



新焦點汽車技術控股有限公司*

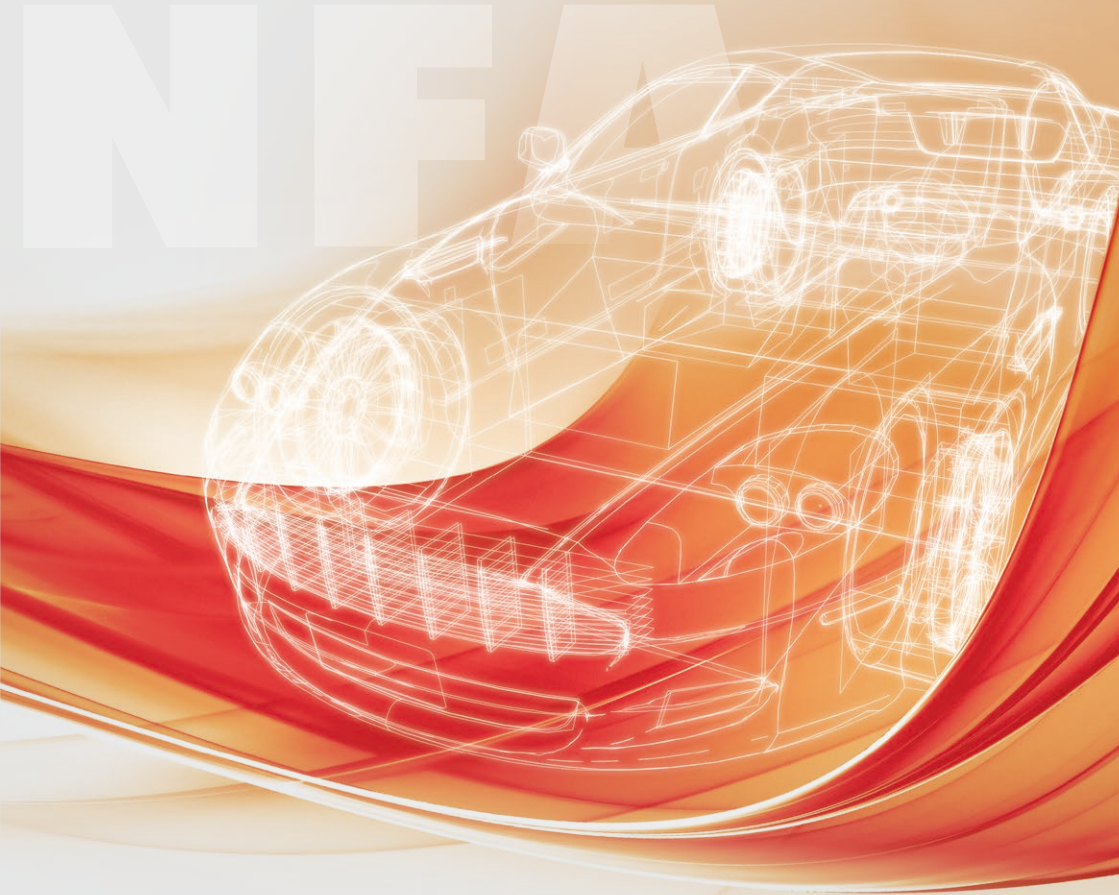
New Focus Auto Tech Holdings Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 360

INTERIM REPORT 2024



NFA[®]



* For identification purpose only

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CORPORATE INFORMATION

Directors

Executive Director

Tong Fei (*Chairman*)

Independent Non-executive Directors

Li Qingwen
Zhang Kaizhi
Luo Baiyun

Chief Executive Officer

Zhao Yufeng

Chief Financial Officer

Chen Long

Company Secretary

Liu Xiaohua

Registered Office

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Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

5/F, 180 Hennessy Road
Wan Chai
Hong Kong

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower
The Landmark, 11 Pedder St., Central
Hong Kong

Legal Advisers

CFN Lawyers
27/F, Neich Tower
128 Gloucester Road, Wan Chai
Hong Kong

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman KY1-1100
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong
Investor Services Limited
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183 Queen's Road East
Wan Chai
Hong Kong

Stock Code

360

Website

<https://www.nfa360.com>

INTERIM FINANCIAL REPORT

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	237,593	256,114
Cost of sales and services		(194,360)	(212,363)
Gross profit		43,233	43,751
Other income	5	2,251	10,438
Other gains or losses, net	6	1,291	1,373
Allowance for expected credit losses on trade receivables and other receivables, net		(1,221)	928
Distribution costs		(16,537)	(19,486)
Administrative expenses		(32,563)	(27,897)
Share of results of associates		(1)	–
Finance costs	7	(10,503)	(11,814)
Loss before taxation		(14,050)	(2,707)
Income tax expense	8	(2,074)	(2,561)
Loss for the period		(16,124)	(5,268)
Other comprehensive income/(loss) for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		1,285	(2,920)
Item that will not be reclassified to profit or loss:			
Financial assets at fair value through other comprehensive income: net movement in the fair value reserve		(13,056)	–
Other comprehensive loss for the period, net of tax		(11,771)	(2,920)
Total comprehensive loss for the period		(27,895)	(8,188)

INTERIM FINANCIAL REPORT

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Continued)

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period attributable to			
– Equity shareholders of the Company		(15,917)	(5,228)
– Non-controlling interests		(207)	(40)
		(16,124)	(5,268)
Total comprehensive loss attributable to			
– Equity shareholders of the Company		(27,688)	(8,148)
– Non-controlling interests		(207)	(40)
		(27,895)	(8,188)
Loss per share	9		
Basic and diluted (RMB cents)		(0.092)	(0.030)

INTERIM FINANCIAL REPORT

Unaudited Consolidated Statement of Financial Position

As at 30 June 2024

(Expressed in Renminbi)

	Note	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	103,794	89,921
Right-of-use assets	11	33,550	35,738
Investment properties	11	36,962	36,962
Prepayment for property, plant and equipment		448,400	437,000
Deferred tax assets		3,253	3,075
Interest in associates	12	54,798	14,999
Financial assets at fair value through profit or loss	13	65,698	12,697
Financial assets at fair value through other comprehensive income	14	126,944	140,000
		873,399	770,392
Current assets			
Inventories	15	93,310	87,952
Trade receivables	16	83,169	105,419
Financial assets at fair value through profit or loss	13	144	60,304
Deposits, prepayments and other receivables		384,517	377,095
Cash and cash equivalents		72,593	78,619
		633,733	709,389
Current liabilities			
Trade payables	17	193,359	228,946
Accruals and other payables		200,291	193,058
Contract liabilities		28,017	25,066
Lease liabilities		1,757	3,398
Tax payable		6,070	4,077
Bank and other borrowings	18	257,539	225,634
Amounts due to related parties	21	13,000	–
		700,033	680,179

INTERIM FINANCIAL REPORT

Unaudited Consolidated Statement of Financial Position (Continued)

As at 30 June 2024

(Expressed in Renminbi)

	Note	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Net current assets		(66,300)	29,210
Total assets less current liabilities		807,099	799,602
Non-current liabilities			
Lease liabilities		1,467	1,493
Deferred tax liabilities		9,487	9,487
Bank and other borrowings	18	68,894	78,476
		79,848	89,456
Net Assets		727,251	710,146
CAPITAL AND RESERVES			
Share capital	19	1,490,706	1,490,706
Reserves	20	(923,016)	(895,328)
Total equity attributable to equity shareholders of the Company		567,690	595,378
Non-controlling interests		159,561	114,768
Total Equity		727,251	710,146

INTERIM FINANCIAL REPORT

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company					Total equity RMB'000
	Share capital RMB'000 <i>(Note 19)</i>	Share premium and other reserve RMB'000 <i>(Note 20)</i>	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2024	1,490,706	1,138,850	(2,034,178)	595,378	114,768	710,146
Loss for the period	-	-	(15,917)	(15,917)	(207)	(16,124)
Other comprehensive loss for the period	-	(11,771)	-	(11,771)	-	(11,771)
Total comprehensive loss for the period	-	(11,771)	(15,917)	(27,688)	(207)	(27,895)
Capital injection from non-controlling shareholders	-	-	-	-	45,000	45,000
Balance at 30 June 2024	1,490,706	1,127,079	(2,050,095)	567,690	159,561	727,251
Balance at 1 January 2023	1,490,706	1,142,006	(1,945,572)	687,140	15,844	702,984
Loss for the period	-	-	(5,228)	(5,228)	(40)	(5,268)
Other comprehensive loss for the period	-	(2,920)	-	(2,920)	-	(2,920)
Total comprehensive loss for the period	-	(2,920)	(5,228)	(8,148)	(40)	(8,188)
Balance at 30 June 2023	1,490,706	1,139,086	(1,950,800)	678,992	15,804	694,796

INTERIM FINANCIAL REPORT

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Operating activities		
Cash generated from operations	7,952	260,072
Income tax paid	(2,034)	(5,099)
Net cash generated from operating activities	5,918	254,973
Investing activities		
Proceeds from sale of financial assets at fair value through profit or loss	60,000	–
Purchase of financial assets at fair value through profit or loss	(55,000)	–
Capital injection to associates	(39,800)	–
Purchase of property, plant and equipment	(28,384)	(11,794)
Prepayment paid for property, plant and equipment	(11,400)	–
Loans repaid by third parties	4,774	403,977
Loans to third parties	–	(281,410)
Interest received	154	4,945
Other cash flows arising from investing activities	83	1,157
Net cash (used in)/generated from investing activities	(69,573)	116,875
Financing activities		
Capital injection from non-controlling interests	45,000	–
Net increase/(decrease) in bank and other borrowings	4,536	(40,091)
Proceeds from related party borrowings	13,000	23,071
Payment of lease liabilities	(1,542)	(1,313)
Interest paid	(3,365)	(2,961)
Net cash generated from/(used in) financing activities	57,629	(21,294)
Net (decrease)/increase in cash and cash equivalents	(6,026)	350,554
Cash and cash equivalents, beginning of period	78,619	275,139
Cash and cash equivalents, end of period	72,593	625,693

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1. Organisation and Principal Activities

New Focus Auto Tech Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. Its principal place of business is in Shanghai, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of electronic and power-related automotive parts and accessories, trading of automobile accessories and operating the 4S dealership stores and related business, and the research and development, sales and provision of integrated solutions for hydrogen fuel cell. The Company and its subsidiaries are collectively referred to as the Group.

