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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)

ISSUE OF CONVERTIBLE NOTES DUE 2019 UNDER GENERAL MANDATE

DISCLOSURE PURSUANT TO RULES 13.17 AND 13.18 OF THE LISTING RULES AND APPOINTMENT OF NON-EXECUTIVE DIRECTOR

ISSUE OF CONVERTIBLE NOTES DUE 2019 UNDER GENERAL MANDATE

On 21 August 2017, the Company entered into the Convertible Note Purchase Agreement with the Investor, pursuant to which the Company has conditionally agreed to issue and the Investor has conditionally agreed to purchase the Convertible Notes in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) due in 2019.

The initial Conversion Price is HK\$0.306085 per Share, which represents: (i) a premium of approximately 32.50% over the last Closing Price of HK\$0.231 per Share quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of approximately 30.81% to the average Closing Price of approximately HK\$0.234 per Share as quoted on the Stock Exchange for the five consecutive Trading Days up to and including the Last Trading Date; and (iii) a premium of approximately 29.70% to the average Closing Price of approximately HK\$0.236 per Share as quoted on the Stock Exchange for the 10 consecutive Trading Days up to and including the Last Trading Date.

* For identification purposes only

Assuming full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.306085 per Share, the Convertible Notes will be convertible into approximately 886,191,744 Shares, representing (i) approximately 19.36% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 16.22% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, and (iii) approximately 16.03% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares and the new Shares to be issued upon conversion of the Existing Convertible Bonds. The Conversion Shares will rank *pari passu* in all respects with the Shares then in issue on the relevant conversion date.

No application will be made by the Company to the Listing Committee for listing of the Convertible Notes. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

Assuming the Convertible Notes of an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) are issued, the aggregate gross proceeds from the issue of the Convertible Notes are expected to be US\$35,000,000. The net proceeds from the issue of the Convertible Notes, after deducting all related fees and expenses, are estimated to be approximately US\$34,500,000 (equivalent to approximately HK\$267,375,000). Based on the net proceeds of approximately US\$34,500,000 (equivalent to approximately HK\$267,375,000), the net price per Conversion Share is approximately US\$0.039 (equivalent to approximately HK\$0.302).

The Board intends to use the proceeds from the issue of the Convertible Notes solely for the expansion of the Group's retail distribution of automotive parts and accessories and the Group's wholesale business, as well as the repayment of existing indebtedness, including the full redemption of the Existing Convertible Bonds, and payment of fees and expenses in connection with the transactions contemplated under the Transaction Documents.

DISCLOSURE PURSUANT TO RULE 13.17 OF THE LISTING RULES

Pursuant to the Share Charge, CDH, as legal and beneficial owner and as continuing security for the due and punctual payment and discharge of all present and future liabilities of the Company and CDH under or in relation to any one or more of the Transaction Documents, charges in favour of the Investor by way of first fixed charge all of CDH's present and future rights and title to, and interest from time to time in, any and each of (i) all its present and future Charged Assets; (ii) the Securities Account; (iii) all Accruing Property; and (iv) all Accruing Rights.

CDH, as beneficial owner of the Charged Shares assigns, and agrees to assign, absolutely by way of security to the Investor: (i) all the present and future rights of CDH against any relevant safe-keeping agent or the relevant clearing system with respect to the Charged Shares and the Securities Account; and (ii) all its rights, present and future relating to the Charged Assets.

The charges created pursuant to the Share Charge shall become immediately enforceable if an Event of Default has occurred and the Investor serves a security enforcement notice on CDH while such event is continuing. The Investor may serve the said security enforcement notice on CDH any time after it serves the notice of repayment upon the occurrence of any of the Events of Default on the Company.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

The Terms and Conditions indirectly impose specific performance obligations on CDH and breach of such obligations will cause an Event of Default which will be significant to the Company's operations. The Company is therefore under a general obligation to disclose the details of the Convertible Notes in accordance with Rule 13.18 of the Listing Rules as contained in this announcement.

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Company will make disclosures in its subsequent interim and annual reports for so long as circumstances giving rise to the abovementioned specific performance obligation of the controlling shareholder continue to exist.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

In addition, the Board has, on the recommendation of the Nomination Committee, approved the appointment of Mr. Li as a non-executive Director with effect from 21 August 2017.

Completion of the Convertible Note Purchase Agreement is subject to the satisfaction and/or waiver of the Conditions Precedent under the Convertible Note Purchase Agreement. As the subscription of the Convertible Notes may or may not be completed, the Convertible Notes may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 21 August 2017, the Company entered into the Convertible Note Purchase Agreement with the Investor, pursuant to which the Company has conditionally agreed to issue and the Investor has conditionally agreed to purchase the Convertible Notes in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) due in 2019.

In addition, the Board has, on the recommendation of the Nomination Committee, approved the appointment of Mr. Li as a non-executive Director with effect from 21 August 2017.

THE CONVERTIBLE NOTE PURCHASE AGREEMENT

The principal terms of the Convertible Note Purchase Agreement are set out below.

Date

21 August 2017

Parties

- (1) the Company, as issuer; and
- (2) the Investor, as purchaser.

Subject matter

Subject to the terms and conditions of the Convertible Note Purchase Agreement, the Company has conditionally agreed to issue, and the Investor has conditionally agreed to purchase from the Company, the Convertible Notes in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000).

