

*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.*



## **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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF 51% EQUITY INTEREST IN HUBEI AUTOBOOM**

Reference is made to the announcements of the Company dated 23 September 2011 and 18 February 2013 respectively in relation to the acquisition of Target Interest from the Purchasers and Ms. Li by the Company. The Company acquired the Target Interest from the Purchasers and Ms. Li at the consideration of RMB83,977,023 in aggregate.

The Board announces that NFLP, a wholly and indirectly owned subsidiary of the Company which directly owns the Target Interest, entered into the Equity Transfer Agreement, which became effective on 17 December 2014, with the Purchasers. Pursuant to the Equity Transfer Agreement, the Purchasers have agreed to acquire, and NFLP has agreed to sell, the Target Interest at the Consideration of RMB23,000,000 to be satisfied in cash.

As a result of the Disposal, Hubei Autoboom will cease to be a subsidiary of the Company.

The Purchasers i.e. Mr. Chen and Mr. Li are both substantial shareholders of Hubei Autoboom, and Mr. Chen is also a director of Hubei Autoboom. As the total assets, profits and revenue of Hubei Autoboom compared to that of the Group are less than 10% under the percentage ratios for the latest three financial years i.e. 2011, 2012 and 2013, Hubei Autoboom is considered as an insignificant subsidiary of the Company, and Mr. Chen and Mr. Li are not connected persons of the Company under Chapter 14A of the Listing Rules. The Disposal therefore does not constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

\* For identification purposes only

## **I. INTRODUCTION**

Reference is made to the announcements of the Company dated 23 September 2011 and 18 February 2013 respectively in relation to the acquisition of Target Interest from the Purchasers and Ms. Li by the Company. The Company acquired the Target Interest from the Purchasers and Ms. Li at the consideration of RMB83,977,023 in aggregate.

The Board announces that NFLP, a wholly and indirectly owned subsidiary of the Company which directly owns the Target Interest, entered into the Equity Transfer Agreement, which became effective on 17 December 2014, with the Purchasers. Pursuant to the Equity Transfer Agreement, the Purchasers have agreed to acquire, and NFLP has agreed to sell, the Target Interest at the Consideration of RMB23,000,000 to be satisfied in cash.

## **II. EQUITY TRANSFER AGREEMENT**

### **Date**

The Equity Transfer Agreement took effect on 17 December 2014.

### **Parties**

- (a) Purchasers: Mr. Chen and Mr. Li
- (b) NFLP: New Focus Lighting and Power Technology (Shanghai) Company Limited, a wholly and indirectly owned subsidiary of the Company

### **Target Interest**

Subject to the terms and conditions of the Equity Transfer Agreement, the Purchasers agreed to purchase, and NFLP agreed to sell, the Target Interest.

### **Consideration**

The Consideration of RMB23,000,000 was arrived at after arm's length negotiation between the Parties, and it is referenced to the value of identifiable net assets of Hubei Autoboom as at 30 June 2014 as shown in its management account. The Consideration is slightly more than RMB21,057,335, being the value of identifiable net assets of Hubei Autoboom attributable to the Company as at 30 June 2014.

In determining the Consideration, the Directors also considered Hubei Autoboom's net profits of RMB14,575,700 for the financial year ended 31 December 2012, Hubei Autoboom's losses of RMB526,087 for the financial year ended 31 December 2013 and Hubei Autoboom's net profits of RMB21,371 for the six months ended 30 June 2014. The Directors do not expect the performance of Hubei Autoboom will improve substantially in the near future.

The Consideration shall be satisfied in cash within ten business days upon the effectiveness of the Equity Transfer Agreement.

## **Completion**

Completion of the Disposal is subject to completion of the amendments to the industry and commerce registration in relation to the transfer of Target Interest from NFLP to the Purchasers. NFLP shall assist the Purchasers in going through the above amendments within ten business days after the receipt of Consideration in full. The Directors expect that the completion of the Disposal will take place on or about 31 December 2014. Upon completion of the Disposal, Hubei Autoboom will cease to be a subsidiary of the Company.

## **Others**

The Purchasers shall be liable to pay NFLP a default interest equivalent to 0.04% of the Consideration per day if the Purchasers fail to settle the Consideration within the period specified in the Equity Transfer Agreement. NFLP shall be liable to pay the Purchasers a default interest equivalent to 0.04% of the Consideration per day if NFLP fails to assist in going through the above amendments within the period specified in the Equity Transfer Agreement.

