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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)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent



金利豐證券
KINGSTON SECURITIES

Kingston Securities Limited

On 27 June 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Convertible Bonds in the aggregate principal amount of up to HK\$400,000,000 on a best effort basis to not less than six (6) Placees, who and whose ultimate beneficial owners are Independent Third Parties.

Based on the initial Conversion Price of HK\$0.145 per Conversion Share, a maximum number of 2,758,620,689 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 16.02% of the existing issued share capital of the Company and approximately 13.81% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (assuming there is no other change in the number of issued Shares between the date of this announcement and the full conversion of the Convertible Bonds).

The Conversion Shares will be allotted and issued under the General Mandate. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares.

Assuming all the Convertible Bonds under the Placing Agreement have been placed, the gross and net proceeds from the Placing (after deducting the commission for Placing and other related expenses) are estimated to be approximately HK\$400,000,000 and approximately HK\$395,600,000, respectively. The Company intends to use the net proceeds as to (i) 50% for the Group's business development and research and development; (ii) 35% for the Group's manufacturing business; and (iii) 15% for the Group's debt repayments.

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent as set out in the section headed "Conditions Precedent" and the Placing Agent not having terminated the Placing Agreement in accordance with the terms thereunder. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING AGREEMENT

Date: 27 June 2024 (after trading hours)

Parties: (a) the Company, as issuer; and
(b) Kingston Securities Limited, as placing agent.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Convertible Bonds in the aggregate principal amount of up to HK\$400,000,000 on a best effort basis to not less than six (6) Placees, who and whose ultimate beneficial owners are Independent Third Parties.

Placing Commission

The Placing Agent will receive a placing commission of 1% of the aggregate issue price of the Convertible Bonds successfully placed to the Placees as procured by the Placing Agent and/or subscribed by the Placing Agent. The placing commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, among other things, the prevailing commission rate charged by other placing agents. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The obligation of the Placing Agent to use its best efforts to procure the placing of the Convertible Bonds is conditional upon, among others:

- (a) the Listing Committee of the Stock Exchange having granted and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Conversion Shares (which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds); and
- (b) the obtaining of all other necessary approvals, consents or authorisations of any kind of, from or by third parties and/or government or regulatory authorities (if any), including but not limited to the Stock Exchange and the Securities and Futures Commission, required under or in connection with the Placing on terms satisfactory to the Placing Agent and remaining in full force and effect.

The Company shall use its best endeavours to procure the fulfilment of the conditions precedent set out above as soon as practicable and in any event on or before the Long Stop Date (or such later date as may be agreed between the Placing Agent and the Company).

In the event that the conditions precedent of the Placing Agreement are not fulfilled on or before the Long Stop Date (or such later date as may be agreed between the Placing Agent and the Company), the Placing Agreement shall lapse and become null and void and the Company and Placing Agent shall be released from all obligations hereunder, save for any liability arising out of any antecedent breaches thereof.

Completion

Completion shall take place on the Completion Date, which is within five (5) Business Days after the date of fulfillment of the conditions precedent of the Placing Agreement or such other date as the Placing Agent and the Company may agree.

Termination

The Placing Agent may, by notice to the Company given at any time prior to 8:00 a.m. on the Completion Date, terminate the Placing Agreement, if in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:

- (a) any introduction of new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (e) any material breach of any of the representations, warranties or undertakings given by the Company under the Placing Agreement that comes to the knowledge of the Placing Agent which in the reasonable opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing.

In the event any notice as is referred to above is given by the Placing Agent, all obligations of the parties under the Placing Agreement shall terminate forthwith and no party shall have any claim against the other party for costs, damages, compensation or otherwise, save for any antecedent breaches of any obligations under the Placing and without prejudice to any rights of the Company and the Placing Agent prior to such termination.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Issuer:	The Company.
Principal amount:	Up to a maximum of HK\$400,000,000 in aggregate.
Status:	The Convertible Bonds constitute direct, unsecured, unconditional and unsubordinated obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference among themselves.
Maturity date (the “Maturity Date”):	The date falling on the 3rd anniversary of the date on which the Convertible Bonds are issued.

Interest:

The Convertible Bonds shall bear interest from the date of issue of the Convertible Bonds until the date of their redemption at the rate of 8% per annum on the outstanding principal amount, payable in arrears annually.

In the event that any part of the Convertible Bonds held by the relevant Bondholders have been converted prior to the relevant interest payment date, interests accrued for that particular year to that part of the Convertible Bonds which are being converted shall no longer be payable by the Company.

Conversion period (the “Conversion Period”):

The period commencing on the first Business Day immediately after six (6) months from the date on which the Convertible Bonds are issued, and expiring on the date falling ten (10) days prior to the Maturity Date (both days inclusive).

Conversion rights:

Subject to the terms and conditions set out in the Bond Instrument, the Bondholders shall have the right to convert all or any part of the principal amount of its Convertible Bonds (if in part, of a minimum amount of HK\$1,000,000 unless the remaining outstanding principal amount of its Convertible Bonds is less than HK\$1,000,000, in which case the balance) into Conversion Shares at any time during the Conversion Period at the Conversion Price provided that no conversion right may be exercised where such exercise will result in (i) a mandatory general offer obligation being triggered under the Takeovers Code, or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.

