

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



## **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)**

### **PROPOSED ISSUANCE OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **THE SUBSCRIPTION AGREEMENTS**

On 21 December 2017, the Company entered into two separate Subscription Agreements with two Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 2,380,952,382 Subscription Shares at the Subscription Price of HK\$0.42 per Subscription Share.

Save for the particulars of the Subscribers and the number of Subscription Shares to be subscribed by each of the Subscribers, the principal terms of each of the Subscription Agreements are identical.

The aggregate number of 2,380,952,382 Subscription Shares represents (i) approximately 49.19% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 32.97% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares). The aggregate nominal value of the Subscription Shares is approximately HK\$238,095,238.

The Subscription Price of HK\$0.42 per Subscription Share represents (1) a discount of approximately 38.24% to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on the date of this announcement; (2) a discount of approximately 36.75% to the average closing price of approximately HK\$0.66 per Share for the last five consecutive trading days immediately prior to the date of this announcement; and (3) a discount of approximately 32.91% to the average closing price of approximately HK\$0.63 per Share for the last 10 consecutive trading days immediately prior to the date of this announcement.

The gross proceeds from the Subscriptions are expected to be HK\$1,000,000,000. The net proceeds from the Subscriptions, after deducting all related fees and expenses, are expected to be approximately HK\$965,000,000. The net price per Subscription Share, after deducting all such related fees and expenses, is therefore approximately HK\$0.41.

### **SPECIFIC MANDATE**

The Subscription Shares will be allotted and issued by the Company pursuant to the Specific Mandate sought to be granted to the Board at the EGM. Therefore, the allotment and issuance of the Subscription Shares by the Company is subject to the approval of the Shareholders at the EGM.

### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the entering into of the Subscription Agreements and the transactions contemplated thereunder and the Specific Mandate.

A circular containing, among other things, (i) further information on the Subscription Agreements and the Specific Mandate; and (ii) a notice convening the EGM is expected to be despatched to the Shareholders as soon as practicable.

**As Completion of each of the Subscription Agreements is subject to the satisfaction of the respective Conditions, the Subscriptions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

On 21 December 2017, the Company entered into two separate Subscription Agreements with two Subscribers, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 2,380,952,382 Subscription Shares at the Subscription Price of HK\$0.42 per Subscription Share.

Save for the particulars of the Subscribers and the number of Subscription Shares to be subscribed by each of the Subscribers, the principal terms of each of the Subscription Agreements are identical.

## THE SUBSCRIPTION AGREEMENTS

The principal terms of the Subscription Agreements are set out below.

### Date

21 December 2017

### Parties

- (1) the Company, as issuer; and
- (2) the Subscribers, as subscribers.

### Subscription Shares

Pursuant to the terms and conditions of the Subscription Agreements, each of the Subscribers has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, the respective number of the Subscription Shares as further detailed below:

Subscriber	Number of Subscription Shares
First Subscriber	1,904,761,905
Second Subscriber	<u>476,190,477</u>
	<u>2,380,952,382</u>

The aggregate number of 2,380,952,382 Subscription Shares represents (i) approximately 49.19% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 32.97% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares). The aggregate nominal value of the Subscription Shares is approximately HK\$238,095,238.

### Ranking of the Subscription Shares

The Subscription Shares will rank pari passu in all respects with the Shares then in issue as at the date of the allotment.

### Subscription Price

The Subscription Price of HK\$0.42 per Subscription Share represents:

- (1) a discount of approximately 38.24% to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on the date of this announcement;

- (2) a discount of approximately 36.75% to the average closing price of approximately HK\$0.66 per Share for the last five consecutive trading days immediately prior to the date of this announcement; and
- (3) a discount of approximately 32.91% to the average closing price of approximately HK\$0.63 per Share for the last 10 consecutive trading days immediately prior to the date of this announcement.

The gross proceeds from the Subscriptions are expected to be HK\$1,000,000,000. The net proceeds from the Subscriptions, after deducting all related fees and expenses, are expected to be approximately HK\$965,000,000. The net price per Subscription Share, after deducting all such related fees and expenses, is therefore approximately HK\$0.41.

The Subscription Price was arrived after arm's length negotiations between the Company and each of the Subscribers with reference to the trading prices of the Shares and the results and prospects of the Company. The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Shareholders as a whole.