### **III. EXPECTED GAIN AND APPLICATION OF PROCEEDS**

#### **Expected Gain**

A gain of approximately RMB1,942,665 was expected to accrue to the Group as the result of the Disposal. This gain was the difference between the Consideration and RMB21,057,335 which was the value of the identifiable net assets of Hubei Autoboom attributable to the Company as at 30 June 2014.

#### **Application of Proceeds**

Proceeds from the Disposal will be used as general working capital of the Group.

### **IV. INFORMATION ON HUBEI AUTOBOOM**

Hubei Autoboom was established in 2009 and is principally engaged in the wholesale of auto accessories. Hubei Autoboom has a 60%-owned subsidiary in Hefei city, Anhui province, the PRC. The Company acquired the Target Interest in September 2011.

As at 30 June 2014, the value of net assets of Hubei Autoboom was approximately RMB42,243,948. The profits before and after taxation and extraordinary items of Hubei Autoboom for the financial year ended 31 December 2012 were RMB19,637,677 and RMB14,575,700, respectively. The losses before and after taxation and extraordinary items of Hubei Autoboom for the financial year ended 31 December 2013 were RMB95,927 and RMB526,087, respectively.

## **V. REASONS FOR AND BENEFITS OF THE DISPOSAL**

The acquisition of Target Interest completed in September 2011. The performance of Hubei Autoboom decreased thereafter sharply from a net profit of RMB14,575,700 for the financial year ended 31 December 2012 to a loss of RMB526,087 for the financial year ended 31 December 2013. The net profit of Hubei Autoboom for the six months ended 30 June 2014 was only RMB21,371. In light of the increasingly competitive market in the wholesale business, rapid development of e-commerce dealing in automotive products and continuing increase in the labour costs, the Directors do not expect the performance of Hubei Autoboom will substantially improve in the near future. The Disposal is also in conformity with the Group's current strategy of focusing on its retail and service business. The Disposal will allow the Group to allocate more resources to the expansion of its retail and service business.

The Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement is on normal commercial terms, and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **VI. INFORMATION ON THE PURCHASERS AND LISTING RULES IMPLICATIONS**

The Purchasers i.e. Mr. Chen and Mr. Li are both substantial shareholders of Hubei Autoboom, and Mr. Chen is also a director of Hubei Autoboom. As the total assets, profits and revenue of Hubei Autoboom compared to that of the Company are less than 10% under the percentage ratios for the latest three financial years i.e. 2011, 2012 and 2013, Hubei Autoboom is considered as an insignificant subsidiary of the Company, and Mr. Chen and Mr. Li are not connected persons of the Company under Chapter 14A of the Listing Rules. The Disposal therefore does not constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Equity Transfer Agreement.

## **VII. INFORMATION ON THE GROUP**

The Group focuses on the operation of auto chain services network in the Greater China Region, adopting a unified vertical integrated business model, covering innovative product research and development, production and manufacturing, brand building, sale channel expansion and merchandise retail sales and service.

## VIII. DEFINITIONS

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

“Board”	means board of Directors
“Company”	means New Focus Auto Tech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Consideration”	means RMB23,000,000, being the consideration for the sale and purchase of the Target Interest pursuant to the Equity Transfer Agreement
“Director(s)”	means the director(s) of the Company
“Disposal”	means the sale of Target Interest to the Purchasers by NFLP
“Equity Transfer Agreement”	means the Equity Transfer agreement which became effective on 17 December 2014 and was entered into between NFLP and the Purchasers for the purchase of the Target Interest by the Purchasers from NFLP
“Group”	means the Company and its subsidiaries
“Hubei Autoboom”	湖北歐特隆汽車用品超市有限公司 (Hubei Autoboom Auto Accessories Supermarket Co., Ltd.*), a limited liability company established in the PRC which is owned as to 51% by the Company
“insignificant subsidiary”	has the same meaning as ascribed to this term under the Listing Rules
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Chen”	Mr. Chen Bing Yu (陳炳煜)
“Mr. Li”	Mr. Li Zheng Guo (李正國)
“Ms. Li”	Ms. Li Zhen Fei (李貞斐)

“NFLP”	紐福克斯光電科技(上海)有限公司 (New Focus Lighting and Power Technology (Shanghai) Company Limited*), a wholly and indirectly owned subsidiary of the Company
“Parties”	means NFLP and the Purchasers, being the parties to the Equity Transfer Agreement
“PRC”	means the People’s Republic of China
“Purchasers”	means Mr. Chen and Mr. Li
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to this term under the Listing Rules
“Target Interest”	means 51% equity interest in Hubei Autoboom
“%”	means per cent

By order of the Board  
**New Focus Auto Tech Holdings Limited**  
**YING Wei**  
*Chairman*

Hong Kong, 17 December 2014

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