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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)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

THE EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that, on 2 March 2018, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to dispose of, 100% of the equity interests in the Target Company at the Consideration of RMB660,000,000, subject to the terms and conditions of the Equity Transfer Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Equity Transfer Agreement and the transactions contemplated thereunder exceed 100%, the Equity Transfer Agreement and the transactions contemplated thereunder constitute a very substantial acquisition of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As disclosed in the section headed "Relationship between the Vendor and CDH Company", there is a close association between CDH Company and its associates on the one hand and the Vendor on the other hand, the Vendor is therefore a connected person of the Company. As such, the Equity Transfer Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

* For identification purposes only

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder.

In this connection, an Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder.

EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder.

As disclosed in the section headed “Relationship between the Vendor and CDH Company”, there is a close association between CDH Company and its associates on the one hand and the Vendor on the other hand, and the Vendor is therefore a connected person of the Company. As CDH Company and its associates are considered to have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, CDH Company and its associates and those who are interested in the Equity Transfer Agreement and the transactions contemplated thereunder will be required to abstain from voting on the resolutions in relation to the Equity Transfer Agreement and the transactions contemplated thereunder.

Save as abovementioned, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and therefore, no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iv) the financial and other information on the Group; (v) the financial and other information on the Target Group; (vi) the pro forma financial information of the Enlarged Group upon completion of the Acquisition; and (vii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 30 April 2018, which is more than 15 business days after the publication of this announcement as more time will be needed for the preparation of certain information to be included in the circular.

Reference is made to the announcements of the Company dated 11 September 2017, 21 September 2017 and 28 December 2017 in relation to, among other things, a potential acquisition being considered by the Company.

The Board is pleased to announce that, on 2 March 2018, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to dispose of, 100% of the equity interests in the Target Company at the Consideration of RMB660,000,000, subject to the terms and conditions of the Equity Transfer Agreement.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below.

Date

2 March 2018

Parties

- (1) the Purchaser, a wholly-owned subsidiary of the Company; and
- (2) the Vendor.

Subject matter

Pursuant to the Equity Transfer Agreement, the Purchaser agreed to acquire, and the Vendor agreed to dispose of, 100% of the equity interests in the Target Company, subject to the terms and conditions of the Equity Transfer Agreement.

The Target Company was established by the Vendor under the laws of the PRC with limited liability on 9 February 2018 and is a wholly-owned subsidiary of the Vendor. Upon completion of the Restructuring, the Target Company will directly hold the Target Assets, which will be the primary assets of the Target Company and further details of which are set out in the section headed “Information on the Target Group – Information on the Operating Companies” below.

Restructuring

Pursuant to the Equity Transfer Agreement, the Vendor is required to complete the Restructuring within 30 working days of the date of the Equity Transfer Agreement, such that all the Target Assets will be held directly by the Target Company.

As at the date of this announcement, the Target Assets were held directly or indirectly by the Vendor. The Restructuring will involve the transfer of the Target Assets by the Vendor Group to the Target Company, such that the Target Assets will be directly held by the Target Company upon completion of the Restructuring.

Completion of the Restructuring shall take place when (i) the Target Company has been registered as a shareholder in the registers of shareholders of each of the Operating Companies; and (ii) the registration of change with the relevant industry and commerce administration authority in the PRC in respect of the transfer of the Target Assets to the Target Company has been completed.

Please refer to the shareholding structures of the Target Group as set out in the section headed “Information on the Target Group – Shareholding structure of the Target Group” below for further details of the Restructuring.

Consideration

The Consideration for the Acquisition is RMB660,000,000, which was determined after arm’s length negotiations between the Purchaser and Vendor on normal commercial terms with reference to a number of factors, including (i) the unaudited net asset value of the Target Group of approximately RMB666,722,000 and the unaudited equity attributable to owner of the Target Company of approximately RMB642,337,000 as at the Benchmark Date; (ii) the historical financial performance of the Target Group; (iii) the business development and prospects of the Target Group; (iv) the prospect of the 4S dealership industry in the PRC as a whole; and (v) the benefits of the Acquisition as set out in the section headed “Reasons for and benefits of the Acquisition” below.

In determining the Consideration, the Board considered that (i) the Consideration is close to the unaudited equity attributable to owner of the Target Company of approximately RMB642,337,000 as at the Benchmark Date; (ii) the Target Group has strong historical financial performance for the three years ended 31 December 2016 and the ten months ended 31 October 2017 and there has been a steady growth in the revenue of the Target Group over the aforementioned period, as further detailed in the section headed “Information on the Target Group” below; (iii) the Target Group has a leading position in the 4S dealership stores and related businesses in Inner Mongolia; (iv) the prospect of the 4S dealership industry in the PRC is positive benefitting from the steady growth in the sales of new automobiles and the demand for professional automobile after-sales services in the PRC market; and (v) the Acquisition is expected to bring in new business opportunities for the Group and expand the scope of the automobile-related services portfolio of the Group.