Each of the Subscribers shall pay the Subscription Monies within five Business Days from the date on which the respective Subscription Agreement and the transactions contemplated thereunder and the respective Specific Mandate are being approved by the Shareholders at the EGM in immediately available funds by direct transfer in the amount thereof to the designated bank account of the Company.

If any of the Conditions is not fulfilled at or before 12:00 noon on the Long Stop Date or Completion does not take place on the Completion Date, the Company shall repay to the relevant Subscriber, within five Business Days after the Long Stop Date or the Completion Date (as the case may be) or such other later date as may be agreed by the Company and the relevant Subscriber in writing, the Subscription Monies in full (without interest) in immediately available funds by direct transfer to such bank account of the relevant Subscriber as may be notified by the relevant Subscriber on the Long Stop Date or the Completion Date (as the case may be) as full and final settlement under the respective Subscription Agreement.

### **Conditions**

Completion of the subscription under each of the Subscription Agreements is conditional upon all of the following Conditions having been satisfied:

- (1) the respective Subscription Agreement and the transactions contemplated thereunder and the respective Specific Mandate being approved by the Shareholders at the EGM;
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the respective Subscription Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the respective Subscription Shares);

- (3) all necessary governmental and regulatory approvals and consents regarding the respective Subscription and the respective Specific Mandate having been obtained by the Company; and
- (4) the representations, warranties and undertakings given by the relevant Subscriber under the respective Subscription Agreement remaining true, accurate, complete and correct in all respects and not misleading in any respect up to and including the Completion Date.

Completion of each of the Subscription Agreements is not inter-conditional with each other.

### **Completion**

Completion shall take place within three Business Days after (a) satisfaction of the last of the Conditions and (b) the payment of the Subscription Monies by the respective Subscriber pursuant to the terms of the respective Subscription Agreement, or at such date and time as agreed by the Company and the relevant Subscriber.

### **Termination**

The Company may, by Termination Notice to the relevant Subscriber, terminate the respective Subscription Agreement at any time before the Completion Date in the event that any of the Conditions have not been fulfilled at or before 12:00 noon on the Long Stop Date.

The Company shall repay to the relevant Subscriber, within five Business Days after the date of the Termination Notice or such other later date as may be agreed by the Company and the relevant Subscriber in writing, the Subscription Monies in full (without interest) in immediately available funds by direct transfer in the amount thereof to such bank account of the relevant Subscriber as may be notified by the relevant Subscriber on the date of the Termination Notice.

Upon the Termination Notice being given and repayment of the Subscription Monies pursuant to the terms of the relevant Subscription Agreement, the relevant Subscription Agreement shall terminate and be of no further effect, and no party thereto shall be under any liability to the other in respect of the relevant Subscription Agreement, and the parties thereto shall be released and discharged from their respective obligations, in each case without prejudice to any rights, obligations, liabilities or claims arising from a breach of the relevant Subscription Agreement which have accrued on or before the termination of such Subscription Agreement, provided always that, if Completion shall then have taken place, the Subscription, the payment of the Subscription Monies and issue of the Subscription Shares (and the relevant rights, obligations and liabilities) shall not thereby in any way be affected.

### **SPECIFIC MANDATE**

The Subscription Shares will be allotted and issued by the Company pursuant to the Specific Mandate sought to be granted to the Board at the EGM. Therefore, the allotment and issuance of the Subscription Shares by the Company is subject to the approval of the Shareholders at the EGM.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after Completion (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares) and (iii) immediately after Completion and upon full conversion of the Existing Convertible Notes (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares and the Existing Convertible Notes are fully converted prior to Completion):

Shareholders	As at the date of this announcement		Immediately after Completion (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares)		Immediately after Completion and upon full conversion of the Existing Convertible Notes (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Completion Date save for the issuance of the Subscription Shares and the Existing Convertible Notes are fully converted prior to Completion) (Note 1)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
CDH	2,889,580,226	59.69	2,889,580,226	40.01	2,889,580,226	36.79
First Subscriber	–	–	1,904,761,905	26.38	1,904,761,905	24.25
Second Subscriber	–	–	476,190,477	6.59	476,190,477	6.06
Existing Convertible Notes Holder (Note 2)	244,797,640	5.06	244,797,640	3.39	877,791,744	11.18
Other public Shareholders	1,706,393,924	35.25	1,706,393,924	23.63	1,706,393,924	21.72
<b>TOTAL ISSUED SHARES</b>	<b>4,840,771,790</b>	<b>100.00</b>	<b>7,221,724,172</b>	<b>100.00</b>	<b>7,854,718,276</b>	<b>100.00</b>