Conditions precedent

The obligation of the Investor to purchase the Convertible Notes is subject to the fulfillment of, among other things, the following Conditions Precedent (any or all of such Conditions Precedent may be waived in writing by the Investor) at or prior to the Closing:

- (1) the 2,889,580,226 Shares owned by CDH, free of any Liens (other than those created under the Transaction Documents), shall have been credited to the Securities Account to be held subject to and in accordance with the terms of the relevant Transaction Documents;
- (2) the representations and warranties under the Convertible Note Purchase Agreement shall be true, correct, accurate, complete and not misleading when made, and shall continue to be so up to the Closing Date with the same force and effect as if they had been repeated throughout the period from the date hereof through and including the Closing Date, or as of another date if any representations and warranties are made with respect to such other date;
- (3) the Company shall have received approval from the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Company and CDH shall have obtained all other approvals necessary for the transactions contemplated by the Transaction Documents on or prior to the Closing;

- (4) the Company and CDH shall have delivered to the Investor a copy of each of the Transaction Documents, which shall have been duly executed by the parties thereto (other than the Investor);
- (5) the current listing of the Shares not having been cancelled or withdrawn, and the trading in the Shares has not been suspended from the date hereof to and including the Closing Date for any reason. The Investor being satisfied that neither the Stock Exchange nor the SFC has indicated that it will or may qualify, object to, suspend, cancel or withdraw such listing and/or dealings in the Shares;
- (6) all requirements, if any, imposed by the Stock Exchange, in connection with the contemplated transactions under the Transaction Documents, have been complied with in full;
- (7) the Company shall have performed and complied with all covenants, agreements, obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by it on or before the Closing;
- (8) there shall have been no governmental authority or other person that has:
 - (a) requested any information in connection with or instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge the issue of the Convertible Notes or the other transactions contemplated by the Transaction Documents;
 - (b) threatened to take any action as a result of or in anticipation of the issue of the Convertible Notes or the other transactions contemplated by the Transaction Documents; or
 - (c) proposed or enacted any applicable laws which would prohibit, restrict or delay the issue of the Convertible Notes, the other transactions contemplated by the Transaction Documents;
- (9) there shall not, since the date of the Convertible Note Purchase Agreement, have been any adverse change to the financial condition, results of operations, assets, regulatory status, business and prospects of the Group or the financial markets or economic conditions in general that has had or could reasonably be expected to have a Material Adverse Effect;
- (10) no event that would (had the Convertible Notes already been issued) constitute an Event of Default has occurred;

- (11) the Investor shall have obtained from the investment committee of its parent company or Affiliate the approval to enter into the Transaction Documents and the consummation of the transactions proposed therein and such approval has not been revoked;
- (12) the Investor, in its sole opinion, is satisfied with the results of the due diligence in relation to the Group including business and operation, deal structure, financial, tax, shareholders and related party transactions, know your customer and anti-money laundering, regulatory and legal aspects of each Group Member;
- (13) the number of Shares legally and beneficially owned by CDH shall not be less than 51% of the total issued and outstanding Shares of the Company on a fully-diluted basis. CDH shall hold all Shares free from Liens save for those created under the Transaction Documents;
- (14) no Change of Control has occurred;
- (15) the Shares charged to the Investor under the Share Charge represent not less than 51% of the total issued and outstanding Shares of the Company on a fully-diluted basis after excluding the Conversion Shares issuable upon the exercise of the Conversion Rights;
- (16) the Company shall have provided evidence to the satisfaction of the Investor that the Investor Director has been appointed to the Board; and
- (17) the total equity attributable to Shareholders shall not be less than RMB300,000,000 (based on the latest published annual or interim financial statements of the Company).

Closing

Closing shall take place on a date no later than three Business Days (or such shorter period agreed by the Investor) after the fulfillment or waiver by the Investor of the Conditions Precedent (other than those Conditions Precedent which can be satisfied only at the Closing or with respect to actions the relevant party shall take at the Closing itself) or at such other time as the Company and the Investor may mutually agree upon.

Termination

If the Conditions Precedent are not fulfilled or waived by the Investor on or before 30 August 2017, the Investor may, at its option, without prejudice to its rights under the Convertible Note Purchase Agreement and applicable laws:

- (1) defer the Closing to a later date;
- (2) proceed to the Closing in respect of the purchase of the Convertible Notes so far as practicable but subject to such conditions as the Investor may determine at its sole discretion; or
- (3) terminate the Convertible Note Purchase Agreement in accordance with the terms thereunder.

Subject to the terms of the Convertible Note Purchase Agreement, if the Convertible Note Purchase Agreement is terminated, the Convertible Note Purchase Agreement shall forthwith become null and void, and there shall be no liability or obligation on the part of the Company or the Investor (or any of their respective representatives or Affiliates) under the Transaction Documents or in connection with the transactions contemplated thereby, except that such termination shall not relieve any breaching party from liability thereunder from breach of any representation or warranty contained therein or any breach of any covenant or agreement contained therein.

Nomination of the Investor Director

Subject to compliance with all applicable laws and regulations (including the Listing Rules) and the Memorandum and Articles, the Investor may at any time on or after the date of the Convertible Note Purchase Agreement and during the Effective Period nominate a person for appointment as an Investor Director. If a nominee of the Investor is not appointed as a non-executive Director, the Investor will have the right to continue nominating alternative persons for appointment until the date on which all the Convertible Notes have been fully converted, redeemed or repaid.

Use of Proceeds

Pursuant to the Convertible Note Purchase Agreement, the Company shall use the proceeds from the issue of the Convertible Notes solely for the expansion of the Group's retail distribution of automotive parts and accessories and the Group's wholesale business, as well as the repayment of existing indebtedness, including the full redemption of the Existing Convertible Bonds, and payment of fees and expenses in connection with the transactions contemplated under the Transaction Documents. No part of the proceeds will be used for the subscription and/or acquisition of securities listed on any stock exchange. The Investor shall have the right (but not the obligation) to monitor the use of proceeds of the issuance of the Convertible Notes.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are summarized as follows:

- Issuer** : The Company
- Principal amount** : US\$35,000,000 (equivalent to approximately HK\$271,250,000)
- Status** : The Convertible Notes constitute direct and unconditional senior secured obligations of the Company and rank equally and without any preference amongst themselves. The payment obligations of the Company under the Convertible Notes will (subject to any obligations preferred by mandatory provisions of law) rank at least pari passu with all other present and future direct, unconditional and unsubordinated obligations of the Company. No application will be made for a listing of the Convertible Notes on any stock exchange.
- Maturity Date** : The Initial Maturity Date, being the 2nd anniversary date of the Closing Date, unless (i) the maturity of the Convertible Notes is accelerated upon the occurrence of an Event of Default or (ii) the maturity of the Convertible Notes is extended to the Extended Maturity Date by mutual agreement between the Company and the Noteholders.
- Interest** : Interest shall accrue on the Convertible Notes from and including the issue date of the Convertible Notes until and including on which the Convertible Notes are redeemed or converted in accordance with the Terms and Conditions at the rate of 7% per annum payable in cash by the Company arrears semi-annually.
- Default interest** : If any Default occurs, (i) any amount which is not paid when due under the Convertible Notes or (ii) any outstanding principal amount of the Convertible Notes (in the case of occurrence of any such Default other than the failure by the Company to pay any amount which is due under the Convertible Notes) shall bear additional interest from and including the date of occurrence of the Default until the earlier of (a) the date on which the Convertible Notes are fully redeemed pursuant to the Terms and Conditions, and (b) the date on which such Default ceases to, at the rate of 15% per annum.