The directors of the Company (the “**Directors**”) regard Daodu (Hong Kong) Holding Limited (“**Daodu (HK)**”), a company incorporated in Hong Kong with limited liability as the immediate holding company, and Qingdao Guorui Xin Fukesi Investment Center, L.P., a limited partnership established in the PRC, as the ultimate holding company.

2. Basis of Preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standards (“**IAS**”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorised for issuance on 30 August 2024.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements.

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The financial information relating to the financial year ended 31 December 2023 that is included in the unaudited interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2023 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2024.

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3. Changes in Accounting Policies

The IASB has issued several amendments to IFRSs that are first effective for the current period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current period.

4. Revenue and Segment Information

Revenue represents the sales value of goods and services provided to customers and is analysed as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Restated) (Unaudited)
Recognised at a point in time:		
Sale of goods	231,596	242,887
Service income	5,997	13,227
	237,593	256,114

Automobile repair, maintenance and restyling services are typically provided for a period of one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

In the second half of 2023, the Group commenced the business in research and development, sales and provision of integrated solution for hydrogen fuel cell (the "**Hydrogen Fuel Cell Business**") by incorporating new subsidiaries, and it is considered as a new operating and reportable segment.

The Group operates in three reportable segments: (i) the manufacture and sale of automobile accessories (the "**Manufacturing and Trading Business**"); (ii) the operation of the 4S dealership stores and related business (the "**Automobile Dealership and Services Business**"); and (iii) the Hydrogen Fuel Cell Business.

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-makers for resource allocation and assessment of segment performance.

INTERIM FINANCIAL REPORT

4. Revenue and Segment Information (Continued)

(a) Reportable segments (Continued)

Set out below is an analysis of segment information:

	The Manufacturing and Trading Business RMB'000 (Unaudited)	The Automobile Dealership and Services Business RMB'000 (Unaudited)	The Hydrogen Fuel Cell Business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended 30 June 2024				
Revenue				
External revenue	187,631	49,962	-	237,593
Inter-segment revenue	-	-	-	-
Segment revenue	187,631	49,962	-	237,593
Less: inter-segment revenue				-
Total revenue				237,593
Reportable segment results	7,344	(2,324)	(701)	4,319
Interest income	402	1	9	412
Unallocated interest income				104
Total interest income				516
Interest expenses	(3,718)	(4,167)	-	(7,885)
Unallocated interest expenses				(2,618)
Total interest expenses				(10,503)
Depreciation and amortisation charges	(6,837)	(180)	-	(7,017)
Unallocated depreciation and amortisation charges				(476)
Total depreciation and amortisation charges				(7,493)

INTERIM FINANCIAL REPORT

4. Revenue and Segment Information (Continued)

(a) Reportable segments (Continued)

	The Manufacturing and Trading Business RMB'000 (Unaudited)	The Automobile Dealership and Services Business RMB'000 (Unaudited)	The Hydrogen Fuel Cell Business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended 30 June 2023				
Revenue				
External revenue	188,734	67,380	–	256,114
Inter-segment revenue	–	–	–	–
Segment revenue	188,734	67,380	–	256,114
Less: inter-segment revenue				
Total revenue				256,114
Reportable segment results	11,806	(3,995)	–	7,811
Interest income	5,042	1	–	5,043
Unallocated interest income				5
Total interest income				5,048
Interest expenses	(5,727)	(3,584)	–	(9,311)
Unallocated interest expenses				(2,503)
Total interest expenses				(11,814)
Depreciation and amortisation charges	(6,728)	(115)	–	(6,843)
Unallocated depreciation and amortisation charges				(73)
Total depreciation and amortisation charges				(6,916)

INTERIM FINANCIAL REPORT

4. Revenue and Segment Information *(Continued)*

(b) Reconciliation of reportable segment profit or loss, and assets and liabilities

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss before taxation		
Reportable segment results	4,319	7,811
Unallocated other income and gains or losses, net	(2,527)	(1,906)
Unallocated corporate expenses	(13,224)	(6,110)
Unallocated finance costs	(2,618)	(2,502)
Consolidated loss before taxation	(14,050)	(2,707)
	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Assets		
Reportable segment assets	1,248,315	1,330,264
Unallocated corporate assets	258,817	149,517
Consolidated total assets	1,507,132	1,479,781
Liabilities		
Reportable segment liabilities	636,201	660,798
Unallocated corporate liabilities	143,680	108,837
Consolidated total liabilities	779,881	769,635

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4. Revenue and Segment Information (Continued)

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, right-of-use assets, leasehold land and land use rights ("specified non-current assets"):

	Revenue from external customers Six months ended 30 June		Specified non-current assets	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
PRC (Place of domicile)	87,904	106,801	174,306	162,621
America	127,196	132,619	-	-
Europe	5,026	6,865	-	-
Asia Pacific	17,467	9,829	-	-
	237,593	256,114	174,306	162,621

(d) Major customers

During the six months ended 30 June 2024, the Group's customer base was diversified and there was no customer (30 June 2023: Nil) with whom transactions exceeded 10% of the Group's revenue.

5. Other Income

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Mould sales	80	10
Interest income	516	5,048
Gross rentals from investment properties and other rental income	387	835
Management consulting income	-	2,728
Scrap and slow-moving material sales	794	1,197
Others	474	620
	2,251	10,438

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6. Other Gains or Losses, Net

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Exchange gain, net	1,745	242
(Loss)/gain on disposal of property, plant and equipment	(216)	567
Government subsidies	1,833	267
Fair value loss on financial assets at fair value through profit or loss	(2,159)	(207)
Others	88	504
	1,291	1,373

7. Finance Costs

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank and other borrowings	10,416	11,248
Interest on related party borrowings	-	513
Interest on lease liabilities	87	53
	10,503	11,814

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8. Income Tax

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax	2,251	2,190
Deferred taxation	(177)	371
	2,074	2,561

No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for the six months ended 30 June 2024 (30 June 2023: Nil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

9. Loss Per Share

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Loss for the period attributable to the equity shareholders of the Company, used in the basic and diluted loss per share calculation	(15,917)	(5,228)
Shares		
Weighted average number of ordinary shares for the basic loss per share calculation	17,216,948,349	17,216,948,349
Weighted average number of ordinary shares adjusted for the effect of all potential ordinary shares	17,216,948,349	17,216,948,349

* No adjustment is made to the diluted loss per share for the six months ended 30 June 2024 (30 June 2023: Nil) as there were no potential dilutive shares in issue.

10. Dividend

The board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

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11. Capital Expenditures

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Investment properties RMB'000
Opening net carrying amount as at 1 January 2024	89,921	35,738	36,962
Additions	19,464	-	-
Disposals	(249)	-	-
Depreciation charges for the period	(5,342)	(2,151)	-
Lease modifications	-	(37)	-
Closing net carrying amount as at 30 June 2024	103,794	33,550	36,962
Opening net carrying amount as at 1 January 2023	66,738	30,829	38,975
Additions	12,874	-	-
Disposals	(338)	-	-
Depreciation charges for the period	(6,484)	(432)	-
Closing net carrying amount as at 30 June 2023	72,790	30,397	38,975

12. Interests in Associates

	Jinyi (Xinjiang) RMB'000	Xintuo Guanghe RMB'000	Wenzhou Ouchu RMB'000	Total RMB'000
Share of the net assets of the associates as at 1 January 2024	14,999	-	-	14,999
Capital injection into associates	-	9,800	30,000	39,800
Share of results for the period	-	(1)	-	(1)
Share of the net assets of the associates as at 30 June 2024	14,999	9,799	30,000	54,798

Shares of the net assets of the associates
as at 1 January 2023 and
30 June 2023

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12. Interests in Associates (Continued)

Details of the associates at the end of the period is as follows:

Name of entity	Country of incorporation and principal place of business	Proportion of voting right held by the Group		Principal activity
		At 30 June 2024	At 31 December 2023	
Jinyi (Xinjiang) Hydrogen Energy Technology Co., Ltd. ("Jinyi (Xinjiang)")	The PRC	30%	30%	Sales of hydrogen fuel cell systems, distributed hydrogen power stations, hydrogen refueling and storage facilities for power stations; energy storage technology services.
Xintuo Guanghe (Beijing) Energy Technology Co., Ltd* (新拓光合(北京)能源科技有限公司) ("Xintuo Guanghe")	The PRC	49%	–	Technology development and services; contract energy management.
Wenzhou Ouchu Technology Co., Ltd* (温州甌儲科技有限公司) ("Wenzhou Ouchu") (Note)	The PRC	32.79%	–	Operation of energy storage assets.