*Notes:*

1. In the event that the Existing Convertible Notes are not fully converted prior to Completion, the conversion price of the Existing Convertible Notes shall be adjusted as a result of the Subscription upon Completion pursuant to the terms and conditions of the Existing Convertible Notes. Please refer to the section headed “Possible Adjustment to Conversion Price of the Existing Convertible Notes” in this announcement for further details.
2. As at the date of this announcement, 244,797,640 Shares are held by the Existing Convertible Notes Holder and an additional 632,994,104 Shares will be issued to the Existing Convertible Notes Holder assuming that the remaining amount of the Existing Convertible Notes are fully converted prior to Completion.

## **FUND-RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS**

Save as disclosed below, the Company has not raised any funds by issuing equity securities during the 12 months immediately before the date of this announcement.

<b>Date of initial announcement</b>	<b>Equity fund raising activity</b>	<b>Intended use net proceeds</b>	<b>Actual use of proceeds</b>
21 August 2017	Issuance of the Existing Convertible Notes in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) due 2019 by the Company to the Existing Convertible Notes Holder under the General Mandate	<p>(i) For the expansion of the Group’s retail distribution of automotive parts and accessories and the Group’s wholesale business; and</p> <p>(ii) for the repayment of existing indebtedness, including the full redemption of the convertible bonds with an aggregate principal amount of US\$25,000,000 due in 2017 issued by the Company to Haitong International Financial Products Limited on 13 July 2015, and payment of fees and expenses in connection with the transactions contemplated under the transaction documents relating to the issuance of the Existing Convertible Notes</p>	Fully utilized as intended

## **APPLICATION FOR LISTING**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS**

The Directors are of the view that the Subscriptions represent a good opportunity for the Company to raise funds to strengthen its capital base and financial position and to finance the Group's future development and expansion. The Directors consider that, taking into account the recent market conditions, raising funds by way of issuing and allotting the Subscription Shares would enable the Company to obtain funds with lower financial costs.

In addition, the Directors are of the view that the investment by the Subscribers in the Shares demonstrates confidence and recognition in the investment value of the Company and would also enlarge and diversify the shareholder base of the Company.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreements and the transactions contemplated thereunder, which are determined after arm's length negotiations between the Company and the Subscribers, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The Board intends to use the proceeds from the Subscriptions for the future potential acquisitions of the Group and the general working capital of the Group.

## **INFORMATION ON THE GROUP**

The Group is committed to the construction and development of individual automotive service chain network and automotive product e-commerce platform. The retail service chain stores of the Group, which are primarily city gas stations, provide car owners with automotive cleaning, beauty, maintenance, body repair and repair services and sell automotive products. The automotive product e-commerce platform of the Group provides customers with purchase, delivery and warehouse storage services of automotive repair parts and automotive products. The manufacturing business of the Group is principally engaged in the research and development, manufacture and sale of electronic and power-related automotive parts and accessories, which are mainly sold to the PRC, North America and Europe.

## **INFORMATION ON THE SUBSCRIBERS**

The First Subscriber is a company incorporated in the British Virgin Islands. It is principally engaged in investment in financial products including stocks, bonds and foreign exchange.

The Second Subscriber is an individual who is a PRC resident.



To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owners (if applicable) are third parties independent of the Company and its connected persons, and are independent from each of the other Subscribers and their respective ultimate beneficial owners (if applicable).

## **POSSIBLE ADJUSTMENT TO CONVERSION PRICE OF THE EXISTING CONVERTIBLE NOTES**

Reference is made to the Previous Announcement in relation to, among other things, the issue of the Existing Convertible Notes in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) by the Company to the Existing Convertible Notes Holder.

As at the date of this announcement, 253,197,640 Shares have been issued to the Existing Convertible Notes Holder upon the exercise of the conversion rights under the Existing Convertible Notes. Assuming that the remaining amount of the Existing Convertible Notes are fully converted prior to Completion, an additional 632,994,104 Shares will be issued to the Existing Convertible Notes Holder.

