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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 FUEL CELL SYSTEMIC INTEGRATION PRODUCTION LINE PURCHASE AGREEMENT

THE PURCHASE AGREEMENT

The Board is pleased to announce that on 6 October 2023, Jinyi (an indirect non wholly-owned subsidiary of the Company), as purchaser and Zheda Tongbo, as vendor, entered into the Purchase Agreement for the sale and purchase of a fuel cell systemic integration production line and its related equipment, as well as procedural design, debugging, training and guidance, and development, deployment and debugging services for a software platform, for an aggregate consideration of RMB298 million (tax inclusive).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the transactions contemplated under the Purchase Agreement exceed 5% and are below 25%, the transactions contemplated under the Purchase Agreement constitute discloseable transactions for the Company and is subject to the reporting and announcement requirements under the Listing Rules.

THE PURCHASE AGREEMENT

Date: 6 October 2023

Parties: (1) Jinyi (as purchaser); and
(2) Zheda Tongbo (as vendor).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Zheda Tongbo and its ultimate beneficial owners are Independent Third Parties.

Subject matters and consideration:	Asset/services to be purchased	Consideration/ RMB (million)
	Fuel cell systemic integration production line and its related equipment and fixtures	158
	Installation (including procedural design), debugging and training	70
	Development, deployment and debugging of a software platform	70
	Total	298

Zheda Tongbo shall assign staff with appropriate qualifications and technology to provide production line debugging guidance services and other necessary technical support to ensure that the production line equipment can operate normally.

The consideration (tax inclusive) was determined and negotiated on an arm's length basis by the parties with reference to the construction and development needs of Jinyi, together with industry technological standards, and taking into account the prevailing market prices for similar products and services as well as the customization requirements for the relevant production lines, equipment, software platforms specifically tailored for Jinyi.

Payment terms: The consideration shall be payable as follows:

- RMB230 million shall be payable within 10 business days from the date of the Purchase Agreement, comprising (i) RMB150 million, being 95% of the payment for equipment and fixtures; (ii) RMB31 million, being 44% of the payment for the installation, debugging and training; and (iii) RMB49 million, being 70% of the payment for the software platform (the "**First Payment**");

- RMB8 million shall be payable within 10 business days after the expiration of 12 months from the completion of the preliminary inspection of the production line, being the remaining payment amount for the equipment and fixtures;
- RMB35.5 million shall be payable within 5 business days after the equipment and fixtures are delivered and upon completion of a preliminary inspection, being 51% of the payment amount for the installation, debugging and training; and RMB3.5 million shall be payable within 10 business days after the expiration of 3 months from the completion of the final inspection of the equipment, being the remaining payment amount for the installation, debugging and training; and
- RMB17.5 million shall be payable within 5 business days after completion of the debugging of the production lines, being 25% of the payment amount for the software platform; and RMB3.5 million shall be payable within 10 business days after the expiration of 3 months from the completion of the debugging of the production lines, being the remaining payment amount for the software platform.

The consideration shall be funded by the capital contributed by the shareholders of Jinyi together with the investment from the Limited Partnership, to which the Group has directly and indirectly (through its contribution to the Limited Partnership) contributed an aggregate of RMB206 million to Jinyi. For details, please refer to the announcement of the Company dated 25 September 2023.

Estimated delivery schedule:

Tasks	Estimated completion timing
1. Overall design of the whole process and confirmation	30 November 2023
2. Overall design of production line and confirmation	30 December 2023
3. On-site production line workshop construction	1 April 2024
4. Manufacturing of equipment based on tailored design	15 April 2024
5. Delivery and preliminary on-site inspection	15-30 April 2024
6. On-site production line installation	15 May 2024
7. Debugging and inspection	30 May 2024

In any event, Zheda Tongbo shall deliver the production line within 9 months after the signing of the Purchase Agreement and upon receipt of the First Payment (subject to any delay caused by Jinyi) and ensure the production line shall meet inspection conditions.