Note:

At the end of the period, 100% of the Group's equity interest in Wenzhou Ouchu was pledged as security for the loan obtained by Wenzhou Ouchu from a third party.

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13. Financial Assets at Fair Value through Profit or Loss

	Current		Non-current		Total RMB'000
	Listed securities held for trading RMB'000	Wealth management product RMB'000	Unlisted equity investments RMB'000 <i>(Note (i))</i>	Convertible bonds RMB'000 <i>(Note (ii))</i>	
Fair value at 1 January 2024	304	60,000	-	12,697	73,001
Purchases	-	-	55,000	-	55,000
Disposals	-	(60,000)	-	-	(60,000)
Change in fair value for the period	(160)	-	(1,996)	(3)	(2,159)
Fair value at 30 June 2024	144	-	53,004	12,694	65,842
Fair value at 1 January 2023	457	-	-	-	457
Change in fair value for the period	(206)	-	-	-	(206)
Fair value at 30 June 2023	251	-	-	-	251

Notes:

- (i) The unlisted equity investment represents the Group's investment in Shihezi Yike Equity Investment Partnership (Limited Partnership)* (石河子怡科股權投資合夥企業(有限合夥)) ("Shihezi Yike"), a limited partnership incorporated in the PRC. The capital contribution of the Group amounted to RMB55,000,000, representing approximately 29.03% of paid up capital of Shihezi Yike. Shihezi Yike is not regarded as an associate of the Group as the Group only acts as an investor and shares the return but does not involve in the operation. There is a cooperation agreement which outlines various protection measures, including performance undertakings, put options, anti-dilution rights, right of first refusal, pre-emption rights and tag-along rights, which are in favor of the Group, therefore such investments are classified as financial assets at fair value through profit or loss.
- (ii) Convertible bonds are classified as non-current as the management expects to realize these financial asset after twelve months from the end of the reporting period.

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14. Financial Assets at Fair Value Through Other Comprehensive Income

	Unlisted equity investments RMB'000 (Unaudited)
Fair value at 1 January 2024	140,000
Change in fair value for the period	(13,056)
Fair value at 30 June 2024	126,944
Fair values at 1 January 2023 and 30 June 2023	—

The above unlisted equity investments represent the Group's equity interest in a private entity established in the PRC. The Directors have elected to designate these investments in equity instruments as at FVTOCI as the Group's strategy of holding these investments is for long-term purposes and realizing their performance potential in the long run.

The unlisted equity investments above are the Group's investment in Tianjin Hongzhuo Enterprise Management Center (Limited Partnership) ("**Tianjin Hongzhuo**"), a limited partnership incorporated in PRC. The capital contribution of the Group amounted to RMB140,000,000, representing approximately 48% of paid up capital of Tianjin Hongzhuo. Tianjin Hongzhuo is not regarded as an associate of the Group as the Group only acts as an investor and shares the return but does not involve in the operation.

15. Inventories

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Raw materials	24,059	33,057
Work-in-progress	22,030	17,828
Finished goods	21,656	18,418
Merchandise goods	25,565	18,649
	93,310	87,952

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16. Trade Receivables

The ageing analysis of trade receivables of the Group at the end of the period by invoice date is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Current to 30 days	32,322	49,070
31 to 60 days	18,716	27,135
61 to 90 days	10,715	13,705
Over 90 days	37,113	29,982
	98,866	119,892
Less: allowance for ECL	(15,697)	(14,473)
	83,169	105,419

17. Trade Payables

The ageing analysis of trade payables of the Group at the end of reporting period by invoice date is as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Current to 30 days	40,652	73,604
31 to 60 days	19,729	15,645
61 to 90 days	17,832	20,164
Over 90 days	115,146	119,533
	193,359	228,946

INTERIM FINANCIAL REPORT

18. Bank and Other Borrowings

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Secured:		
Bank loans	178,357	177,671
Other borrowings	52,205	50,831
	230,562	228,502
Unsecured:		
Bank loans	8,612	5,612
Other borrowings	87,259	69,996
	95,871	75,608
Total bank and other borrowings	326,433	304,110
Bank borrowings are repayable as follows:		
On demand or within one year	257,539	225,634
More than one year but not exceeding two years	55,849	9,980
More than two years but not exceeding five years	13,045	68,496
	326,433	304,110
Amounts due within one year shown under current liabilities	(257,539)	(225,634)
Amounts shown under non-current liabilities	68,894	78,476

INTERIM FINANCIAL REPORT

19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000	Amount RMB'000
Balances at 1 January 2023 and 1 January 2024	17,216,948	1,721,695	1,490,706
Balance at 30 June 2024	17,216,948	1,721,695	1,490,706

20. Reserve

	Share premium RMB'000	Statutory reserve fund RMB'000	Enterprise expansion fund RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Others RMB'000	Total RMB'000
Balance at 1 January 2024	1,098,879	46,594	2,756	1,545	(14,581)	3,657	1,138,850
Other comprehensive loss for the period	-	-	-	-	1,285	(13,056)	(11,771)
Balance at 30 June 2024	1,098,879	46,594	2,756	1,545	(13,296)	(9,399)	1,127,079
Balance at 1 January 2023	1,098,879	45,308	2,756	1,545	(10,139)	3,657	1,142,006
Other comprehensive loss for the period	-	-	-	-	(2,920)	-	(2,920)
Balance at 30 June 2023	1,098,879	45,308	2,756	1,545	(13,059)	3,657	1,139,086

INTERIM FINANCIAL REPORT

21. Commitments

(a) Operating lease arrangements

As lessor

As at 30 June 2024 and 31 December 2023, the Group leased its investment properties under operating leases.

As at the end of the period, the total future minimum lease payments receivable under non-cancelable operating leases are as follows:

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within one year	-	397

(b) Capital Commitments

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided	151,692	169,154

INTERIM FINANCIAL REPORT

22. Related Parties Transactions

The material transactions between the Group and related companies (which are not the members of the Group) during the period are as follows:

Relationship	Nature of the balance/transaction	Note	Six months ended 30 June	
			2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Shareholders	Related party borrowings and interests	(i)	13,000	25,008
Directors	Related party borrowings	(ii)	–	138
			13,000	25,146

Notes:

- (i) In February 2023, the Company and Daodu (HK) (the immediate controlling shareholder of the Company) entered into a loan agreement relating to the unsecured loan with a principal amount of USD3,200,000 with a term of one year and an interest rate of 6% per annum provided by Daodu (HK). The loan was fully settled in November 2023.

In May and June 2024, New Focus (Beijing) and Newtec Lighting and Power Technology Co., Ltd.* (紐泰克光電科技有限公司), both wholly-owned subsidiaries of the Company, received an unsecured and interest-free loan in the sum of RMB13,000,000 for a term ranging from seven to nine months from Shenzhen Daodu Industrial Limited Company* (深圳道度實業有限公司) ("Shenzhen Daodu", which holds the entire equity interest in Daodu (HK)).

- (ii) In May 2023, the Company received an unsecured and interest-free loan of HK\$150,000 from an executive director, Mr. Tong Fei. The loan was fully repaid in July 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group focuses on the research and development (“**R&D**”), manufacturing and sales of automotive electronic products, the construction and development of automobile dealership networks and the R&D, 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 People’s Republic of China (the “**PRC**” or “**China**”), 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, and the distribution of car insurance products and automobile financial products. In the second half of 2023, the Group also commenced its hydrogen-fuel cell related business which mainly provides hydrogen-related products and solutions to governments and customers in the field of the Internet Data Center (“**IDC**”). Such business has not yet generated any revenue for the six months ended 30 June 2024 (the “**Period**”) as the construction of the relevant plants and production lines has commenced but has not yet been completed.

Results Highlights

Revenue

The consolidated revenue of the Group for the Period was approximately RMB237,593,000 (corresponding period of 2023: RMB256,114,000), representing a decrease of approximately 7.23%.

The consolidated revenue from the manufacturing and trading business of the Group for the Period was approximately RMB187,631,000 (corresponding period of 2023: RMB188,734,000), representing a decrease of approximately 0.58%.

The consolidated revenue from the Group’s automobile dealership and services business amounted to approximately RMB49,962,000 (corresponding period of 2023: RMB67,380,000), representing a decrease of approximately 25.85%. Such decrease was mainly attributable to the Group’s downsizing its operations and closure of outlets without brand license and comprehensive retail stores. In addition, as a result of the intense competition in the passenger vehicles market during the Period, new energy vehicles took up the market share of internal combustion engine vehicles because of significant price reduction.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The consolidated gross profit of the Group for the Period was approximately RMB43,233,000 (corresponding period of 2023: RMB43,751,000), representing a decrease of approximately 1.18%. The gross profit margin increased from approximately 17.08% for the corresponding period of 2023 to approximately 18.20%.