Conversion : A Noteholder shall have the right at any time during the period from and including, the Closing Date to and including the Maturity Date, require the Company to convert the whole or any part of the principal amount outstanding and any accrued and outstanding interest under the Convertible Notes (using an exchange rate of HK\$7.75 per US\$1.00) into Shares at the Conversion Price subject to adjustments in accordance with the Terms and Conditions.

In the event that following an exercise of the Conversion Rights, an issue of Shares is required which would exceed the limit on the allotment and issue of Shares in the General Mandate, the Company shall:

- (1) issue and deliver, in accordance with the Terms and Conditions, the number of Shares to which the relevant Noteholder would have been entitled upon exercise of the Conversion Rights up to the maximum possible that would not exceed the General Mandate; and
- (2) deliver a notice within five Business Days after the date of the notice of conversion to the Noteholder and satisfy the exercise of the Conversion Rights by making payment, or procuring that payment is made on its behalf to the Noteholders in immediately available funds, on the fifth Business Day following the date of the said notice of conversion, of the cash value alternative.

Conversion Price : The initial Conversion Price is HK\$0.306085, being 130% of the average of the Closing Prices of a Share on the Main Board of the Stock Exchange for each of the last 20 consecutive Trading Days prior to the date of the Convertible Note Purchase Agreement, subject to adjustment in accordance with the Terms and Conditions.

Adjustments

: The Conversion Price shall from time to time be adjusted in accordance with the Terms and Conditions, upon occurrence of the following events and so that if the event giving rise to any such adjustment is capable of falling within more than one of paragraphs (1) to (8) below, it shall fall within the first of the applicable paragraphs to the exclusion of the remaining paragraphs:

- (1) If and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.
- (2) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund). Each such adjustment shall be effective (if appropriate, retroactively) from the commencement of the Business Day next following the record date for such issue.
- (3) If and whenever the Company shall make any capital distribution in specie or in cash (except where, and to the extent that the Conversion Price falls to be adjusted under sub-paragraph (2) above) to the Shareholders (whether on a reduction of capital or otherwise) or shall grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries. Each such adjustment shall be effective (if appropriate, retroactively) from the commencement of the Business Day next following the record date for the capital distribution or grant.
- (4) If and whenever the Company shall offer to the Shareholders new Shares for subscription by way of rights, or shall grant to the Shareholders any options or warrants to subscribe for new Shares, at a price which is less than the Market Price at the date of the announcement of the terms of the offer or grant. Such adjustment shall become effective (if appropriate retroactively) from the commencement of the Business Day next following the record date for the offer or grant.

- (5) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than the Market Price at the date of the announcement of the terms of issue of such securities. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the Business Day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Company determines the conversion or exchange rate or subscription price.
- (6) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in sub-paragraph (5) above are modified so that the total effective consideration per Share initially receivable for such securities shall be less than the Market Price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription. Such adjustment shall become effective (if appropriate, retrospectively) as at the date upon which such modification shall take effect.
- (7) If and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than the Market Price at the date of the announcement of the terms of such issue. Such adjustment shall become effective on the date of the issue.
- (8) If and whenever the Company shall issue Shares for the acquisition of any asset at a total effective consideration per Share which is less than the Market Price at the date of the announcement of the terms of such issue. Such adjustment shall become effective on the date of issue.

- Transfer of the Convertible Notes** : The Convertible Notes are freely transferrable (in whole or in part) by the Noteholder to any person subject to compliance with all applicable law. Any transfer of the Convertible Notes may be in respect of the whole or any part of the outstanding principal amount of the Convertible Notes.
- Repayment upon maturity** : Unless previously redeemed, converted or cancelled in accordance with the Terms and Conditions, the Company shall redeem on the Maturity Date the entire outstanding principal amount of the Convertible Notes in an amount equal to the aggregate of (i) the Base Redemption Amount, (ii) interest accrued and outstanding, (iii) any Default Interest accrued and outstanding, (iv) a premium, which in the aggregate with the Base Redemption Amount, will provide the Noteholder with an IRR of 12% per annum on the Base Redemption Amount, calculated from the issue date of the Convertible Notes to the date of such redemption, taking into account all interest paid on the Convertible Notes and any accrued and outstanding interest under item (ii) above, but excluding any Default Interest paid or any Default Interest accrued and outstanding, and (v) any other payment accrued and outstanding to the Noteholder pursuant to the Transaction Documents.
- Events of Default** : Upon the occurrence of any of the following Events of Default, the Noteholder shall be entitled to require, by lodging a notice of repayment, the whole or any part of Convertible Notes registered in its name to be redeemed at the EOD Redemption Amount, which at the time of the notice of repayment shall become immediately due and payable:
- (1) any failure by the Company to pay the principal or any interest due and payable on the Convertible Notes or any other amount due and payable under the Convertible Notes on its due date in the manner specified in the Transaction Documents;
 - (2) any breach or default by the Company or CDH in the performance or observance of or compliance with any obligations, covenants, undertakings or other terms under any of the Transaction Documents;

