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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)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board (the “**Board**”) of directors (the “**Director(s)**”) of New Focus Auto Tech Holdings Limited (the “**Company**”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”), together with the unaudited comparative figures for the corresponding period of 2023, as follows:

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

*(Expressed in Renminbi)*

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	4	<b>237,593</b>	256,114
Cost of sales and services		<u><b>(194,360)</b></u>	<u>(212,363)</u>
<b>Gross profit</b>		<b>43,233</b>	43,751
Other income	5	<b>2,251</b>	10,438
Other gains or losses, net	6	<b>1,291</b>	1,373
Allowance for expected credit losses on trade receivables and other receivables, net		<b>(1,221)</b>	928
Distribution costs		<b>(16,537)</b>	(19,486)
Administrative expenses		<b>(32,563)</b>	(27,897)
Share of results of associates		<b>(1)</b>	–
Finance costs	7	<u><b>(10,503)</b></u>	<u>(11,814)</u>
<b>Loss before taxation</b>		<b>(14,050)</b>	(2,707)
Income tax expense	8	<u><b>(2,074)</b></u>	<u>(2,561)</u>
<b>Loss for the period</b>		<u><b>(16,124)</b></u>	<u>(5,268)</u>
<b>Other comprehensive income/(loss) for the period</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<b>1,285</b>	(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		<u><b>(13,056)</b></u>	<u>–</u>
<b>Other comprehensive loss for the period, net of tax</b>		<u><b>(11,771)</b></u>	<u>(2,920)</u>
<b>Total comprehensive loss for the period</b>		<u><b>(27,895)</b></u>	<u>(8,188)</u>

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)**

*For the six months ended 30 June 2024*

*(Expressed in Renminbi)*

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

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## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2024 <b>RMB'000</b> <i>(Unaudited)</i>	At 31 December 2023 <b>RMB'000</b> <i>(Audited)</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		103,794	89,921
Right-of-use assets		33,550	35,738
Investment properties		36,962	36,962
Prepayment for property, plant and equipment		448,400	437,000
Deferred tax assets		3,253	3,075
Interest in associates		54,798	14,999
Financial assets at fair value through profit or loss		65,698	12,697
Financial assets at fair value through other comprehensive income		126,944	140,000
		<u>873,399</u>	<u>770,392</u>
<b>Current assets</b>			
Inventories		93,310	87,952
Trade receivables	11	83,169	105,419
Financial assets at fair value through profit or loss		144	60,304
Deposits, prepayments and other receivables		384,517	377,095
Cash and cash equivalents		72,593	78,619
		<u>633,733</u>	<u>709,389</u>
<b>Current liabilities</b>			
Trade payables	12	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		257,539	225,634
Amounts due to related parties		13,000	–
		<u>700,033</u>	<u>680,179</u>
<b>Net current assets</b>		<u>(66,300)</u>	<u>29,210</u>
<b>Total assets less current liabilities</b>		<u>807,099</u>	<u>799,602</u>

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**  
*As at 30 June 2024*  
*(Expressed in Renminbi)*

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

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

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024

(Expressed in Renminbi)

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Operating activities</b>		
Cash generated from operations	7,952	260,072
Income tax paid	(2,034)	(5,099)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>5,918</b>	<b>254,973</b>
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<b>Investing activities</b>		
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
	<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	<b>(69,573)</b>	<b>116,875</b>
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Financing activities</b>		
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)
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<b>Net cash generated from/(used in) financing activities</b>	<b>57,629</b>	<b>(21,294)</b>
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<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,026)</b>	<b>350,554</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>78,619</b>	<b>275,139</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents, end of period</b>	<b>72,593</b>	<b>625,693</b>
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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.



### 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	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Recognised at a point in time:		
Sale of goods	231,596	242,887
Service income	5,997	13,227
	<u>237,593</u>	<u>256,114</u>

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.

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

##### (a) Reportable segments *(Continued)*

Set out below is an analysis of segment information:

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

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

##### (a) Reportable segments *(Continued)*

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

#### 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)
<b>Loss before taxation</b>		
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	<u>(14,050)</u>	<u>(2,707)</u>
	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
<b>Assets</b>		
Reportable segment assets	1,248,315	1,330,264
Unallocated corporate assets	<u>258,817</u>	<u>149,517</u>
Consolidated total assets	<u>1,507,132</u>	<u>1,479,781</u>
<b>Liabilities</b>		
Reportable segment liabilities	636,201	660,798
Unallocated corporate liabilities	<u>143,680</u>	<u>108,837</u>
Consolidated total liabilities	<u>779,881</u>	<u>769,635</u>