The gross profit of the Group's manufacturing and trading business was approximately RMB40,247,000 (corresponding period of 2023: RMB37,884,000), representing an increase of approximately 6.24%. The gross profit margin increased from approximately 20.07% for the corresponding period of 2023 to approximately 21.45%. The increases in gross profit and gross profit margin were primarily attributable to the higher average exchange rate of USD against RMB during the Period as compared with the corresponding period of 2023, leading to an increase in gross profit margin of foreign trade revenue denominated in USD.

The gross profit of the Group's automobile dealership and services business was approximately RMB2,986,000 (corresponding period of 2023: RMB5,867,000), representing a decrease of approximately 49.11%. The gross profit margin decreased from approximately 8.71% for the corresponding period of 2023 to approximately 5.98%. The decrease in gross profit was primarily due to the decreases in both revenue and gross profit margin for the Period as compared to those for the corresponding period of 2023. The decrease in gross profit margin was primarily due to the Group's adoption of price reduction for sale promotion in response to the keen competition in the passenger vehicles market during the Period.

Other income and gains and losses

Other income for the Period was approximately RMB2,251,000 (corresponding period of 2023: RMB10,438,000), representing a decrease of approximately 78.43%. The decrease was mainly attributable to an interest income of approximately RMB4,434,000 from the loans granted by the Group to JingHang DaYun (Beijing) Technology Co., Ltd.* (京行大運(北京)科技有限公司) (“**Jinghang Dayun**”) and receipt of revenue for management and consultation fees of approximately RMB2,728,000 from the provision of supply chain management services to upstream and downstream enterprises during the corresponding period of 2023, while no such revenue was recorded for the Period.

Other gains or losses, net for the Period was approximately RMB1,291,000 (corresponding period of 2023: RMB1,373,000), representing a decrease of approximately 5.97%.

MANAGEMENT DISCUSSION AND ANALYSIS

Expenses

Net allowance for expected credit losses on trade receivables and other receivables for the Period was approximately RMB1,221,000 (corresponding period of 2023: reversal of allowance of RMB928,000).

The distribution costs for the Period were approximately RMB16,537,000 (corresponding period of 2023: RMB19,486,000), representing a decrease of approximately 15.13%. The decrease was mainly attributable to the decreases in salaries and bonuses for sales personnel and marketing expenses as the Group controlled its costs and expenses, streamlined the sales team and optimized sales channels during the Period.

The administrative expenses for the Period were approximately RMB32,563,000 (corresponding period of 2023: RMB27,897,000), representing an increase of approximately 16.73%. The increase was mainly due to the Group's employment of several new management personnel and the increase in depreciation and amortization expenses for its property, plant and equipment and right-of-use assets during the Period.

Operating profit/(loss)

The operating loss of the Group for the Period was approximately RMB3,547,000 (corresponding period of 2023: profit of RMB9,107,000). The main reasons for the turnaround from profit to loss were due to the fact that, as compared to the corresponding period of 2023, other income and other gains or losses, net decreased in aggregate RMB8,269,000; profit decreased approximately RMB2,149,000 as net allowance for expected credit losses on trade receivables and other receivables changed from reversal to allowance; and administrative expenses increased approximately RMB4,666,000 for the Period, despite a decrease in distribution costs of approximately RMB2,949,000.

Finance costs

Finance costs for the Period were approximately RMB10,503,000 (corresponding period of 2023: RMB11,814,000), representing a decrease of approximately 11.10%, which was mainly attributable to the lower weighted average borrowing rate for the Group's bank and other borrowings during the Period as compared to the corresponding period of 2023.

Taxation

The income tax expenses for the Period were approximately RMB2,074,000 (corresponding period of 2023: RMB2,561,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Loss attributable to equity shareholders of the Company

The loss attributable to equity shareholders of the Company for the Period was approximately RMB15,917,000 (corresponding period of 2023: RMB5,228,000). The increase in loss was mainly due to the decrease in other income and other gains or losses, net and an increase in administrative expenses during the Period. The loss per share for the Period was approximately RMB0.092 cents (corresponding period of 2023: RMB0.030 cents).

Financial Position and Liquidity

The Group continued to maintain a stable financial position and the liquidity of assets of the Group remained healthy. The Group had a net cash inflow from operating activities of approximately RMB5,918,000 during the Period (corresponding period of 2023: RMB254,973,000). The plunge in net cash inflow for the Period as compared to those for the corresponding period of 2023 was due to the receipt of a large amount of sales proceeds in the corresponding period of 2023 as a result of the commodities trading business conducted by the Group for a short term from December 2022 to March 2023. For details of the commodities trading business, please refer to the announcement dated 30 March 2023 of the Company.

The Group's net current assets were approximately RMB(66,300,000) as at 30 June 2024 (31 December 2023: RMB29,210,000), with a current ratio of 0.91 (31 December 2023: 1.04).

Gearing ratio (calculated by dividing total liabilities by total assets) was approximately 51.75% as at 30 June 2024 (31 December 2023: 52.01%).

As at 30 June 2024, the total bank and other borrowings of the Group were approximately RMB326,433,000 (31 December 2023: RMB304,110,000), of which approximately 20.74% were borrowed in HKD and approximately 79.26% were borrowed in RMB. All of the borrowings were repayable at fixed interest rates, of which approximately RMB257,539,000 shall be repayable within one year, and approximately RMB68,894,000 shall be repayable after one year but within five years.

The Group's operation and capital expenses were financed by the cash flow generated from its business, internal liquidity and its financing agreements entered into with banks. The Group maintains strong and sufficient operating cash flow, bank deposits and banking facilities to finance its daily operations.

MANAGEMENT DISCUSSION AND ANALYSIS

Material Loan Transactions

A Maximum of RMB505,005,000 Loan

As disclosed in the announcement dated 30 March 2023 and the circular dated 27 July 2023 of the Company, New Focus Lighting and Power Technology (Qingdao) Co., Ltd. ("**New Focus Lighting & Power (Qingdao)**") (as lender), a wholly-owned subsidiary of the Company, and Jinghang Dayun (as borrower) entered into a loan agreement (the "**Loan Agreement**") on 15 December 2022, 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 Loan Agreement at an interest rate of 5% per annum. On 31 December 2022, New Focus Lighting & Power (Qingdao) and Jinghang Dayun entered into an extension agreement (the "**Extension Agreement**") to extend the maturity date of the loan to one year from the date of the Extension Agreement (i.e. 31 December 2023).

On 3 January 2023, New Focus Lighting & Power (Qingdao) (as lender) entered into a 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 to Jinghang Dayun for a term commencing from the date of the agreement until 30 April 2023 (the "**Second Loan**"), with an interest rate of 5% per annum. As at 17 September 2024, being the latest practicable date prior to the printing of this interim report for the purpose of ascertaining the information contained herein (the "**Latest Practicable Date**"), the principal amount of the loans of RMB25,004,000 together with the accrued interests were still outstanding. In this regard, the Group has been proactively issuing letters to demand prompt repayment of the outstanding amount, and has made an allowance of approximately RMB5,673,000 for expected credit losses on the outstanding amount.

Collection of Receivables

Recovery of Lifeng Dingsheng Receivables

The deposits, prepayments and other receivables (the "**Receivables**") mainly included an aggregate amount of approximately RMB560,800,000 due from Inner Mongolia Lifeng Dingsheng Automobile Co., Ltd.* (內蒙古利豐鼎盛汽車有限公司) ("**Lifeng Dingsheng**") and its subsidiaries and associates to Inner Mongolia Chuangying Automobile Co., Ltd.* (內蒙古創贏汽車有限公司) ("**Inner Mongolia Chuangying**", a wholly-owned subsidiary of the Company), together with its subsidiaries ("**Lifeng Dingsheng Receivables**") as of 30 June 2024. The management of the Group will continue to monitor the repayment status of Lifeng Dingsheng, and will also liquidate the pledged equity interests and creditor's right in a reasonable manner in due course in order to collect the Lifeng Dingsheng Receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

Recovery of Fujian Nanping Receivable

On 20 September 2018, the Company (as lender) and Fujian Nanping Dafeng Electric Co., Ltd. (福建南平大豐電器有限公司) (“**Fujian Nanping**”) (formerly known as Ningbo Yafeng Electric Co., Ltd.* (寧波亞豐電器有限公司)) entered into a loan agreement to provide an unsecured loan in the principal amount of RMB3,000,000 to Fujian Nanping for a term of one year with an interest rate of 5% per annum, and the repayment date was subsequently extended to 21 September 2022, but Fujian Nanping still failed to make the repayment on time. In the end, on 28 July 2023, the Company entered into a settlement agreement with Fujian Nanping. As of 30 June 2024, Fujian Nanping has repaid the principal of the loan in full in accordance with the terms of the settlement agreement.