- (3) any representation, warranty, certification or statement made by or on behalf of the Company or CDH under any of the Transaction Documents shall have been incorrect, misleading or false;
- (4) any of the Transaction Documents shall be held in any judicial proceedings to be unenforceable or invalid, or not perfected, or cease or fail for any reason to be in full force and effect or to create or constitute an interest with the priority and effect required under such Transaction Document;
- (5) it becomes illegal under any applicable law for the Company or CDH to perform or comply with any one or more of its obligations under the Convertible Notes or any other Transaction Documents or any enforceable final ruling is rendered by a competent court to the effect that any obligation under the Convertible Notes or any other Transaction Documents is illegal or invalid;
- (6) (i) any indebtedness (whether actual or contingent) of any Group Member or CDH becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) any Group Member or CDH fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any such indebtedness; provided that, in each case, the amount of the relevant indebtedness exceeds RMB40,000,000 individually or its equivalent in any other currency or currencies;
- (7) the Company, any other Material Group Member or CDH becomes insolvent or bankrupt or is unable to pay its debts as they fall due;

- (8) an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of any part of the assets or revenues of the Company, any other Material Group Member or CDH, provided that the value of the relevant assets or revenues exceeds RMB40,000,000 individually or its equivalent in any other currency or currencies;
- (9) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any part of the assets or revenues of the Company, any other Material Group Member or CDH (excluding any of a frivolous or vexatious nature), provided that the value of the relevant assets or revenues exceeds RMB10,000,000 individually or its equivalent in any other currency or currencies;
- (10) any case, proceeding or other action being commenced by or against the Company, any other Material Group Member or CDH: (i) under any bankruptcy law, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it bankrupt or insolvent, or seeking reorganisation, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other similar relief to it or its debts; or (ii) seeking appointment of a liquidator, administrator, administrative receiver, receiver, trustee, custodian, conservator or other similar official for it or for all or any part of its assets. This condition shall not apply to any case, proceeding or other action this is of a frivolous or vexatious nature;
- (11) the Company, any other Material Group Member or CDH pursuant to or within the meaning of the applicable bankruptcy laws, (i) commences a voluntary case, (ii) consents to the entry of an order for relief against it in an involuntary case, (iii) consents to the appointment of a liquidator, administrator, administrative receiver, receiver, trustee, assignee, liquidator or similar official, (iv) initiates or consents to any proceedings relating to itself under any law for a readjustment or deferment of its obligations or any part of them, or (v) makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors;

- (12) a moratorium is agreed or declared in respect of any indebtedness of the Company, any other Material Group Member or CDH, or any governmental authority takes any step with a view to seizing, compulsorily purchasing or expropriating all or a substantial part of any Group Member or CDH;
- (13) a court of competent jurisdiction enters an order or decree under any bankruptcy law that (i) is for relief against the Company, any other Material Group Member or CDH in an involuntary case, (ii) appoints a liquidator, administrator, administrative receiver, receiver, trustee, custodian, conservator or other similar official of the Company, any other Material Group Member or CDH, or (iii) orders the liquidation or provisional liquidation of the Company, any other Material Group Member or CDH;
- (14) any one or more events or changes shall have occurred that have caused or constitute or are reasonably likely to cause or constitute, in aggregate, a Material Adverse Effect;
- (15) any material breach by any Group Member of any law, including any laws applicable to the conduct or operation of their business or the ownership or use of any of their assets or any material breach by any Group Member of the Listing Rules;
- (16) any case, proceedings or other actions being commenced against any Group Member in each case which is not of a frivolous or vexatious nature where the amount in dispute exceeds RMB10,000,000 individually;
- (17) the Company or any other Material Group Member ceases to carry on or conduct the Business or engages in any business activity other than the Business;
- (18) the trading in the Shares on the Main Board of the Stock Exchange is suspended for any reason for more than two consecutive Business Days or the current listing of the Shares is cancelled or withdrawn;

- (19) the number of Shares legally and beneficially owned by CDH is less than 51% of the total issued and outstanding Shares of the Company on a fully-diluted basis at any time;
- (20) the number of Shares charged under the Share Charge represent less than 51% of the total issued and outstanding Shares of the Company on a fully-diluted basis but excluding the Conversion Shares issuable upon the exercise of the Conversion Rights;
- (21) a Change of Control occurs;
- (22) the Company fails to obtain the prior written consent of the Noteholder before any Group Member engages in activities expressly prohibited in certain negative pledge provisions, as further detailed in sub-paragraphs (3), (4) and (5) under the section headed “Principal Terms of the Convertible Notes – Negative pledge”;
- (23) CDH creates or permits to subsist or arise any Lien, other than any Lien created under the Transaction Documents, over any of the Shares it presently and may in the future own; and
- (24) the total equity attributable to owners of the Company is less than RMB300,000,000 (based on the latest published annual or interim financial statements of the Company).

Negative pledge

: The Company covenants with the Noteholder from time to time and at all times while any of the Convertible Notes remains outstanding that, except as expressly permitted under the Transaction Documents or with the prior written consent of the majority Noteholders, the Company will not, and will procure that no Group Member will:

- (1) cease to conduct or carry on the Business or engage in any business activity other than the Business;

- (2) amend the accounting policies previously adopted or change its fiscal year;
- (3) acquire any assets, property or undertaking of any nature, or set up or create any Affiliate (other than investments in the shares of the other Group Members or acquisitions of investments in cash and cash equivalents or acquisitions or investments made in the ordinary course of business) where the consideration for such acquisition will exceed RMB10,000,000 individually;
- (4) other than to other Group Members, borrow or raise any money or incur any indebtedness (in whatever form or evidenced by whatever instrument) or give any guarantee, indemnity, surety or security in respect of any indebtedness (in each case other than any indebtedness existing on the date hereof and any refinancing thereof to the extent the amount of such refinancing indebtedness does not exceed the amount so refinanced) if the principal amount of such indebtedness incurred will exceed RMB40,000,000 individually;
- (5) enter into any contract or undertake any liability, in each case in respect of any actual or contingent capital expenditure, where the amount of such capital expenditure will exceed RMB10,000,000 individually;
- (6) repay any loans or indebtedness (in whatever form or evidenced by whatever instrument) it owes to any person (including its shareholders and directors) when an Event of Default has occurred and is continuing or would occur as a result thereof;
- (7) lend any money or provide any indebtedness (in whatever form or evidenced by whatever instrument) to any person other than (i) trade credit made in the ordinary course of business; and (ii) inter-Group loans and credit;

