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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)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO MAJOR TRANSACTION – LOAN TRANSACTIONS AND DISCLOSEABLE TRANSACTION – LOAN TRANSACTION AND UPDATE ON USE OF PROCEEDS FROM SUBSCRIPTION**

#### **I. MAJOR TRANSACTIONS**

Reference is made to the announcement of New Focus Auto Tech Holdings Limited (the “**Company**”) dated 30 March 2023 (the “**Announcement**”) in relation to the RMB205,005,000 loan transaction. Unless otherwise defined, capitalised terms used herein have the same meanings as those defined in the Announcement.

#### **The First Loan Agreement and the Extension Agreement**

As disclosed in the Announcement, New Focus Lighting and Power (Qingdao) (a wholly-owned subsidiary of the Company) (as lender) and Jinghang Dayun (as borrower) entered into a loan agreement on 15 December 2022 (the “**First Loan Agreement**”), pursuant to which New Focus Lighting & Power (Qingdao) had agreed to grant an unsecured loan of RMB205,005,000 to Jinghang Dayun for a term of three months from the date of the First Loan Agreement at an interest rate of 5% per annum (the “**First Loan**”).

On 31 December 2022, part of the First Loan in an aggregate of RMB180,000,000 was repaid (the “**Repaid Loan**”), of which RMB150,000,000 was repaid by Baotou Shuo Zheng Trading Co., Ltd. (“**Baotou Shuo Zheng**”) and RMB30,000,000 was repaid by Shanghai Yaran Equity Investment Management Co., Ltd. (“**Shanghai Yaran**”), both as designated by Jinghang Dayun.

On 31 December 2022, New Focus Lighting & Power (Qingdao) and Jinghang Dayun entered into the Extension Agreement that the maturity date of the remaining First Loan (i.e. RMB25,005,000) shall be extended to one year from the date of the Extension Agreement.

## **The Supplemental Agreement and the Second Loan Agreement**

The Board would like to further update that taking into consideration the potential risks associated with lending and repayment, the Company has made a prudent decision to avoid any unnecessary economic disputes by refraining from engaging in financial transactions with non-borrowing parties. As a result, on 1 January 2023, New Focus Lighting & Power (Qingdao) entered into a supplemental agreement (the “**Supplemental Agreement**”) with Jinghang Dayun, Baotou Shuozheng and Shanghai Yaran regarding the Repaid Loan, pursuant to which New Focus Lighting & Power (Qingdao) refunded the repayment of RMB150,000,000 and RMB30,000,000 to Baotou Shuozheng and Shanghai Yaran, respectively, and the total amount of the outstanding First Loan resumed back to RMB205,005,000.

On 3 January 2023, New Focus Lighting & Power (Qingdao) (as lender) entered into a second loan agreement (the “**Second Loan Agreement**”) with Jinghang Dayun (as borrower), pursuant to which New Focus Lighting & Power (Qingdao) agreed to grant a further unsecured loan of not more than RMB300,000,000 (the “**Second Loan**”) to Jinghang Dayun for a term commencing from the date of the Second Loan Agreement until 30 April 2023, with an interest rate of 5% per annum. According to the First Loan Agreement, the Extension Agreement, the Supplemental Agreement and the Second Loan Agreement (collectively, the “**Loan Agreements**”), New Focus Lighting & Power (Qingdao) has advanced an aggregate of RMB477,780,875 to Jinghang Dayun, of which RMB205,005,000 was advanced under the First Loan Agreement and RMB272,775,875 was advanced under the Second Loan Agreement. As at the date of this announcement, Jinghang Dayun had already repaid an aggregate of the loans of RMB452,776,875 together with the accrued interest of RMB4,700,000, and the balance of the loan is RMB25,004,000.

### **Funding of the Second Loan**

The Group had financed the Second Loan with the net proceeds from the Subscription at the material time.