Recovery of Beijing Aiyihang Receivable

On 22 November 2019, New Focus Lighting and Power Technology (Shanghai) Co., Ltd.* (紐福克斯光電科技(上海)有限公司) (“**New Focus Lighting & Power (Shanghai)**”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement in relation to the disposal of a non wholly-owned subsidiary, Beijing Aiyihang Auto Service Ltd.* (北京愛義行汽車服務有限責任公司) (“**Beijing Aiyihang**”). According to the equity transfer agreement, if the audited net assets and net profit of Beijing Aiyihang meet certain conditions within 36 months from the date of signing the agreement, Beijing Aiyihang shall repay the arrears in the sum of RMB50,000,000 to the Group, otherwise it shall repay the arrears in the sum of RMB35,000,000. At the end of 2022, New Focus Lighting & Power (Shanghai) initiated arbitration proceedings against Beijing Aiyihang, demanding Beijing Aiyihang to repay the remaining arrears of RMB15,000,000 due in November 2022. At the end of May 2024, the arbitral tribunal ruled that Beijing Aiyihang was liable to repay RMB15,000,000 and interests thereon to the Group. As of the Latest Practicable Date, Beijing Aiyihang had not yet repaid the aforesaid amounts to the Group, and the Group will consider seeking for enforcement of the arbitral award in due course.

Land Expropriation

During the Period, New Focus Lighting & Power (Shanghai) received a notice from the Expropriation and Compensation Office of Shanghai Qingpu Industrial Zone* (上海市青浦工業園區徵收補償工作辦公室), pursuant to which the land and buildings erected and located at No. 4589 Waiqingsong Highway, Qingpu District, Shanghai, of which New Focus Lighting & Power (Shanghai) held land use rights, are within the scope of the land resumption and therefore may be subject to expropriation (the “**Property Expropriation**”). Please refer to the announcement of the Company dated 13 May 2024 for more details on the property expropriation.

As of the Latest Practicable Date, the land valuation in respect of the Property Expropriation was still in progress, and New Focus Lighting & Power (Shanghai) had not yet signed any land expropriation agreement with the relevant governmental authorities.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy position of liquidity during the Period. To manage liquidity risks, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its capital requirements from time to time.

Approximately 80% of the revenue of the Group's manufacturing and trading business was generated from the export of its products settled in USD, while other businesses were all in China, with the settlement currency being RMB. As such, the Group's cash and cash equivalents and borrowings are denominated in RMB and USD.

As at 30 June 2024, the total assets of the Group were approximately RMB1,507,132,000 (31 December 2023: RMB1,479,781,000), comprising: (1) share capital of approximately RMB1,490,706,000 (31 December 2023: approximately RMB1,490,706,000); (2) reserves of approximately RMB(763,455,000) (31 December 2023: approximately RMB(780,560,000)); and (3) liabilities of approximately RMB779,881,000 (31 December 2023: approximately RMB769,635,000).

Financial Guarantees and Pledge of Assets

As at 30 June 2024, the Group's net book values of inventory, investment properties, property, plant and equipment, right-of-use assets and interests in associates pledged totalled approximately RMB177,774,000 (31 December 2023: RMB142,385,000), of which approximately RMB147,774,000 was pledged as security for the Group's bank and other borrowings, and approximately RMB30,000,000 was pledged as security for the Group's associates.

Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

During the Period, save for the matters regarding the investment in Shihezi Yike Equity Investment Partnership (Limited Partnership)* (石河子怡科股權投資合夥企業(有限合夥)) ("**Shihezi Yike**") as disclosed in the section headed "Significant Investments" under "Management Discussion and Analysis" of this interim report, the Group had no other material acquisitions or disposal of subsidiaries, associates or joint ventures.

Significant Investments

As at the Latest Practicable Date, save for the intended equity acquisition as disclosed under the section headed "Material Events after the Reporting Period" in "Management Discussion and Analysis" in this interim report, the Group had no specific plans for material future investments or acquisitions of capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

The significant investments of the Group and their post-investment status during the Period are as follows:

Investment Made by Tianjin Hongzhuo Enterprise Management Center (Limited Partnership)* (天津宏卓企業管理中心(有限合伙)) (“Tianjin Hongzhuo”)

On 2 July 2023, New Focus Technology (Beijing) Co., Ltd.* (紐福克斯科技(北京)有限公司) (“**New Focus (Beijing)**”) entered into a partnership agreement as one of the limited partners for the establishment of Tianjin Hongzhuo, contributing RMB140,000,000 out of a total capital of RMB290,200,000. The purpose of Tianjin Hongzhuo is to primarily invest in fields such as new energy and new materials, including specific sub-sectors such as new energy, lithium batteries, new materials and new energy engines, prioritizing its investments in industries principally engaged in by the Group. As at 30 June 2024, the fair value of the investment of New Focus (Beijing) in Tianjin Hongzhuo was RMB126,944,000, representing approximately 8.42% of the total assets of the Company.

On 3 July 2023, Tianjin Hongzhuo entered into an investment agreement for the investment in a project in the upstream area of the carbon fiber new material industry among our reserve projects. The pre-investment valuation of the project was RMB144,000,000, and Tianjin Hongzhuo has made an equity investment in the project by way of capital contribution of RMB140,000,000, representing approximately 49.30% of the equity interests therein. The business of the project mainly includes the planning, design, construction, operation and maintenance of industrial high-pressure steam pipeline projects required by key state-owned enterprises for their production in Jilin Province. Upon completion of the construction of these pipelines, the project will provide pipeline leasing services under a lease model and receive pipeline rental fees.

As of the Latest Practicable Date, approximately 95% of the construction of the main structure of the pipelines of the project had been completed, and the construction is expected to be completed by 30 September 2024. The completion of the project has been delayed due to (1) the longer construction period caused by changes to the construction design as a result of actual road conditions; and (2) the extended construction period as a result of severe construction environment. The project company has been accelerating the remaining construction works to complete the construction as soon as possible. Given that the project is still under construction, investment income and operating results have not yet been recorded during the Period.

Please refer to the announcements of the Company dated 2 July 2023 and 19 July 2023 for further details of the establishment of Tianjin Hongzhuo.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in Setting up a Fuel Cell Systemic Integration Production Line

On 6 October 2023, Jinyi (Mianyang) Hydrogen Energy Technology Co., Ltd.* (錦宜(綿陽)氫能科技有限公司) (an indirect non wholly-owned subsidiary of the Company) (“**Jinyi**”, as the purchaser) and Hengshi Zhefeng (Tianjin) Technology Co., Ltd.* (亨世哲豐(天津)科技有限公司) (“**Hengshi Zhefeng**”, formerly known as Zheda Tongbo (Tianjin) Technology Co., Ltd.* (哲達通博(天津)科技有限公司), as the vendor) entered into a purchase agreement for the 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 at an aggregate consideration of RMB298,000,000 (tax inclusive) to set up the fuel cell systemic integration production lines (the “**Production Line**”) for its business operations.

On 1 August 2024, Jinyi entered into a supplemental agreement with Hengshi Zhefeng, pursuant to which Hengshi Zhefeng will provide an additional membrane electrode production line, including its installation, debugging, training and guidance services (the “**Membrane Electrode Production Line**”, and collectively with the Production Line, the “**Production Lines**”) at no extra cost.

As of the Latest Practicable Date, the construction of the production areas and the overall debugging of the Production Lines had been completed. Please refer to the announcement of the Company dated 6 October 2023 for further details of the purchase of the Production Line.

Self-Constructed Industrial Park of the Group

The Group is currently carrying out the construction of the Qingdao Laixi Automotive Electronics Industrial Park (the “**Industrial Park**”) in Laixi City, Qingdao City, Shandong Province, the PRC, which was intended to be developed into a production plant of the Group for the manufacturing of electric components of new energy vehicles.

As of the date of this interim report, a plant under construction of the Industrial Park had already been topped out. Taking into account factors such as the heavier rainfall and other extreme weather conditions in 2024 where the Industrial Park is located, it is expected that the plant will be completed on or before 31 March 2025. As of the Latest Practicable Date, based on the Group’s operational needs, the construction of other buildings of the Industrial Park that have yet to commence is currently being adjusted and formulated in accordance with the original construction plan. Please refer to the announcement dated 6 October 2023 and the circular dated 28 November 2023 of the Company for further details of the construction agreement of the Industrial Park.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in Shihezi Yike

On 3 April 2024, New Focus (Beijing) entered into a partnership agreement with Shenzhen Keshang Technology Co., Ltd.* (深圳市可上科技有限公司) (“**Shenzhen Keshang**”), Lin Baowen and 11 individuals, pursuant to which each of New Focus (Beijing) and Shenzhen Keshang agreed to invest in Shihezi Yike by way of making a capital contribution of RMB55,000,000 and RMB85,000,000 for approximately 29.03% interests and approximately 44.87% interests in Shihezi Yike, respectively.

As the purpose of the investment is mainly for the indirect investment into Shenzhen Etouch Technology Co. Ltd.* (深圳怡鈦積科技股份有限公司) (“**Shenzhen Etouch**”), Shenzhen Etouch, Xiamen Yike Technology Development Co., Ltd.* (廈門怡科科技發展有限公司) (“**Xiamen Yike**”) (the controlling shareholder of Shenzhen Etouch) and Lin Baowen (the controlling shareholder of Xiamen Yike and the general partner of Shihezi Yike) entered into a cooperation agreement (the “**Cooperation Agreement**”) with New Focus (Beijing) and Shihezi Yike on 3 April 2024. The Cooperation Agreement outlines various protection measures, including performance undertakings, put options, anti-dilution rights, pre-emption rights, right of first refusal and tag-along rights, which are in favor of New Focus (Beijing) and/or Shihezi Yike.

As of the date of this interim report, New Focus (Beijing) and Shenzhen Keshang have completed their capital contributions of RMB55,000,000 and RMB85,000,000, respectively, to Shihezi Yike for indirect investment in Shenzhen Etouch. Please refer to the announcement of the Company dated 3 April 2024 for further details of the investment in Shihezi Yike.