- (8) terminate any agreement, arrangement or understanding or waive any right except for (i) terminations or waivers provided in the ordinary course of business and (ii) terminations or waivers with respect to agreements, arrangements or understandings that do not exceed RMB10,000,000 individually;
- (9) create or permit to arise any Lien securing any indebtedness other than (i) Liens existing on the date hereof or securing any refinancing indebtedness in an amount not to exceed the amount so refinanced and (ii) Liens with respect to obligations of the Group that do not exceed RMB40,000,000 (or its equivalent in other currencies) individually;
- (10) dispose of the ownership, possession, custody or control of any corporate books or records;
- (11) pass any resolution for the winding up of any Material Group Member, undertake any merger or restructuring concerning any Material Group Member, or apply for the appointment of a receiver, manager or judicial manager or like officer;
- (12) take any action that reclassifies any outstanding Shares into any equity securities having preferences or priority as to dividends or assets senior to or on parity with the preference of the Convertible Notes;
- (13) dispose of or dilute all or any part of its interest in any of its Material Group Members to the extent that such Material Group Member ceases to be a Group Member;
- (14) compromise, settle, release, discharge or compound any civil, criminal, arbitration or other proceedings or any liability, claim, action, demand or dispute brought by any Group Member against any third party or waive any right in relation to any of the foregoing where the value so compromised, settled, released, discharged or compounded will exceed RMB10,000,000 individually;

- (15) release, compromise or write off any amount recorded in the books of account of the Company as owing by any debtors of the Company (other than such release, compromise or write off in the ordinary course of business) where the amount so released, compromised or written off will exceed RMB2,000,000 individually;
- (16) make any payment to any related party or Affiliate other than (i) any inter-Group transactions; and (ii) any such payment made on arm's length basis when no Event of Default has occurred and is continuing or would occur as a result thereof;
- (17) sell or dispose of its any of its undertaking, goodwill or assets other than (i) any such sale or disposal in its ordinary course of business; (ii) any sale or disposal of obsolete, worn-out or damaged assets or properties; (iii) any inter-Group sales or disposals; (iv) any sale or disposition of assets for fair market value; and (v) any sale or disposition permitted under other clauses of the negative pledge provisions under the Terms and Conditions;
- (18) sell, transfer, license, charge, encumber or otherwise dispose of any of its intellectual property except as would not reasonably be expected to affect the Group's ability, as a whole, to carry out the Business in the ordinary course of business;
- (19) amend or change the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of the Noteholders under the Convertible Notes and the other Transaction Documents;
- (20) obtain or seek to obtain a tax advantage through any fraud or evasion;
- (21) make or enter into any arrangement, undertaking or scheme which was at the time it was entered into a sham or fiscal nullity;

- (22) enter into any deed, agreement, assignment, instrument or documents whatsoever binding on it which may result in any breach of any of the terms and conditions of the Convertible Notes and the other Transaction Documents;
- (23) with respect to the Company only, make any issue, grant or distribution or take any other action if the effect thereof would be that on the exercise of the Conversion Rights, it would, but for adjustments of the Conversion Price in accordance with the Terms and Conditions, be required to issue Shares at a discount to their par value or to adjust the Conversion Price to a level below the par value of the Shares;
- (24) with respect to the Company only, make any reduction or redemption of share capital, share premium account or capital redemption reserve involving the repayment of money to the Shareholders or reduce any uncalled liability in respect thereof unless, in any such case, the same gives rise to an adjustment of the Conversion Price in accordance with the Terms and Conditions; or
- (25) enter into any agreement or undertaking to do any of the above.

CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price is HK\$0.306085 per Share, which represents:

- (i) a premium of approximately 32.50% over the last Closing Price of HK\$0.231 per Share quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 30.81% to the average Closing Price of approximately HK\$0.234 per Share as quoted on the Stock Exchange for the five consecutive Trading Days up to and including the Last Trading Date; and
- (iii) a premium of approximately 29.70% to the average Closing Price of approximately HK\$0.236 per Share as quoted on the Stock Exchange for the 10 consecutive Trading Days up to and including the Last Trading Date.

The Conversion Price was determined after arm's length negotiation between the Company and the Investor with reference to the latest trading prices of the Shares on the Stock Exchange, the results and prospects of the Company and market practice. The Directors (including the independent non-executive Directors) are of the view that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.306085 per Share, the Convertible Notes will be convertible into approximately 886,191,744 Shares, representing (i) approximately 19.36% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 16.22% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, and (iii) approximately 16.03% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares and the new Shares to be issued upon conversion of the Existing Convertible Bonds. The Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.

GENERAL MANDATE TO ISSUE THE CONVERSION SHARES

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 29 June 2017. Under the General Mandate, the Directors are authorized to allot and issue up to a maximum of 915,321,257 new Shares. As at the date of this announcement, the General Mandate has not been utilized since it was granted.

Pursuant to the Terms and Conditions and as disclosed in the section headed “Principal Terms of the Convertible Notes – Conversion”, the maximum number of Conversion Shares issuable upon conversion of the Convertible Notes shall be subject to such number of Shares which may be issued under the General Mandate.

As such, the General Mandate will be sufficient for, and no further Shareholders’ approval is required for, the allotment and issue of the Conversion Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below set out a summary of the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon full conversion of the Convertible Notes; and (iii) upon full conversion of the Convertible Notes and the Existing Convertible Bonds:

Shareholders	As at the date of this announcement		Immediately after the issue of the Shares upon full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.306085 each		Immediately after the issue of the Shares upon full conversion of the Convertible Notes at the initial Conversion Price of HK\$0.306085 each and upon full conversion of the Existing Convertible Bonds	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
CDH	2,889,580,226	63.14	2,889,580,226	52.90	2,889,580,226	52.28
Bondholders	–	–	886,191,744	16.22	886,191,744	16.03
Other public Shareholders	1,687,026,063	36.86	1,687,026,063	30.88	1,751,859,396	31.69
TOTAL ISSUED SHARES	4,576,606,289	100	5,462,798,033	100	5,527,631,366	100

USE OF PROCEEDS

Assuming the Convertible Notes of an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) are issued, the aggregate gross proceeds from the issue of the Convertible Notes are expected to be US\$35,000,000. The net proceeds from the issue of the Convertible Notes, after deducting all related fees and expenses, are estimated to be approximately US\$34,500,000 (equivalent to approximately HK\$267,375,000). Based on the net proceeds of approximately US\$34,500,000 (equivalent to approximately HK\$267,375,000), the net price per Conversion Share is approximately US\$0.039 (equivalent to approximately HK\$0.302).