##### (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		Specified non-current assets	
	Six months ended 30 June		At 30 June	At 31 December
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)	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	–	–
	<u>237,593</u>	<u>256,114</u>	<u>174,306</u>	<u>162,621</u>

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

##### (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 <i>(Unaudited)</i>	2023 RMB'000 <i>(Unaudited)</i>
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
	<u>2,251</u>	<u>10,438</u>

#### 6. OTHER GAINS OR LOSSES, NET

	Six months ended 30 June	
	2024 RMB'000 <i>(Unaudited)</i>	2023 RMB'000 <i>(Unaudited)</i>
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
	<u>1,291</u>	<u>1,373</u>

## 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
	<u>10,503</u>	<u>11,814</u>

## 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
	<u>2,074</u>	<u>2,561</u>

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	<u>(15,917)</u>	<u>(5,228)</u>
<b>Shares</b>		
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	<u>17,216,948,349</u>	<u>17,216,948,349</u>

\* 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).

## 11. 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 <i>RMB'000</i> <i>(Unaudited)</i>	At 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
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
	<u>98,866</u>	<u>119,892</u>
Less: allowance for ECL	<u>(15,697)</u>	<u>(14,473)</u>
	<u>83,169</u>	<u>105,419</u>

## 12. 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 <i>RMB'000</i> <i>(Unaudited)</i>	At 31 December 2023 <i>RMB'000</i> <i>(Audited)</i>
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
	<u>193,359</u>	<u>228,946</u>

## 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 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.

#### *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%.

#### *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).

### *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.

### **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 the date of this announcement, 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.

### *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 date of this announcement, Beijing Aiyihang has 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 date of this announcement, the land valuation in respect of the Property Expropriation has still been in progress, and New Focus Lighting & Power (Shanghai) has not yet signed any land expropriation agreement with the relevant governmental authorities.

## 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: 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 announcement, the Group had no other material acquisitions or disposal of subsidiaries, associates or joint ventures.

## Significant Investments

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(有限合夥)) (“**Tianjin Hongzhuo**”)*

On 3 July 2023, Tianjin Hongzhuo, a limited partnership established by New Focus Technology (Beijing) Co., Ltd.\* (紐福克斯科技(北京)有限公司) (“**New Focus (Beijing)**”) as one of the limited partners, 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 date of this announcement, approximately 95% of the construction of the main structure of the pipelines project has 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.

*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 date of this announcement, the construction of the production areas and the overall debugging of the Production Lines has 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 announcement, the main structure of the construction works of the Industrial Park has been topped out, and the construction of the Industrial Park is expected to be completed by 31 October 2024. 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.

#### *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.\* (深圳怡鈇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 announcement, 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 date of this announcement, the Bonds with an aggregate principal amount of HK\$13,000,000 have been subscribed.

### *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 (金利豐證券有限公司) (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) placees (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 and the Placing would not proceed. 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 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.



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 (Note 1)	Expected timetable for utilizing the unused proceeds (Note 2)
	HK\$ million (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	HK\$ million (approximate)	
<b>Enhancement of the Company's manufacturing capability</b>						
– 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
<b>General working capital of the Group</b>						
– 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
<b>Capital contribution to Jinyi and Mianyang New Hydrogen</b>	–	224.51	–	224.51	–	N/A
<b>Total</b>	<b>615</b>	<b>615</b>	<b>–</b>	<b>571.31</b>	<b>43.69</b>	

*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 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 date of this announcement.

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).

### **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 announcement.

## Material Events after the Reporting Period

On 15 August 2024, New Focus (Beijing) entered into a letter of intent relating to the 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.

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.

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.

#### *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.

## *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.

## **CORPORATE GOVERNANCE AND OTHERS**

### **Corporate Governance**

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange 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.

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 has engaged an independent internal control consultant to conduct an investigation on the Group's internal control 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 recompiled with the minimum number required under Rules 3.10 and 3.21 of the Listing Rules.

### **Sale, Purchase and Redemption of the Company's Listed Securities**

There were no purchases, sales or redemption of any of the Company's listed shares by the Group during the Period.

### **Securities Transactions of Directors**

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules 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 as set out in the Model Code during the Period.

## **Audit Committee**

At present, the Audit Committee has reviewed with the 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 results announcement has not been audited but has been reviewed by the Audit Committee.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.nfa360.com](http://www.nfa360.com)). The 2024 interim report will be dispatched to the shareholders of the Company who request paper copies of communications and be made available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 August 2024

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

\* *For identification purposes only*