Funds raising

Issue of the Bonds

On 11 March 2024, (i) the Board approved the issue of the unlisted and unsecured bonds (the “**Bonds**”) in the aggregate principal amount of not more than HK\$70,000,000 in one or multiple tranches. The maturity date of the Bonds is 31 December 2027 with an interest rate of 12% per annum; and (ii) the Company entered into a distribution agreement with Bluestone Securities (HK) Co., Limited (the “**Distributor**”), pursuant to which the Distributor has agreed to act as the selling agent of the Company to distribute the Bonds to independent institutional or private investor(s) on a best effort basis within a year from 11 March 2024. Please refer to the announcement of the Company dated 11 March 2024 for further details of the Bonds. As of the Latest Practicable Date, the Bonds with an aggregate principal amount of HK\$13,000,000 have been subscribed.

MANAGEMENT DISCUSSION AND ANALYSIS

Placing of the Convertible Bonds

On 27 June 2024 and 17 July 2024, the Company entered into a placing agreement (the “**Placing Agreement**”) and a supplemental placing agreement (the “**Supplemental Placing Agreement**”, and collectively with the Placing Agreement, the “**Placing Agreements**”) with Kingston Securities Limited (the “**Placing Agent**”), relating to the placement of the 3-years convertible bonds (the “**Convertible Bonds**”), with an interest rate of 8% per annum, in the aggregate principal amount of up to HK\$400,000,000 on a best effort basis to not less than six (6) places (the “**Placing**”). The initial conversion price is HK\$0.145 per conversion share.

As disclosed in the announcement of the Company dated 6 August 2024, as the conditions precedent as set out in the Placing Agreements had not been fulfilled on or before 6 August 2024, the Placing Agreements had lapsed. Please refer to the announcements of the Company dated 27 June 2024, 17 July 2024 and 6 August 2024, respectively, for further details of the Placing.

Use of Proceeds from the Subscription

The Company completed the issue of 10,449,312,134 new ordinary shares (with an aggregate nominal value of approximately HK\$1,044,931,213) under specific mandate to Daodu (Hong Kong) Holding Limited (“**Daodu (HK)**”) at the subscription price of HK\$0.059 per subscription share (the “**Subscription**”) for an aggregate consideration of HK\$616,509,415.906 on 21 December 2022. The closing price of the shares as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 28 May 2021, being the date of the subscription agreement, was HK\$0.085 per share.

On 25 September 2023, the Board resolved to change the use of approximately HK\$224.51 million (equivalent to approximately RMB206 million) to invest in the hydrogen energy business through the capital contribution to Jinyi and Mianyang New Hydrogen New Energy Technology Partnership (Limited Partnership)* (綿陽新氫新能源科技合夥企業(有限合夥)) (“**Mianyang New Hydrogen**”) instead, as detailed in the section headed “Significant Investments” in the 2023 annual report of the Company, in order to respond to the global trend of clean energy development.

MANAGEMENT DISCUSSION AND ANALYSIS

The intended and actual usage of the net proceeds raised from the Subscription of approximately HK\$615 million as revised (i.e. net issue price of approximately HK\$0.059 per share) are set out as follows:

	Amount of net proceeds allocated	Revised amount of net proceeds allocated after amendment on 25 September 2023	Net proceeds utilized during the Period	Net proceeds utilized up to 30 June 2024	Net proceeds unutilized up to 30 June 2024 <i>(Note 1)</i>	Expected timetable for utilizing the unused proceeds <i>(Note 2)</i>
	HK\$ million (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	
Enhancement of the Company's manufacturing capability						
- purchase of land use rights in Economic Development Zone, Laixi City, Qingdao City, Shandong Province	65	43.69	-	-	43.69	By 31 December 2024
- construction of new production plants and other supporting facilities	335	234.4	-	234.4	-	N/A
- purchase of related production equipment in the PRC for production of automotive parts for new energy vehicles	46	-	-	-	-	N/A
Repayment of the outstanding bank and other loans of the Group	111	111	-	111	-	N/A
General working capital of the Group						
- procurement costs of the Group's manufacturing and trading business and automobile dealership and service business	41	-	-	-	-	N/A
- remuneration of the Group's employees	9	1.4	-	1.4	-	N/A
- the Group's other daily expenses	8	-	-	-	-	N/A
Capital contribution to Jinyi and Mianyang New Hydrogen	-	224.51	-	224.51	-	N/A
Total	615	615	-	571.31	43.69	

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

1. As disclosed in the announcements of the Company dated 30 March 2023 and 24 April 2023 and in the 2022 annual report of the Company, 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, part of the net proceeds from the Subscription could not be immediately applied as intended for the construction and production of the Industrial Park and purchase of related production equipment and land use rights in the short term. As such, the Company had applied approximately RMB474 million for the commodities trading business from December 2022 to March 2023 and also approximately RMB273 million for the Second Loan. All the zinc ingot purchased for the purpose of commodities trading had been sold, and the proceeds from such sale (including the net proceeds from the Subscription of RMB474 million) had been received by the Group and the Second Loan had been repaid in April 2023.
2. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on current and future development of market conditions. The Company intends to negotiate with the local government before 31 December 2024 to complete specific proposal on the acquisition and acceptance of the relevant land use rights in the Economic Development Zone, Laixi City, Qingdao City, Shandong Province. The Company's original expectation was to utilize the relevant funds in 2023, but due to a longer than expected period for liaison and negotiation with the local government, the relevant funds have not yet been utilized as of the Latest Practicable Date.

Please refer to the announcements of the Company dated 28 May 2021, 13 September 2021, 21 December 2022, 30 March 2023, 24 April 2023 and 25 September 2023 and the circular of the Company dated 29 July 2021, respectively, for further details of the Subscription.

Exchange Risks

The Group's automobile dealership and services business operates in China, with the settlement currency being RMB. Hence, there is no exchange risk.

Approximately 80% of the turnover from the Group's manufacturing and trading business was generated from the export of its products settled in USD. The raw materials used to produce such products were purchased in RMB. Therefore, the depreciation of USD against RMB would normally have an adverse effect on the profitability of the Group's manufacturing and trading business. The Group managed its exposure to USD foreign currency risks by making USD or HKD borrowings to mitigate against such exchange risks. As at 30 June 2024, the Group did not borrow in USD borrowings (31 December 2023: nil) and the amount of the Group's HKD borrowings was approximately HK\$74,191,000 (31 December 2023: HK\$61,191,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at 30 June 2024, the contingent liabilities of the Group were approximately RMB12,178,000 (31 December 2023: RMB12,178,000), which was attributable to certain lawsuits filed by third parties against the Company's subsidiaries. For details, please refer to the section headed "Lawsuits" in this interim report.

Material Events after the Reporting Period

Freezing of Equity Interest of a Controlling Shareholder

As disclosed in the announcement of the Company dated 14 August 2024, the 100% equity interest in Shenzhen Daodu Industrial Limited Company* (深圳道度實業有限公司) ("**Shenzhen Daodu**") held by Qingdao Guorui Chunxi Industrial Limited Company* (青島國瑞春熙實業有限責任公司) ("**Qingdao Guorui**") has already been frozen (the "**Frozen Equity Interest**") for a period of three years commencing from 18 July 2024. Such arrangement is in relation to a civil lending dispute lawsuit filed by Shenzhen Business Traveler Network Technology Co., Ltd.* (深圳市商旅通網絡科技有限公司) ("**Shenzhen Business Traveler**") as the applicant against Shenzhen Daodu and Qingdao Guorui.

As at the date of this interim report, Shenzhen Daodu holds the entire equity interest in Daodu (HK), a controlling shareholder of the Company, with Daodu (HK) holding 10,449,312,134 shares of the Company, representing approximately 60.69% of the total shares of the Company in issue.

According to the written reply from Qingdao Guorui to the Company, Qingdao Guorui confirmed that it has not entered into any loan agreements with Shenzhen Business Traveler nor provided any guarantees to Shenzhen Business Traveler, has not entered into any contract in respect of any borrowings or other liabilities of Shenzhen Daodu or any of its subsidiaries, has not provided guarantees for any borrowings or other liabilities of Shenzhen Daodu or any of its subsidiaries, and has not approved any borrowings or the assumption of other liabilities of Shenzhen Daodu or any of its subsidiaries. Qingdao Guorui was also informed by Shenzhen Daodu that Shenzhen Daodu did not enter into any loan agreements with Shenzhen Business Traveler. Further, Qingdao Guorui has already filed an appeal to the court, requesting the release of the Frozen Equity Interest. As of the Latest Practicable Date, in light of the court's dismissal of the petition, Qingdao Guorui is currently complying with the legal proceedings as mandated by the court, and attempting other means to resolve the loan dispute with Shenzhen Business Traveler as soon as possible. Moreover, Qingdao Guorui is of the view that the Frozen Equity Interest will not give rise to a risk of change of control of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Intended Acquisition of Equity Interest in a Domestic Chinese Company

On 15 August 2024, New Focus (Beijing) entered into a letter of intent relating to an intended acquisition of 28.4755% of the equity interest in a domestic Chinese company whose main business is new-energy vehicle charging services, pursuant to which it has paid a refundable earnest money of RMB15,000,000.