In the event that the Existing Convertible Notes are not fully converted prior to Completion, the conversion price of the Existing Convertible Notes shall be adjusted as a result of the Subscription upon Completion pursuant to the terms and conditions of the Existing Convertible Notes.

Under the General Mandate, the Directors are authorized to allot and issue up to a maximum of 915,321,257 new Shares. As disclosed in the Previous Announcement, in the event that following an exercise of the conversion rights of the Existing Convertible Notes, an issue of Shares is required which would exceed the limit on the allotment and issue of Shares under the General Mandate, the Company shall, among other things, satisfy the exercise of the conversion rights by making payment to the Existing Convertible Notes Holder of the cash value alternative. Therefore, the issue of the additional Shares upon conversion of the Existing Convertible Notes at the adjusted conversion price will not exceed the limit under the General Mandate. Further announcement(s) will be made by the Company in respect of the adjustment to the conversion price of the Existing Convertible Notes (if any) as and when appropriate.

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the entering into of the Subscription Agreements and the transactions contemplated thereunder and the Specific Mandate.

A circular containing, among other things, (i) further information on the Subscription Agreements and the Specific Mandate; and (ii) a notice convening the EGM is expected to be despatched to the Shareholders as soon as practicable.

**As Completion of each of the Subscription Agreements is subject to the satisfaction of the respective Conditions, the Subscriptions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of directors of the Company
“Business Day(s)”	any day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong
“CDH”	CDH Fast Two Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company
“Company”	New Focus Auto Tech Holdings Limited (Stock Code: 360), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription(s) pursuant to the terms and conditions of the Subscription Agreement(s)
“Completion Date”	the date on which Completion takes place
“Conditions”	the conditions precedent to Completion under the Subscription Agreement(s)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve the Subscription Agreements and the transactions contemplated thereunder and the Specific Mandate
“Existing Convertible Notes”	the existing convertible notes with an aggregate principal amount of US\$35,000,000 due in 2019 issued by the Company to High Inspiring Limited on 1 September 2017, which is convertible into Shares at the initial conversion price of HK\$0.306085 per Share, further details of which are set out in the announcements of the Company dated 21 August 2017 and 8 September 2017

“Existing Convertible Notes Holder”	High Inspiring Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of China Construction Bank Corporation
“First Subscriber”	Fame Mountain Limited, a company incorporated in the British Virgin Islands with limited liability
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 29 June 2017 to allot, issue and deal with Shares not exceeding 20% of the total number of Shares in issue on the date thereof, namely, up to a maximum of 915,321,257 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 March 2018 (or such other date as the Company and the relevant Subscriber may agree in writing pursuant to the terms of the respective Subscription Agreement)
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Announcement”	the announcement of the Company dated 21 August 2017 in relation to, among other things, the issue of the Existing Convertible Notes by the Company to the Existing Convertible Notes Holder
“Second Subscriber”	Ms. Wang Na (王娜), an individual who is a PRC resident
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Specific Mandate”	the specific mandate for the allotment and issuance of the Subscription Shares to be granted to the Board at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber(s)”	collectively, the First Subscriber and the Second Subscriber
“Subscription Agreement(s)”	collectively, the two subscription agreements dated 21 December 2017 entered into between the Company and each of the Subscribers in relation to the Subscriptions
“Subscription Monies”	the aggregate sum of the Subscription Price multiplied by the number of Subscription Shares under the respective Subscription Agreement
“Subscription Price”	the subscription price of HK\$0.42 per Subscription Share
“Subscription Share(s)”	2,380,952,382 new Shares to be issued and allotted by the Company to the Subscriber(s) under the Subscription(s)
“Subscription(s)”	the subscriptions by the Subscribers of the Subscription Shares to be allotted and issued by the Company at the Subscription Price pursuant to the Subscription Agreements
“Termination Notice”	a notice in writing by the Company to the relevant Subscriber for terminating the respective Subscription Agreement
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

By order of the Board  
**New Focus Auto Tech Holdings Limited**  
**Du Jinglei**  
*Chairman*

Hong Kong, 21 December 2017

*As at the date hereof, the Directors of the Company are: executive Director – DU Jinglei; non-executive Directors – YING Wei, WANG Zhenyu, ZHANG Jianxing and LI Ngai; and independent non-executive Directors – HU Yuming, LIN Lei and ZHANG Xiaoya.*

\* *For identification purposes only*