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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)**

### **DISCLOSEABLE TRANSACTION**

### **PROVISION OF FINANCIAL ASSISTANCE AND INSIDE INFORMATION**

This announcement is made pursuant to Chapter 14 of the Listing Rules, Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

#### **PROVISION OF FINANCIAL ASSISTANCE**

The Board is pleased to announce that on 29 December 2014, the Entrusted Loan Agreement was entered into among NFLP, a wholly and indirectly owned subsidiary of the Company (as the entrusting party), the Lending Bank (as the entrusted party and the lending agent) and Shenzhen Jiahong (as the borrower). Pursuant to the Entrusted Loan Agreement, NFLP has instructed the Lending Bank to release a loan in the principal amount of RMB100,000,000, which will be funded by NFLP, to Shenzhen Jiahong for a term of 12 months from the date of drawdown.

The financial assistance was provided primarily because the Directors considered Shenzhen Jiahong to be a potential acquisition target which is under further assessment by the Group.

\* For identification purposes only

## **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the grant of the Entrusted Loan under the Entrusted Loan Agreement are more than 5% but less than 25%, the grant of the Entrusted Loan under the Entrusted Loan Agreement constitutes a discloseable financial assistance transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements of the Listing Rules.

The Group has not entered into any binding agreement in relation to the potential acquisition of equity interest in Shenzhen Jiahong as at the date of this announcement. The acquisition of equity interest in Shenzhen Jiahong may or may not proceed, and if applicable, the Company will comply with the relevant disclosure requirements under the Listing Rules upon entering into any definitive agreement for the said acquisition in the future.

**Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.**

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## **ENTRUSTED LOAN AGREEMENT**

The major terms of the Entrusted Loan Agreement are set out below.

Date of the Entrusted Loan Agreement	:	29 December 2014
Entrusting party	:	NFLP
Entrusted party	:	The Lending Bank
Borrower	:	Shenzhen Jiahong

Principal amount of the Entrusted Loan	:	RMB 100,000,000 (equivalent to approximately HK\$126,826,000)
Interest rate	:	12.00% per annum, payable monthly
Term of the Entrusted Loan	:	12 months
Repayment	:	Shenzhen Jiahong shall repay the interests on monthly basis and the principal amount at the end of the term of the loan

## **SECURITY FOR THE ENTRUSTED LOAN**

In connection with the provision of the Entrusted Loan to Shenzhen Jiahong, NFLP has obtained:

- (i) the pledge of 30% shares in a mineral company which was indirectly owned as to 80% by one of the two shareholders of Shenzhen Jiahong;
- (ii) separate personal guarantees from each of the two shareholders of Shenzhen Jiahong as sureties who together own 100% equity interest in Shenzhen Jiahong; and
- (iii) corporate guarantee from a subsidiary wholly owned by Shenzhen Jiahong as surety.

## **SOURCE OF FUNDING**

The Entrusted Loan was funded by the internal resources of the Group as to 13%, and the remaining 87% was funded by the proceeds obtained from the financing activities conducted by the Company in 2013. The use of such proceeds as part of the Entrusted Loan relating to a potential acquisition to be conducted by the Group's service business deviates from the intended use of those proceeds as disclosed in the announcement and circular published by the Company for the above financing activities, and the reasons for such deviation has been disclosed in the announcement of the Company dated 28 July 2014.

## **INFORMATION ON SHENZHEN JIAHONG**

Shenzhen Jiahong is a limited liability company established in the PRC and, through its subsidiaries, is principally engaged in the import and sale of, and provision of after-sale services for luxury cars, sale of and provision of after-sale services for second-hand luxury cars and other auto-related businesses in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shenzhen Jiahong and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **INFORMATION ON THE LENDING BANK**

The Lending Bank is a local branch of a PRC commercial bank in Shanghai principally engaged in the provision of a range of banking services and related financial services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lending Bank and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **INFORMATION ON THE GROUP AND NFLP**

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.

NFLP is a wholly and indirectly owned subsidiary of the Company focusing on manufacturing and sale of auto-related accessories.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

Shenzhen Jiahong is principally engaged in the business of import and sale and provision of after-sale services for luxury cars, sale and provision of after-sale services for second-hand luxury cars and other auto-related business in thirteen provinces/municipalities in the PRC, including Guangdong, Hunan, Chongqing, Shandong, Neimenggu, Sichuan, Shanxi, Fujian, Liaoning, Henan, Guangxi, Yunnan and Zhejiang. The Group has been considering to conduct, when it is appropriate, acquisitions which may facilitate the realization of the Group's business strategy; consolidate with the current resources of the Group; bring synergy to the Group's current business and enhance the competitiveness of the Group. Having made preliminary due diligence on Shenzhen Jiahong, the Directors consider Shenzhen Jiahong to be a potential acquisition target which is under further assessment by the Group.

It is the Group's business strategy to focus on the establishment and improvement of auto chain services network. It is expected that the acquisition of equity interest in Shenzhen Jiahong, should it materialise, would add a high-end auto after-sale service line with high customer loyalty to the Group's current business and improve the consistency between cash flow and profit of the Group while rapidly developing its auto chain services network.

The provision of the Entrusted Loan to Shenzhen Jiahong will allow the Group to analyse the business viability of Shenzhen Jiahong in greater detail and place the Group in an advantageous strategic position in negotiating the terms for the potential acquisition of Shenzhen Jiahong if the Group decides to do so in future.

The terms of the Entrusted Loan Agreement (including the principal amount, the interest rates and the loan period) were negotiated on an arm's length basis between NFLP and Shenzhen Jiahong based on, among other things, the quality and value of the security provided, the Group's assessment on the ability of Shenzhen Jiahong to repay and the business conditions and creditworthiness of Shenzhen Jiahong. The Directors are of the view that the Entrusted Loan Agreement was entered into on normal commercial terms. Taking into account the possibility of acquiring equity interest in Shenzhen Jiahong by the Group and the interest income expected to be generated as a result of the Entrusted Loan Agreement, the Directors consider that the terms of the Transaction are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the grant of the Entrusted Loan under the Entrusted Loan Agreement are more than 5% but less than 25%, the grant of the Entrusted Loan under the Entrusted Loan Agreement constitutes a discloseable financial assistance transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements of the Listing Rules.

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**Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.**

## **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
“Director(s)”	The director(s) of the Company

“Entrusted Loan Agreement”	entrusted loan agreement dated 29 December 2014 entered into among NFLP (as the entrusting party), the Lending Bank (as the entrusted party and the lending agent) and Shenzhen Jiahong (as the borrower) in relation to the grant of the Entrusted Loan to Shenzhen Jiahong
“Entrusted Loan”	the entrusted loan in principal amount of RMB100,000,000 (equivalent to approximately HK\$126,826,000) granted by NFLP to Shenzhen Jiahong through the Lending Bank pursuant to Entrusted Loan Agreement
“Group”	the Company and its subsidiaries
“Lending Bank”	a local branch of a PRC commercial bank in Shanghai
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“PRC”	means the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	means the shareholder(s) of the Company
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shenzhen Jiahong”	深圳市佳鴻貿易發展有限公司 (Shenzhen Jiahong Trading Development Co., Ltd*), a limited liability company established in the PRC and, through its subsidiaries, is principally engaged in the import, sale and provision of after-sale services for luxury cars, sale and provision of after-sale services for second-hand luxury cars and other auto-related businesses in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the granting of the Entrusted Loan to Shenzhen Jiahong pursuant to the Entrusted Loan Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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“RMB” Renminbi, the lawful currency of the PRC

“%” means per cent

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

Hong Kong, 29 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.*