Warranty: The warranty period shall be one year from the date of the inspection and acceptance of the products.

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.

Jinyi

As disclosed in the announcement of the Company dated 25 September 2023, Jinyi is a company newly established in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company. Jinyi will be principally engaged in comprehensive hydrogen energy solutions and commercialized operations. Relying on the production capacity of leading domestic hydrogen fuel cell and electrolytic water hydrogen production system manufacturers, Jinyi will bring together leading hydrogen energy upstream and downstream industry chain companies, rely on local and national hydrogen energy support policies, and expand its business with various industrial parks, government co-built hydrogen energy operation bases among others, so as to build a leading hydrogen energy company in the regional market.

Zheda Tongbo

Zheda Tongbo is a company established in the PRC with limited liability and is principally engaged in the provision of technical support and services for hydrogen fuel cell-related products and hydrogen fuel cell-related research and development, including secondary development; provision of advice and procurement channel services for the procurement of hydrogen fuel cell-related raw materials; provision of comprehensive services for the design, construction, and delivery (including installation, debugging, and personnel training) of hydrogen fuel cell-related production lines; and design, construction, and application services for hydrogen fuel cell-related laboratories; and provision of channel sales of hydrogen fuel cell-related products and services.

Zheda Tongbo is ultimately owned as to 95% by 韓明哲 (Han Mingzhe*) and 5% by 劉曦 (Liu Xi*), respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE AGREEMENT

As disclosed in the announcement of the Company dated 25 September 2023, the establishment of Jinyi represents an excellent opportunity for the Company to expand into the hydrogen energy market and the investment in the hydrogen energy and fuel cell business is expected to create synergies with the existing automobile business of the Group. Jinyi will now need to purchase equipment and fixtures to set up the fuel cell systemic integration production lines for its business operation.

Zheda Tongbo and its shareholder possess industry technical resources in hydrogen fuel cell systems, including distributed power plants, as well as solutions for product or production line equipment. Zheda Tongbo has obtained the agency agreements with several leading hydrogen energy technology companies. Additionally, Zheda Tongbo has project experience in the deployment of distributed power plants and has participated in testing and launching the first batch of domestic hydrogen energy distributed power plant projects. Furthermore, Zheda Tongbo has the following edges, (i) it can provide services for hydrogen energy product research and development, including secondary development; (ii) it can offer advice and procurement channels for discounted raw materials; (iii) it can provide comprehensive services for the design, construction, and delivery (including installation, debugging, and personnel training) of hydrogen fuel cell-related production lines; (iv) it can provide design, construction, and application services for hydrogen fuel cell-related laboratories; (v) it may also provide potential customer resources such as government resources or client resources in the future.

The founders of Zheda Tongbo graduated from a well-known university with a major in materials science and engineering in the PRC. They have a network of connections in the field of hydrogen fuel cell systems and can offer competitive prices within the industry.

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

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DEFINITIONS

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

“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 Parties”	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
“Jinyi”	錦宜 (綿陽) 氫能科技有限公司 (Jinyi (Mianyang) Hydrogen Energy Technology Co., Ltd.*), a company incorporated in the PRC with limited liability, an indirect non wholly-owned subsidiary of the Company
“Limited Partnership”	綿陽新氫新能源科技合夥企業 (有限合夥) (Mianyang New Hydrogen New Energy Technology Partnership (Limited Partnership)*), a limited partnership newly established in the PRC, which is an indirect 50.17%-owned subsidiary of the Company.
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchase Agreement”	the sale and purchase agreement dated 6 October 2023 entered into between Jinyi and Zheda Tongbo for the sale and purchase of a fuel cell systemic integration production line and its related equipment and services
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Zheda Tongbo”

哲達通博(天津)科技有限公司 (Zheda Tongbo (Tianjin) Technology Co., Ltd.*), a company incorporated in the PRC with limited liability

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*