For the avoidance of doubt, any conversion is to be based on face value of the Convertible Bonds, excluding any accrued or unpaid interest. Any conversion that does not take place on an interest payment date will not receive interest accrued after the last interest payment date.

Conversion price (the “Conversion Price”):

The initial Conversion Price is HK\$0.145 per Conversion Share, subject to the adjustments as provided in the terms and conditions of the Bond Instrument.

The initial Conversion Price represents:

- (a) a premium of approximately 43.56% to the closing price of HK\$0.101 per Share as quoted on the Stock Exchange on 27 June 2024, being the date of the Placing Agreement;
- (b) a premium of approximately 29.0% to the average closing price of approximately HK\$0.1124 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately before the date of the Placing Agreement;
- (c) a premium of approximately 30.98% to the average closing price of approximately HK\$0.1107 per Share as quoted on the Stock Exchange for the last 30 trading days of the Shares immediately before the date of the Placing Agreement; and
- (d) a premium of approximately 2.40% to the average closing price of approximately HK\$0.1416 per Share as quoted on the Stock Exchange for the last 60 trading days of the Shares immediately before the date of the Placing Agreement.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the recent market performance of the Shares, with particular reference to the average closing price over the last 60 trading days before the date of the Placing Agreement. This 60-day period was chosen as it provides a fair and balanced reflection of the market value of the Shares, which helps capture both the current market conditions and the longer-term price trends, without being unduly affected by short-term price fluctuations.

**Adjustment of the
Conversion Price:**

The Conversion Price shall from time to time be adjusted in accordance with the relevant provisions under the Bond Instrument upon the occurrence of the following events:

- (a) if there is an alteration to the nominal amount of the Shares by reason of any consolidation, sub-division or re-classification or otherwise; or
- (b) if the Company issues (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund).

In the event that there is any adjustment to the Conversion Price such that the number of Conversion Shares to be allotted and issued by the Company upon full conversion of the Convertible Bonds exceeds the limit under the General Mandate, the Company shall comply with all applicable requirements under the Listing Rules as and when necessary, including but not limited to, seeking specific mandate from the Shareholders approving the issue and allotment of Conversion Shares pursuant to the terms and conditions of the Convertible Bonds.

Conversion Shares:

Based on the initial Conversion Price of HK\$0.145, a maximum number of 2,785,620,689 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 16.02% of the existing issued share capital of the Company and approximately 13.81% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares shall rank *pari passu* in all respects with the fully paid Shares in issue on the relevant conversion date.

The maximum of 2,785,620,689 Conversion Shares will have a total nominal value of HK\$278,562,068.9.

Transferability:

Subject to compliance with the Listing Rules, the Convertible Bonds may be assigned or transferred in amounts of HK\$1,000,000, save that if at any time, the principal outstanding amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of the principal outstanding amount of the Convertible Bonds may be assigned or transferred (provided that the Convertible Bonds shall not be assigned or transferred to any connected person of the Company except with the prior written approval of the Company and such other requirements under the Listing Rules and/or requirements imposed by the Stock Exchange are fully complied with, if any).

Early redemption:

At any time prior to the Maturity Date, the Company may redeem all or any part of the Convertible Bonds then outstanding by giving written notice to the Bondholders at a redemption price equal to the aggregate of 100% of the outstanding principal amount on the Convertible Bonds to be redeemed, together with all accrued and unpaid interests.

Convertible Bonds redeemed by the Company upon the payment of the redemption price shall be treated as redeemed and cancelled.

Events of Default:

If any of the following events occurs and has not been remedied by the Company within 14 Business Days after the Bondholders have served a notice on the Company, the Bondholders may, prior to the Maturity Date, give notice to the Company that the Bonds are, and shall on the giving of such notice immediately become, due and payable at their principal amount:

- (a) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or its Principal Subsidiaries; or
- (b) the Company or its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they mature and continue to fail to pay such debts within any applicable grace period in respect of such debts, or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or its Principal Subsidiaries on the whole or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or its Principal Subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them or makes or enters into a general assignment or compromise with or for the benefit of its creditors; or
- (c) an order is made or an effective resolution passed for the winding up of the Company or any of its Principal Subsidiaries except in the case of winding up for the purpose of the reorganisation of the group structure of the Company and any of its Principal Subsidiaries; or
- (d) a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its Principal Subsidiaries or any governmental authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its Principal Subsidiaries; or

- (e) the Shares (as a class) cease to be listed on the Stock Exchange or a recognised stock exchange, or are suspended from trading on the Stock Exchange for a continuous period of 30 consecutive trading days of the Stock Exchange due to any default of the Company and which will constitute a material adverse effect on the Group's business, operations, assets or financial conditions, other than any suspension of trading in connection with the Placing Agreement, corporate actions of the Company, any suspension of trading requested by the Company in compliance with the Listing Rules, or as a result of or in circumstances where (i) an offer made to Shareholders (or such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) being made to the Company for the acquisition of all or any proportion of the Shares or such an offer becoming unconditional, or (ii) the Company is required to make an announcement pursuant to Chapter 14 and/or 14A of the Listing Rules and/or Part XIVA of the SFO.