The Board intends to use the proceeds from the issue of the Convertible Notes solely for the expansion of the Group's retail distribution of automotive parts and accessories and the Group's wholesale business as well as the repayment of existing indebtedness, including the full redemption of the Existing Convertible Bonds, and payment of fees and expenses in connection with the transactions contemplated under the Transaction Documents.

DISCLOSURE PURSUANT TO RULE 13.17 OF THE LISTING RULES

Pursuant to the Convertible Note Purchase Agreement and as disclosed in the section headed "The Convertible Note Purchase Agreement – Conditions Precedent", CDH, being the controlling shareholder of the Company, is required to enter into the Share Charge on or prior to the Closing, pursuant to which CDH will charge, among other things, 2,889,580,226 Shares held by it in favour of the Investor.

Pursuant to the Share Charge, CDH, as legal and beneficial owner and as continuing security for the due and punctual payment and discharge of all present and future liabilities of the Company and CDH under or in relation to any one or more of the Transaction Documents, charges in favour of the Investor by way of first fixed charge all of CDH's present and future rights and title to, and interest from time to time in, any and each of (i) all its present and future Charged Assets; (ii) the Securities Account; (iii) all Accruing Property; and (iv) all Accruing Rights.

CDH, as beneficial owner of the Charged Shares assigns, and agrees to assign, absolutely by way of security to the Investor: (i) all the present and future rights of CDH against any relevant safe-keeping agent or the relevant clearing system with respect to the Charged Shares and the Securities Account; and (ii) all its rights, present and future relating to the Charged Assets.

The charges created pursuant to the Share Charge shall become immediately enforceable if an Event of Default has occurred and the Investor serves a security enforcement notice on CDH while such event is continuing. The Investor may serve the said security enforcement notice on CDH any time after it serves the notice of repayment upon the occurrence of any of the Events of Default on the Company.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

Pursuant to the Terms and Conditions and as disclosed in the section headed “Principal Terms of the Convertible Notes – Events of Default”, an Event of Default occurs if, among other things:

- (1) the number of Shares legally and beneficially owned by CDH is less than 51% of the total issued and outstanding Shares of the Company on a fully-diluted basis at any time;
- (2) the number of Shares charged under the Share Charge represent less than 51% of the total issued and outstanding Shares of the Company on a fully-diluted basis but excluding the Conversion Shares issuable upon the exercise of the Conversion Rights;
- (3) a Change of Control occurs; or
- (4) CDH creates or permits to subsist or arise any Lien, other than any Lien created under the Transaction Documents, over any of the Shares it presently and may in the future own.

A Change of Control occurs if CDH (i) fails to maintain the power to control the composition of, or to appoint or remove, a majority of the Board or (ii) fails to remain the largest Shareholder of the Company.

Accordingly, the Terms and Conditions indirectly impose specific performance obligations on CDH and breach of such obligations will cause an Event of Default which will be significant to the Company’s operations. The Company is therefore under a general obligation to disclose the details of the Convertible Notes in accordance with Rule 13.18 of the Listing Rules as contained in this announcement.

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Company will make disclosures in its subsequent interim and annual reports for so long as circumstances giving rise to the abovementioned specific performance obligation of the controlling shareholder continue to exist.

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

The Company has not raised any funds by issuing equity securities during the 12 months immediately before the date of this announcement.

APPLICATION FOR LISTING

No application will be made by the Company to the Listing Committee for listing of the Convertible Notes. An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

REASONS FOR AND BENEFITS OF THE ISSUE OF CONVERTIBLE NOTES

The Directors are of the view that the issue of Convertible Notes represents 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 the Convertible Notes would enable the Company to obtain funds with lower financial costs.

In addition, the Directors are of the view that the investment by the Investor, being a reputable institutional investor, in convertible instrument of the Company represents a 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 Convertible Note Purchase Agreement and the transactions contemplated thereunder (including the issue of the Convertible Notes and the allotment and issue of the Conversion Shares upon exercise of the Conversion Rights attaching to the Convertible Notes), which are determined after arm's length negotiations between the Company and the Investor are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Nomination of the Investor Director

Pursuant to the Convertible Note Purchase Agreement and as disclosed in the section headed "The Convertible Note Purchase Agreement – Nomination of the Investor Director", the Investor may at any time on or after the date of the Convertible Notice Purchase Agreement and during the Effective Period nominate a person for appointment as an Investor Director subject to compliance with all applicable laws and regulations (including the Listing Rules) and the Memorandum and Articles.

The nomination and appointment of the Investor Director will comply with the procedures of the Company with regard to the nomination and appointment of all Directors, which would include the Nomination Committee evaluating whether the proposed Investor Director is suitably qualified to become a Director before he or she is recommended to the Board for consideration. The appointment of the Investor Director as a Director is within the powers of the Board and it would be the final decision of the Board on whether or not to appoint the person nominated by the Investor as a Director. Pursuant to the Memorandum and Articles, the Investor Director appointed as a Director will be subject to retirement by rotation but will be eligible to offer himself or herself for re-election at the next annual general meeting of the Company.

Appointment of Director

The Board has, on the recommendation of the Nomination Committee, approved the appointment of Mr. Li as a non-executive Director with effect from 21 August 2017.

Mr. Li, aged 53, has over 20 years of experience in finance, and investment. He has been the Managing Director and Head of Direct Investments of CCB International Asset Management Limited since 2007.