Lawsuits

Ningbo Jiche against Inner Mongolia Chuangying

As stated in the Company's announcement dated 5 June 2023, Inner Mongolia Chuangying was served with a summons as one of the defendants and was required to attend a court hearing on 28 June 2023 in a lawsuit filed by Ningbo Jiche Trading Co., Ltd.* (寧波極車貿易有限公司) ("**Ningbo Jiche**") as the plaintiff. Ningbo Jiche alleged that Inner Mongolia Chuangying breached a sales contract (the "**Sales Contract**") between them by not paying the outstanding amount of RMB8,506,800 in accordance with the Sales Contract. The claims of Ningbo Jiche against Inner Mongolia Chuangying are as follows:

- (1) request before the court for a ruling that Inner Mongolia Chuangying shall pay the outstanding amount of RMB8,506,800 and compensate Ningbo Jiche for losses due to the overdue payment (calculated based on RMB8,506,800, multiplied by 1.5 times of the one-year loan prime rate (LPR) published by the National Interbank Funding Center authorized by the People's Bank of China commencing from 9 October 2019 until the actual payment date). The calculated loss was RMB2,160,106.9 as of 14 April 2023;
- (2) request before the court for a ruling that Inner Mongolia Chuangying shall pay RMB1,010,680 as liquidated damages;
- (3) request before the court for a ruling that Inner Mongolia Chuangying shall compensate Ningbo Jiche the legal fees of RMB500,000; and
- (4) request before the court for a ruling that Inner Mongolia Chuangying shall bear the litigation costs and the preservation fees.

MANAGEMENT DISCUSSION AND ANALYSIS

The above-mentioned case has been ordered by Hohhot Huimin District People's Court to be transferred to the Beijing Dongcheng District People's Court for trial. The trial time has not yet been fixed, so there is no substantive progress with the case. Owing to the ongoing litigation and the uncertainty regarding the implementation and execution of the post-trial rulings, the principal amount of contingent liabilities that may be caused to the Group as a result of these litigation matters is approximately RMB12,178,000. Please refer to the announcement of the Company dated 5 June 2023 for further details of the lawsuits.

Employees and Remuneration Policy

As at 30 June 2024, the Group employed a total of 653 full-time employees (30 June 2023: 713), of which 140 (30 June 2023: 108) were managerial staff. The Group's remuneration policies are formulated to attract talent and retain quality staff. The remuneration package for the Group's employees includes wages, rewards (such as performance-based bonuses) and allowances. The Group also provides social security insurance and benefits to its employees. The Group emphasizes the importance of staff development and provides relevant training programs on an ongoing basis with reference to its strategic objectives and the performance of its staff.

Dividends

The Board did not recommend the payment of an interim dividend for the Period (corresponding period of 2023: Nil).

Industrial Development and Business Progress

According to the latest production and sales figures of the automobile industry released by the China Association of Automobile Manufacturers, the sales volume of automobiles in China amounted to approximately 14,047,000 during the Period, representing a year-on-year increase of approximately 6.1%, of which the sales volume of passenger vehicles amounted to approximately 11,979,000, representing a year-on-year increase of approximately 6.3%. The sale of automobile in the PRC showed a growth trend in the first half of the year, which was due to the macroeconomic recovery of the PRC, policy support, and strong performance in the export market. However, the industry in which the Group operates still faces several challenges, including multiple pressures brought about from the sustainability of the economic recovery, insufficient consumer confidence, uncertainty of the global trading environment and the change of price trend.

MANAGEMENT DISCUSSION AND ANALYSIS

With regard to our hydrogen-related business, the PRC government has issued a number of policy documents during the Period to actively encourage the development of the whole industrial chain of hydrogen energy, and provides financial subsidies to support the purchase and operation of fuel cell vehicles. At the beginning of 2024, the National Development and Reform Commission issued the “Hydrogen Industry Medium and Long-term Development Plan (2021-2035)” (《氢能產業發展中長期規劃(2021-2035)》), further clarified the strategic direction of the hydrogen energy industry. Driven by central government’s subsidies and policy support, the commercialization of the fuel cell industry in which the Group operates is gradually progressing. With the advancement of technology and reduction of production costs, the hydrogen energy market is expected to realize significant growth in the coming years.

Automobile Dealership and Services Business of the Group

The Group’s Automobile Dealership and Services Business network is located in the Inner Mongolia Autonomous Region, and its main businesses include automobile sales and aftersales services, as well as the distribution of car insurance products and financial products.

In the first half of 2024, after the withdrawal of the authorization of the automotive brands under the Group’s dealership, our original customer base continued to diminish, and business related to the sales of new vehicles has basically come to a halt in most regions, with only a portion of the maintenance business remaining to address customer issues passed from previous operations, such as providing services related to extended warranties and prepaid maintenance and insurance. Some of the remaining staff are working part-time to assist in handling outstanding litigations and disputes.

The Group mainly implemented the following operating strategies for the automobile dealership and services business in the first half of 2024:

First, we closed outlets with no brand license and comprehensive retail stores;

Second, we laid off underperforming redundant employees due to business integration.

MANAGEMENT DISCUSSION AND ANALYSIS

Manufacturing and Trading Business of the Group

In the first half of 2024, the operation performance of the Group's manufacturing and trading business were basically the same as that of the corresponding period of 2023. Revenue from exports of the manufacturing business decreased by approximately 1.75% in USD as compared to that for the corresponding period of 2023, as more and more foreign customers were seeking non-PRC manufacturing suppliers against the backdrop of the intensifying deterioration in Sino-US relations. In this regard, the Group managed to maintain the overall scale of foreign trade orders by continuously identifying appropriate OEM manufacturers in Vietnam for its manufacturing and trading business. The gross profit margin of the Group's manufacturing and trading business increased as compared to that for the corresponding period of 2023.

The Group has further improved the organizational structure of its manufacturing and trading business by setting up an independent engineering department and newly establishing a laboratory and a new energy power supply team under the R&D department. The newly-established product planning department is also gradually developing a product roadmap to clarify the direction of our future development and the positioning of our business. Through nurturing the pool of R&D professionals and high-caliber talents, the Group has gradually expanded its product portfolio under research and development of its manufacturing and trading business from traditional single power supplies and inverters to new energy products, and promoted the standardization of its products. Meanwhile, the Group has implemented the "Lean Production and Digital Chemical Plant Project" for its manufacturing and trading business and will continue to promote normalized management. The "Manufacturing Execution System" is also implemented in phases to meet new industrial requirements and further strengthen the transformation. The Group will continue to enhance its product capacity of its manufacturing and trading business by reducing costs and increasing efficiency to embrace more market opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

Hydrogen-Related Business

The Group's hydrogen-related business, as a provider of hydrogen fuel cell research and development, sales and holistic solutions, provides hydrogen-related products and solutions to government and leading customers in the IDC sector. The main business includes the sale of equipment, hydrogen consultancy and the provision of hydrogen services.

Currently, the Group's operating entity in the hydrogen-related industry has completed the construction of the production areas and the overall debugging of the production line in relation to the hydrogen-related construction project. So far, the Group's operating entity in the hydrogen-related industry has possessed the core technology and equipment manufacturing capabilities of the 180KW hydrogen fuel cell system for vehicles and MW level hydrogen power plant, in which the fuel cell system production line meets the requirements of automation, intelligence, network connection, standardization, advanced equipment and energy recycling technology.

In the next step, the Group's operating entity in the hydrogen-related industry will take "fuel cell systems + distributed power stations" as its main product to create a demonstrative scenario of hydrogen energy application in regards to transportation and data centers and promote the business development of products. At the same time, the Group's operating entity in the hydrogen-related industry is committed to strengthening cooperation with partners in hydrogen production, hydrogen storage, hydrogen refueling and other industries, so as to build the Company into a comprehensive hydrogen energy solution provider.

Prospects

The Group's principal businesses have a vast market with still much room for growth. The Group will continue to strengthen its management to enhance the operating results of all of its businesses as soon as possible.