As disclosed in the Announcement, due to the industrial development plan (including land bidding plans, optimization of the industrial orientation) of, and pending the introduction of more favorable policies to the auto industry by, the Qingdao Laixi Municipal Government, the net proceeds from the Subscription could not be immediately applied as intended for the construction and production of the new production plant in Laixi City in short term. As such, the Company has applied the net proceeds to fund the Second Loan. As at the date of this announcement, the Second Loan has been fully repaid. The Board will ensure that all the net proceeds from the Subscription to be applied as originally intended.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENTS**

The Board further provides the following additional reasons for and benefits of entering into the Loan Agreements:

1. the Group has established business relations with the executives and the beneficial owner of Jinghang Dayun since 2020;

2. as a business partner, Jinghang Dayun has provided substantial assistance to the development of the Group, including:
  - i. introducing the Group to the local government of Laixi City, Qingdao (the “**Laixi Government**”), and facilitated the Subscription by Daodu (Hong Kong) Holding Limited, a company indirectly invested in by the Laixi State-owned Assets Investment Center\* (萊西市國有資產投資中心), a municipal public institution\* (市屬事業單位) established in Laixi City by the Laixi Government, raising approximately HK\$616 million (details of which are set out in the announcements of the Company dated 28 May 2021 and 21 December 2022);
  - ii. assisting the Group in negotiating with the Laixi Government on cooperation in regards to industrial park development, obtaining land use rights, the implementation of tax incentive policies, and foreign return investment incentives; and
  - iii. providing assistance to the Group’s industrial synergy and business expansion, introducing the Group to different automobile companies which have a key presence in Laixi City, and assisting in business cooperation negotiations as an intermediary;
3. the Company’s medium and long-term development plans entail significant projects, including the construction of the Qingdao Laixi Automotive Electronics Industrial Park, the industrial adjustment of the Group’s factory in Shanghai, and the exploration of new sales channels. These initiatives necessitate significant social, industrial and government resources, which Jinghang Dayun is well-equipped to provide. Moreover, Jinghang Dayun is willing to form a strategic alliance with the Group; and
4. the Company can receive stable interest income.

Taking into account the above, the Board is of the view that the terms of the Loan Agreements were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under the Listing Rules exceeds 25%, the Second Loan Agreement itself also constituted a major transaction for the Company under Chapter 14 of the Listing Rules in addition to the First Loan Agreement.

The entering into the First Loan Agreement as well as the Second Loan Agreement also constituted an advance to an entity under Rule 13.13 of the Listing Rules as the assets ratio exceeded 8%, which shall be subject to the disclosure requirement under Rule 13.15 of the Listing Rules. The Company has failed to make the timely disclosure at the time when the Loan Agreements were entered into. The required details of the Loan Agreements under Rule 13.15 of the Listing Rules had subsequently been disclosed in the Announcement and this announcement.

The Company regrets that it did not duly comply with the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules by omitting to issue an announcement and circular for Shareholders' approval at the time of provision of the Second Loan. The non-compliance incident mainly resulted from a misinterpretation of the Listing Rules, namely the relevant senior management did not appreciate the full extent of the disclosure and shareholders' approval requirements. The Company wishes to apologize in this regard and now publishes this announcement to provide details of the Second Loan Agreement.

A circular containing details of the terms of all the Loan Agreements will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the further information of the Second Loan Agreement to be included in the circular, the timing of the dispatch of the circular is expected to be postponed to a date on or before 31 May 2023.

## **II. DISCLOSEABLE TRANSACTION**

Reference is made to the announcement of the Company dated 17 October 2022 in relation to the HK\$150 million loan transaction.

The Board would like to update the Shareholders that 長城寬帶網絡服務有限公司 (Great Wall Broadband Network Company Limited\*) has fully repaid the outstanding loan of HK\$150,000,000 on 28 March 2023.

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

24 April 2023

*As at the date hereof, the Directors are: executive Director – TONG Fei; and independent non-executive Director – Li Qingwen.*

\* *For identification purposes only*