Mr. Li was formerly the Chief Financial Officer of a Hong Kong listed company. He also worked as an investment banker at Schroders Asia Limited and Standard Chartered Asia Limited and served as the Financial Controller (PRC region) at Hutchison Whampoa Property Group, a Senior Investment Manager at Hongkong Land Limited (a member of the Jardine Group), and the Senior Investment Manager at China Travel International Investment H.K. Ltd.. Mr. Li was a director of EGing Photovoltaic Technology Co., Ltd.* (億晶光電科技股份有限公司), a joint stock limited company incorporated in the PRC and listed on the Shanghai Stock Exchange (Stock Code: 600537), from October 2013 to December 2014.

Mr. Li is licensed to carry out Types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). He is a Chartered Accountant (ICAEW) and also a member of the Hong Kong Institute of Certified Public Accountants and a Chartered Financial Analyst. Mr. Li holds a bachelor's degree from the London School of Economics and Political Science, the University of London.

In addition, Mr. Li also serves as the Vice Chairman of the Hong Kong Venture Capital and Private Equity Association's PRC Committee.

There is no fixed term of service of Mr. Li with the Company. Mr. Li is subject to retirement by rotation and re-election at the next annual general meeting of the Company in accordance with the Memorandum and Articles. Mr. Li will not receive any form of emolument as a non-executive Director.

Save as disclosed above, as at the date of this announcement, Mr. Li (i) does not have any relationship with any Directors, senior management or substantial or controlling shareholders of the Company; (ii) does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (iii) does not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iv) does not hold any other positions with other members of the Group.

Save as disclosed above, Mr. Li has confirmed that there are no other matters that needs to be brought to the attention of the Shareholders in connection with his appointment and there is no other information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

EXISTING CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 6 July 2015, 7 July 2015 and 13 July 2015 in relation to, among other things, the issue of the Existing Convertible Bonds in an aggregate principal amount of US\$25,000,000 (equivalent to approximately HK\$193,750,000) due in 2017.

As at the date of this announcement, there were outstanding Existing Convertible Bonds in an aggregate principal amount of US\$25,000,000 (approximately HK\$193,750,000) which upon full exercise of the Conversion Rights attaching to the Existing Convertible Bonds pursuant to the terms thereof, the Company may have to issue up to 64,833,333 new Shares, representing (i) approximately 1.42% of the issued share capital of the Company as at the date of this announcement, (ii) approximately 1.19% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares, and (iii) approximately 1.17% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares and the new Shares to be issued upon conversion of the Existing Convertible Bonds.

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 Mainland China, North America and Europe.

INFORMATION ON THE INVESTOR

The Investor is a limited liability company incorporated in the British Virgin Islands and is indirectly and wholly-owned by CCB International (Holdings) Limited (“CCBI”). CCBI is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint stock limited company incorporated in the PRC and listed on the Main Board of the Stock Exchange (Stock Code: 0939) and the Shanghai Stock Exchange (Stock Code: 601939).

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

Completion of the Convertible Note Purchase Agreement is subject to the satisfaction and/or waiver of the Conditions Precedent under the Convertible Note Purchase Agreement. As the subscription of the Convertible Notes may or may not be completed, the Convertible Notes may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to 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:

- “Accruing Property” means all stock, shares, loan capital, bonds, investments, warrants, dividends, monies or other securities (whether or not marketable), rights or other property accruing, offered or issued pursuant to the Accruing Rights
- “Accruing Rights” all allotments, accretions, offers, rights, benefits and advantages (including all voting rights) whatsoever at any time accruing, offered or arising in respect of or incidental to any Charged Shares by way of conversion, redemption, bonus, preference, purchase, substitution, exchange or as a result of any exercise of any option, warrant, conversion right in respect of any Charged Shares from time to time deposited in the Securities Account or any other right, power or privilege in respect of dividend (in cash or in specie), distribution, interest or otherwise in respect of any Charged Shares from time to time deposited in the Securities Account
- “Affiliate(s)” with respect to a person, any other person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such person
- “Base Redemption Amount” an amount equal to 100% of the principal amount stated in the Convertible Note certificate
- “Board” the board of directors of the Company
- “Business” principally the manufacture and sale of electronic and power-related automotive parts and accessories; the provision of automobile wash, beauty, repair, maintenance and restyling services and retail distribution of merchandise goods through its service chain stores network; wholesale distribution of automobile accessories; and in respect of the Company, investment holding

“Business Day”	a day on which commercial banks in Hong Kong are generally open for business other than Saturday and Sunday or a public holiday, or a day on which commercial banks do not open for business owing to a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force 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
“Change of Control”	any event or circumstance the result of which is that (i) CDH fails to maintain the power to control the composition of, or to appoint or remove, a majority of the Board or (ii) CDH fails to remain the largest Shareholder
“Charged Assets”	the Charged Shares and the Accruing Property
“Charged Shares”	(i) 2,889,580,226 Shares beneficially owned by CDH and held in the Securities Account as of the date of the Share Charge and (ii) any further Shares that may become subject to the Share Charge and shares of other companies (as approved by the Investor from time to time) beneficially owned by CDH and held in the Securities Account and charged in favour of the Investor in accordance with the terms and conditions of the Transaction Documents
“Closing”	the closing of the issue and purchase of the Convertible Notes pursuant to the terms and conditions of the Convertible Note Purchase Agreement
“Closing Date”	the date of the Closing
“Closing Price”	the closing price of the Shares on the Stock Exchange
“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
“Conditions Precedent”	the conditions precedent to Closing under the Convertible Note Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Control”	with respect to a person, the power or authority, whether exercised or not, to direct the business, management, policies or activities of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of, or to appoint or remove, a majority of the board of directors of such person and the terms “Controlled” and “Controlling” have meanings correlative to the foregoing
“Conversion Price”	HK\$0.306085, being 130% of the average of the Closing Prices of a Share on the Main Board of the Stock Exchange for each of the last 20 consecutive Trading Days prior to the date of the Convertible Note Purchase Agreement, subject to adjustment in accordance with the Terms and Conditions
“Conversion Rights”	the rights attached to the Convertible Notes to convert the principal amount and any accrued and outstanding interest under the Convertible Notes or part thereof into Conversion Shares in accordance with the Terms and Conditions
“Conversion Shares”	Shares issuable upon conversion of the Convertible Notes or otherwise pursuant to the Terms and Conditions
“Convertible Notes”	the convertible notes in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) due in 2019 to be issued by the Company to the Investor under the Convertible Note Purchase Agreement
“Convertible Note Purchase Agreement”	the convertible note purchase agreement dated 21 August 2017 entered into between the Company and the Investor in relation to the issue of the Convertible Notes
“Default”	an Event of Default or any event or circumstance which would (with the expiry of any grace period, the giving of notice, the making of any determination or a combination thereof) be an Event of Default
“Directors”	the directors of the Company
“Effective Period”	from the date of the Convertible Note Purchase Agreement up to and including the date on which all the Convertible Notes have been fully redeemed or repaid and all the Company’s obligations under the Transaction Documents have been fully performed and discharged

