partnership established in the PRC
“Yanshi Hongyuan”	焰石鴻源11號(平潭)投資合夥企業(有限合夥)(Yanshi Hongyuan 11 (Pingtan) Investment Partnership (Limited Partnership)), a limited partnership established in the PRC and as one of the general partners and the executive partner of the Limited Partnership

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

2 July 2023

As at the date of this announcement, the Directors are: executive Director – TONG Fei; and independent non-executive Directors – LI Qingwen, HUANG Bo and ZHANG Kaizhi.

* For identification purpose only