OTHER INFORMATION

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2024, to the best knowledge of the Directors and chief executives of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required to be recorded in the register maintained by the Company under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) and the Model Code (the “Model Code”) for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as is known to the Directors and chief executives of the Company, as at 30 June 2024, the following persons had interests or short positions in the shares and underlying shares of the Company, which are required to be notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of shares interested (Note 1)	Approximate percentage of total issued shares (Note 2)
Daodu (Hong Kong) Holding Limited	Beneficial owner	10,449,312,134 (L)	60.69%
Shenzhen Daodu Industrial Limited Company* (深圳道度實業有限公司) (Note 3)	Interest in a controlled corporation	10,449,312,134 (L)	60.69%

OTHER INFORMATION

Name	Capacity/ Nature of interest	Number of shares interested <i>(Note 1)</i>	Approximate percentage of total issued shares <i>(Note 2)</i>
Qingdao Guorui Chunxi Industrial Limited Company* (青島國瑞春熙實業有限責任公司) <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Qingdao Guorui Xin Fuxi Investment Center, L.P.* (青島國瑞新福克斯投資中心(有限合夥)) (the " Fund ") <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Chunxi Asset Management (Beijing) Co., Ltd.* (春熙資產管理(北京)有限公司) (" Chunxi AM ") <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Luo Xiaoman <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Qingdao Guorui Hengda Investment Development Co., Ltd.* (青島國瑞恒達投資開發有限公司) (" Guorui Hengda ") <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Qingdao Changyang Group Co., Ltd.* (青島昌陽集團有限公司) <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Laixi State-owned Assets Investment Service Center* (萊西市國有資產投資服務中心) <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%

OTHER INFORMATION

Name	Capacity/ Nature of interest	Number of shares interested <i>(Note 1)</i>	Approximate percentage of total issued shares <i>(Note 2)</i>
Qingdao Lingdu Venture Capital Management Co., Ltd.* (青島零度創業投資管理有限公司) (the " General Partner ") <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Wuhan Zero Innovation Venture Capital Management Co., Ltd.* (武漢零度創新創業投資管理有限公司) (the " Investment Manager ") <i>(Note 3)</i>	Investment Manager	10,449,312,134 (L)	60.69%
Wuhan Lingdu Capital Investment and Management Co., Ltd.* (武漢零度資本投資管理有限公司) <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Wuhan Optics Valley Union Group Company Limited* (武漢光谷聯合集團有限公司) (" OVU ") <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
Optics Valley Union Holding Limited Company* (光谷聯合控股有限公司) <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
China Electronics Optics Valley Union Company Limited <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
AAA Holdings Limited <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
China Electronics Optics Valley Union Holding Company Limited (" CEOVU ") <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%

OTHER INFORMATION

Name	Capacity/ Nature of interest	Number of shares interested <i>(Note 1)</i>	Approximate percentage of total issued shares <i>(Note 2)</i>
Huang Liping <i>(Note 3)</i>	Interest in a controlled corporation	10,449,312,134 (L)	60.69%
CDH Fast Two Limited	Beneficial owner	1,614,776,043 (L)	9.38%
CDH Fast One Limited <i>(Note 4)</i>	Interest in a controlled corporation	1,614,776,043 (L)	9.38%
Fast Point Limited <i>(Note 4)</i>	Interest in a controlled corporation	1,614,776,043 (L)	9.38%
CDH Fund IV, L.P. <i>(Note 4)</i>	Interest in a controlled corporation	1,614,776,043 (L)	9.38%
CDH IV Holdings Company Limited <i>(Note 4)</i>	Interest in a controlled corporation	1,614,776,043 (L)	9.38%
China Diamond Holdings IV, L.P. <i>(Note 4)</i>	Interest in a controlled corporation	1,614,776,043 (L)	9.38%
China Diamond Holdings Company Limited <i>(Note 4)</i>	Interest in a controlled corporation	1,614,776,043 (L)	9.38%
Law Wei	Beneficial owner	1,199,608,000 (L)	6.96%

OTHER INFORMATION

Notes:

1. The letter "L" denotes a long position in the shares.
2. The percentage represents the number of shares interested divided by the total number of issued shares of the Company as at 30 June 2024 of 17,216,948,349.
3. Each of (i) Shenzhen Daodu (as the sole shareholder of Daodu (HK)); (ii) Qingdao Guorui (as the sole shareholder of Shenzhen Daodu); (iii) the Fund (which directly owns 99.11% of Qingdao Guorui); (iv) Chunxi AM (which directly owns 50.92% of the Fund); (v) Luo Xiaoman (who directly owns 82.50% of Chunxi AM); (vi) Guorui Hengda (which directly owns 48.92% of the Fund); (vii) Qingdao Changyang Group Co., Ltd.* (青島昌陽集團有限公司) (as the sole shareholder of Guorui Hengda); (viii) Laixi State-owned Assets Investment Service Center* (萊西市國有資產投資服務中心) (as the sole shareholder of Qingdao Changyang Group Co., Ltd.* (青島昌陽集團有限公司)); (ix) the General Partner (as the general partner of the Fund); (x) the Investment Manager (as the investment manager of the Fund); (xi) Wuhan Lingdu Capital Investment and Management Co., Ltd.* (武漢零度資本投資管理有限公司) (as the sole shareholder of the General Partner); (xii) OVU (which directly owns 45% of Wuhan Lingdu Capital Investment and Management Co., Ltd.* (武漢零度資本投資管理有限公司)); (xiii) Optics Valley Union Holding Limited Company* (光谷聯合控股有限公司) (as the sole shareholder of OVU); (xiv) China Electronics Optics Valley Union Company Limited (as the sole shareholder of Optics Valley Union Holding Limited Company* (光谷聯合控股有限公司)); (xv) AAA Holdings Limited (as the sole shareholder of China Electronics Optics Valley Union Company Limited); (xvi) CEOVU (as the sole shareholder of AAA Holdings Limited); and (xvii) Huang Liping (who indirectly owns 25.14% of CEOVU and ultimately and beneficially owns 80% and 40% of two limited partnerships which directly owns 30% and 25% of Wuhan Lingdu Capital Investment and Management Co., Ltd.* (武漢零度資本投資管理有限公司), respectively), is deemed to be interested in the shares of the Company under the SFO.
4. Each of CDH Fast One Limited (as the sole shareholder of CDH Fast Two Limited); Fast Point Limited (as the sole shareholder of CDH Fast One Limited); CDH Fund IV, L.P. (as the sole shareholder of Fast Point Limited); CDH IV Holdings Company Limited (as the general partner of CDH Fund IV, L.P.); China Diamond Holdings IV, L.P. (as the controlling shareholder of CDH IV Holdings Company Limited); and China Diamond Holdings Company Limited (as the general partner of China Diamond Holdings IV, L.P.) is deemed to be indirectly interested in the shares of the Company under the SFO.

* The English names are transliterations of the irrespective Chinese names which have not been registered.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register kept by the Company pursuant to Section 336 of the SFO.

OTHER INFORMATION

Share Option Scheme

The Company adopted a share option scheme (the “**Scheme**”) pursuant to a shareholders’ resolution passed on 25 June 2014 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operation. Eligible participants of the Scheme include the Directors, employees, suppliers, customers and business or strategic alliance partners of the Group. The Scheme, having become effective on 25 June 2014 and remained in force for 10 years from that date, and expired on 24 June 2024. A summary of the principal terms of the Scheme was included in the circular dated 30 April 2014 of the Company.

The total number of shares available for issue under the Scheme is 376,116,501, representing approximately 10% of the total issued share capital of the Company as at the date of approval of the Scheme. As at 30 June 2024, no options granted by the Company under the Scheme remained outstanding and the total number of shares available for issue/grant under the Scheme was nil (as at 1 January 2024: 363,076,327). No further option could be granted after the Scheme expired on 24 June 2024.

Purchase, Sale and Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Period.

Corporate Governance

In the opinion of the Directors, the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the Period, except for the following deviations:

Code provision C.2.1 requires that the division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. Although the division of responsibilities between the chairman and the chief executive officer has not been set out in writing by the Company at the beginning of the Period, based on the close communication between Mr. Tong Fei, the chairman of the Company, and Mr. Zhao Yufeng, the chief executive officer of the Company, the division of responsibilities between them in practice is very clear and therefore the management of the Group will not be affected as a result. Since 28 March 2024, the Company has complied with the relevant regulations by setting out in writing the division of responsibilities between the chairman and the chief executive officer.

OTHER INFORMATION

Code provision D.2.5 requires that the issuer should have an internal audit function. The Company did not have a specific internal audit function at the beginning of the Period, but instead mainly relied on certain functional departments of the Company to carry out part of the internal audit functions. During the Period, the Company engaged an independent internal control consultant to conduct an investigation on the Group's internal controls and a report was issued by the consultant to the Board for discussion and reference, based on which, relevant internal control systems prepared by functional departments of the Company were approved in January 2024. In addition, the Board and the management also focused on rectification with a view to improving the Company's internal controls as a whole. The Board discussed the necessity of establishing an independent internal audit function, as well as the details of the reporting lines and costs of the internal audit function at the Board meetings held in January 2024. Furthermore, at a meeting held on 28 March 2024, the Board appointed suitable personnel to be in charge of the internal audit in order to establish an internal audit function.

Rules 3.10 and 3.21 of the Listing Rules

Following the resignation of Mr. Huang Bo on 16 August 2024 as an independent non-executive Director, a member of each of the audit committee (the "**Audit Committee**"), the nomination committee and the remuneration committee of the Company, the Company failed to meet the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must consist of at least three independent non-executive Directors; and (ii) Rule 3.21 of the Listing Rules in relation to the composition of the Audit Committee, namely that the Audit Committee must include at least three non-executive Directors.

Following the subsequent appointment of Ms. Luo Baiyun as an independent non-executive Director on 23 August 2024, the number of the independent non-executive Directors and the members of the Audit Committee recomplied with the minimum number required under Rules 3.10 and 3.21 of the Listing Rules.

OTHER INFORMATION

Securities Transactions by Directors

The Company adopted the Model Code as its own code of conduct for dealings in securities of the Company by the Directors or relevant employees as defined in the Model Code. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the requirements in the Model Code during the Period.

Audit Committee

The Audit Committee has reviewed with management the accounting standards and practice guidelines adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters, including the unaudited consolidated interim financial statements of the Group for the Period. The accounting information in this interim report has not been audited but has been reviewed by the Audit Committee.

By order of the Board

New Focus Auto Tech Holdings Limited

Tong Fei

Chairman and Executive Director

Hong Kong, 30 August 2024