“EOD Redemption Amount”	upon early redemption of the Convertible Notes due to the occurrence of any Event of Default, the amount payable by the Company to the Noteholder in respect of the outstanding principal amount of the Convertible Notes on the date of such redemption, being the aggregate of: <ul style="list-style-type: none"> (i) the Base Redemption Amount; (ii) interest accrued and outstanding; (iii) a premium, which in the aggregate with the Base Redemption Amount, will provide the Holder with an IRR of 12% per annum on the Base Redemption Amount, calculated from the issue date of the Convertible Notes to the date on which Default Interest begins to accrue in relation to such Event of Default triggering the redemption, taking into account all interest paid on the Convertible Notes, any accrued and outstanding interest under item (ii) above but excluding any Default Interest paid or any Default Interest accrued and outstanding; (iv) any Default Interest accrued and outstanding; and (v) any other payment accrued and outstanding to the Noteholder pursuant to the Transaction Documents
“Event(s) of Default”	the event(s) of default as set out in the Terms and Conditions
“Existing Convertible Bonds”	the existing 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, which is convertible into Shares at the initial conversion price of HK\$3.00 per Share, further details of which are set out in the announcements of the Company dated 6 July 2015, 7 July 2015 and 13 July 2015
“Extended Maturity Date”	the date falling twelve months after the Initial Maturity Date
“General Mandate”	means 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
“Group Member”	a member of the Group

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Maturity Date”	the 2nd anniversary date of the Closing Date
“Investor”	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
“Investor Director”	a person nominated by the Investor, at any time on or after the date of the Convertible Note Purchase Agreement and during the Effective Period, for the appointment as a non-executive Director, together with any replacement non-executive Director as may be nominated by the Investor
“IRR”	an annual compounded, cumulative internal rate of return that produces a net present value of all cash flows (positive or negative) from an investment equal to zero
“Last Trading Date”	18 August 2017, being the last Trading Day for the Shares immediately prior to the publication of this announcement
“Lien”	means any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge or other restriction or limitation
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Material Adverse Effect”	a material adverse effect on: (i) the validity or enforceability of any of the Transaction Documents; (ii) the business, operations, assets, liabilities, financial condition or prospects of the Group taken as a whole; (iii) the ability of the Company or CDH to perform their obligations under any of the Transaction Documents; or (iv) the rights and remedies of the Investor under any of the Transaction Documents
“Material Group Member”	the Company and any other Group Member that has gross assets representing 5% or more of the total gross assets of the Group (calculated on a consolidated basis)
“Market Price”	the average of the closing prices of a Share on the Main Board of the Stock Exchange for each of the last 20 consecutive Trading Days on which dealings in the Shares on the Main Board of the Stock Exchange took place ending on the last such Trading Day immediately preceding the day on or as of which the Market Price is to be determined

“Maturity Date”	the Initial Maturity Date or the Extended Maturity Date, as the case may be
“Memorandum and Articles”	the memorandum of association and the articles of association of the Company, as amended from time to time
“Mr. Li”	Mr. LI Ngai (李毅)
“Nomination Committee”	the nomination committee of the Company
“Noteholder(s)”	holder(s) of any amount of the Convertible Notes from time to time
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Account”	the account in the name of CDH opened with the CCB International Securities Limited or such entity as approved from time to time by the Investor to provide safe-keeping services in respect of the Charged Shares, or sub-account (including any replacement account) established by a clearing system or any other person for the holder of the account or sub-account for the recording of (i) deposit or withdrawal of any of the Charged Shares title to which is registered in a computer based system or certificate to which is deposited in a clearing system, settlement system or central depositing system, which provides for the recording of the title to or the deposit and withdrawal of the certificate to such share and for the dealing in such share by way of book-entries, and for dealing in such Charged Shares by the holder of the account as may from time to time be re-designated or re-numbered, and (ii) receiving from time to time all dividends, interest and other moneys arising from the Charged Shares, or from settlement of Charged Shares charged under the Share Charge (if so permitted by the Investor) as may be from time to time be re-designated or re-numbered
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charge”	the deed of share charge to be entered into between CDH as charger and the Investor as charge pursuant to which CDH will charge 2,889,580,226 Shares held by it in favour of the Investor on or prior to the Closing Date

“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Terms and Conditions”	the terms and conditions on which the Convertible Notes shall be issued by the Company, as attached to the Convertible Note certificate (as amended from time to time)
“Trading Day”	a day on which trading is conducted on the Main Board of the Stock Exchange in accordance with the Trading Rules of The Stock Exchange of Hong Kong Limited other than a day on which both the morning and the afternoon trading sessions or either of them is cancelled owing to a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal being in force in Hong Kong
“Transaction Documents”	among other things, (i) the Convertible Note Purchase Agreement, (ii) the Convertible Notes and the Convertible Note certificate (together with the Terms and Conditions), (iii) the Share Charge, (iv) the account documentation relating to the Securities Account, (v) the supplemental deed to the aforementioned account documentation relating to the Securities Account, and (vi) any other document designated in writing as such by the Investor
“US\$”	the lawful currency of the United States of America
“%”	per cent.

By order of the Board
New Focus Auto Tech Holdings Limited
Zhang Jianxing
Chairman

Hong Kong, 21 August 2017

For the purpose of this announcement, translations of US\$ into HK\$ or vice versa have been calculated by using an exchange rate of US\$1.00 equal to HK\$7.75. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.

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