APPLICATION FOR LISTING

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

GENERAL MANDATE

The Conversion Shares will be issued under the General Mandate, which authorised the Board to allot, issue and deal with the Shares not exceeding 20% of the issued Shares (namely, 3,443,389,669 Shares) as at the date on which the General Mandate was granted at the annual general meeting of the Company held on 8 June 2023, which has yet to be utilized up to the date of this announcement. Assuming the conversion of the Convertible Bonds in full based on the initial Conversion Price, the Convertible Bonds will be convertible into a maximum of 2,758,620,689 new Shares. The General Mandate is sufficient for the allotment and issue of the Conversion Shares. Accordingly, the issue of the Convertible Bonds is not subject to the approval of the Shareholders.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months prior to the date of this announcement.

REASONS FOR AND BENEFITS OF THE PLACING

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 and the research and development, sales and provision of integrated solutions for hydrogen fuel cells. 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.

The Board has considered it beneficial to strengthen the capital base of the Group through the Placing in preparation for long-term development and further strengthening of financial position of the Group. The issue of the Convertible Bonds will not have an immediate dilution effect on the shareholding of the existing Shareholders and will provide an opportunity for the Company, if the conversion rights attached to the Convertible Bonds are exercised, to enlarge and strengthen its capital base and also broaden its Shareholders base by the introduction of new investors.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the terms and conditions of the Convertible Bonds and the Conversion Price) are on normal commercial terms and the Placing and the proposed issue of the Convertible Bonds are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross and net proceeds from the Placing (after deducting the commission for the Placing and other related expenses) are estimated to be approximately HK\$400,000,000 and approximately HK\$395,600,000, respectively. The net issue price of the Conversion Shares is approximately HK\$0.143 per Conversion Share. The Company intends to use the net proceeds as to (i) 50% for the Group's business development and research and development; (ii) 35% for the Group's manufacturing business; and (iii) 15% for the Group's debt repayments.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.145 per Conversion Share:

Shareholders	(a) As at the date of this announcement		(b) Immediately after full conversion of the Convertible Bonds	
	Shares	Approximate %	Shares	Approximate %
Daodu (Hong Kong) Holding Limited	10,449,312,134	60.69	10,449,312,134	52.31
Bondholder(s)	–	–	2,758,620,689	13.81
Other public Shareholders	6,767,636,215	39.31	6,767,636,215	33.88
Total	<u>17,216,948,349</u>	<u>100.00</u>	<u>19,975,569,038</u>	<u>100.00</u>

Completion of the Placing Agreement is subject to the satisfaction of the conditions precedent therein. As the Placing Agreement may or may not be completed and the issue of the Convertible Bonds may or may not proceed, Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors;
“Bond Instrument”	the instrument to be executed by the Company constituting the Convertible Bonds;
“Bondholder(s)”	holder(s) of the Convertible Bond(s) from time to time;
“Business Day”	a day (other than a Saturday, Sunday, public holiday or any day on which a typhoon warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong) on which banks are open for business in Hong Kong;
“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;
“Completion”	completion of the Placing;

“Completion Date”	the date which is within five Business Days immediately after the date on which all conditions precedent are fulfilled, or such other time and/or date as the Company and the Placing Agent may agree;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Conversion Price”	HK\$0.145 per Conversion Share initially (subject to adjustment);
“Conversion Share(s)”	the Share(s) to be issued upon the exercise of the conversion rights attached to the Convertible Bonds;
“Convertible Bonds”	the 8% convertible bonds due on the date falling on the 3rd anniversary of the issue date up to a maximum principal amount of HK\$400,000,000 to be issued by the Company and to be placed by the Placing Agent pursuant to the terms and conditions of the Placing Agreement;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 8 June 2023 to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the resolution in relation to such general mandate;
“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 Director’s knowledge, information and belief having made all reasonable enquiries, are independent of the Company and its connected persons (as defined under the Listing Rules) and parties acting in concert (as defined under the Takeovers Code) with the Company;

“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	17 July 2024 (or such later date as may be agreed between the Company and the Placing Agent in writing);
“Placee(s)”	any professional, institutional and/or other private investor(s) to whom the Placing Agent or its agents shall procure or, as the case may be, shall have procured to subscribe for the Convertible Bonds pursuant to the Placing Agreement;
“Placing”	the placing of the Convertible Bonds pursuant to the Placing Agreement;
“Placing Agent”	Kingston Securities Limited (金利豐證券有限公司), being the placing agent of the Placing and a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 27 June 2024 in relation to the Placing;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Principal Subsidiary”	a subsidiary of the Company whose revenue, profits or total assets accounted for 75% (or more) of that of the Company under the percentage ratios in any of the latest three financial years;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Takeovers Code” the Codes on Takeovers and Mergers and Share Buy-backs;
and

“%” percentage.

* *for identification purposes only*

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

Hong Kong, 27 June 2024

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.