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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)

UPDATE ANNOUNCEMENT DISCLOSEABLE TRANSACTIONS ESTABLISHMENT OF A NON WHOLLY-OWNED SUBSIDIARY AND FORMATION OF A LIMITED PARTNERSHIP

Reference is made to the announcement of the Company dated 25 September 2023 (the “**Announcement**”) in respect of the discloseable transactions relating to, inter alia, the establishment of a non wholly-owned subsidiary and formation of a limited partnership. Unless otherwise stated, capitalized terms used herein have the same meanings as those defined in the Announcement.

This announcement is made by the Company to provide an update on the status of the establishment of Jinyi and the Limited Partnership and the signing of the Agreements as well as certain updates to key terms of the signed Agreements.

Date	Key Milestones
26 September 2023	Establishment of Jinyi
27 September 2023	Establishment of the Limited Partnership
27 September 2023	The Partnership Agreement was signed
6 October 2023	The Investment Agreement was signed ^{Note}
6 October 2023	The Convertible Loan Agreement was signed ^{Note}

Note: The agreement was now only entered into between the Limited Partnership and Jinyi, excluding the shareholders of Jinyi.

THE PARTNERSHIP AGREEMENT

Pursuant to the Partnership Agreement, matters to be discussed at the Partners' meeting (including voting on the termination and liquidation of the Limited Partnership) shall be proposed by the general partner and jointly approved by the general partner and the limited partners holding in aggregate two-thirds or more of the total paid-up capital in the Limited Partnership, instead of just Partners holding two-thirds or more of the total paid-up capital in the Limited Partnership as disclosed in the Announcement. This further reinforces the control of the Group over the Limited Partnership.

THE INVESTMENT AGREEMENT

As disclosed in the Announcement, the Limited Partnership shall contribute RMB50 million towards the registered capital of Jinyi within two (2) months from the date of the Investment Agreement.

Pursuant to the Investment Agreement, the Limited Partnership shall contribute capital of Jinyi proportionate to the aggregate paid-in capital of all existing shareholders of Jinyi, within 10 working days from the date when the existing shareholders of Jinyi have made their paid-in capital and received a confirmation letter of the paid-up capital from Jinyi and a written notification letter containing the bank account information of the receiving bank.

THE CONVERTIBLE LOAN AGREEMENT

As disclosed in the Announcement, the conversion of all or part of the principal and interest of the Convertible Loan into equity in Jinyi should be based on Jinyi's average audited net profit of the previous three (3) calendar years at the time of conversion times 15.

Pursuant to the Convertible Loan Agreement, the conversion ratio will not be pre-fixed and shall be determined by the parties at the time of the conversion. If the parties cannot reach an agreement on the conversion ratio, no conversion can take place. The Limited Partnership shall then have the right to demand repayment of the outstanding principal and accrued interests of the Convertible Loan upon maturity. This change allows the parties to adjust the conversion ratio depending on the current market conditions and specific circumstances during the conversion. It helps to ensure a more accurate assessment of Jinyi's value and promotes a fairer distribution of equity between the parties involved.

Save for the aforesaid updates, the Board confirms that the other terms and conditions of the Agreements as disclosed in the Announcement remain unchanged.

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

Hong Kong, 6 October 2023

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

* *For identification purposes only*