In considering the Acquisition and assessing the Consideration, the Board have, among other things, (i) engaged the PRC Legal Advisers to conduct legal due diligence on the Target Group, (ii) reviewed the draft legal due diligence report on the Target Group prepared by the PRC Legal Advisers and discussed the preliminary due diligence results with the PRC Legal Advisers, (iii) reviewed the unaudited combined financial statements of the Target Group prepared in accordance with the International Financial Reporting Standards for the three years ended 31 December 2016 and the ten months ended 31 October 2017, (iv) conducted financial due diligence on the Target Group by having management discussion and analysis with the management of the Target Group, (v) conducted onsite due diligence on certain 4S dealership stores of the Operating Companies in the Inner Mongolia with the management of the Operating Companies and (vi) reviewed the statistics from the China Association of Automobile Manufacturers regarding the prospects of the 4S dealership industry in the PRC, as further detailed in the section headed “Reasons for and Benefits of the Acquisition – Prospects

of the 4S dealership industry and the Target Group” below. In addition, the Group will also engage a certified public accountant to conduct an audit on the combined financial statements of the Target Group for the three years ended 31 December 2016 and the ten months ended 31 October 2017.

Taking into account (i) the Consideration being close to the unaudited equity attributable to owner of the Target Company as at the Benchmark Date, (ii) the historical financial performance of the Target Group as further detailed in the section headed “Information on the Target Group” below and (iii) the preliminary results of the legal due diligence on the Target Group, and based on the knowledge and experience of the relevant Directors and management of the Company in the 4S dealership stores and related businesses in the PRC, the Board is of the view that no independent valuation on the assets and business of the Target Group was necessary.

The Consideration will be financed by the proceeds from the Subscriptions. It is currently expected that the extraordinary general meeting of the Company will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Subscriptions in or around March 2018, and completion of the Subscriptions will, subject to the aforementioned approval by the Shareholders and satisfaction of the other conditions, take place subsequently. In the event that the Subscriptions do not proceed, the Group intend to finance the Acquisition with (i) the internal resources of the Group and/or (ii) a combination of other debt and/or equity financing to be determined by the Company. Further announcement(s) will be made by the Company as and when appropriate in compliance with the requirements of the Listing Rules.

Payment of the Consideration

Pursuant to the Equity Transfer Agreement, the parties agreed that the Purchaser is entitled to set off the Outstanding Debts, being the aggregate amount of the principal amount of the Loan of HK\$290,000,000 together with any accrued interest up to the date of payment of the Consideration, against the Consideration payable under the Equity Transfer Agreement, based on the reference rate of RMB to HK\$ published by the People’s Bank of China on the date of the payment of the Consideration by the Purchaser to the Vendor.

According to the PRC Legal Advisers, the Purchaser is entitled to, at its absolute discretion, set off the Outstanding Debts against the Consideration under the relevant PRC laws and regulations.

The Purchaser shall pay to the Vendor the Consideration, subject to the abovementioned set off of the Outstanding Debts, if such entitlement is exercised by the Purchaser, to the designated bank account of the Vendor within five working days of the completion of the registration of change with the relevant industry and commerce administration authority in the PRC in respect of the Acquisition.

According to the PRC Legal Advisers, the consideration for the transfer of equity interests in limited liability companies established under the laws of the PRC is subject to the parties’ commercial agreement and may be paid before or after the registration of change with the relevant industry and commerce administration authority in the PRC.

As the assistance of the Vendor will be required in completing the registration of change with the relevant industry and commerce administration authority in the PRC in respect of the Acquisition, in order to protect the interest of the Group, the Consideration will only be payable within five working days of the completion of the aforementioned registration of change.

Conditions Precedent

Completion of the Acquisition is subject to the satisfaction or, if applicable, the waiver of the following Conditions Precedent:

- (a) the representations, warranties and undertakings made by the Vendor under the Equity Transfer Agreement remaining true and accurate at Completion;
- (b) from the date of the Equity Transfer Agreement until the Completion Date, in the reasonable opinion of the Purchaser, there being no material adverse change in the business operations of the Target Group or change in any circumstance which may be materially detrimental to the assets and financial position of the Target Group as a whole;
- (c) the Purchaser having received a legal opinion on the Target Group's legal status issued by the Purchaser's PRC legal adviser dated as of the Completion Date, in the form and substance satisfactory to the Purchaser;
- (d) the Purchaser having completed all necessary internal procedures (including the approval of the Shareholders and/or the Board required by the laws, regulations and the Listing Rules to which the Company is subject to) in respect of the Equity Transfer Agreement and the transactions contemplated thereunder;
- (e) the Purchaser having completed the due diligence review of the business, financial and legal aspects of the Target Group, the results of such review being satisfactory to the Purchaser;
- (f) the Purchaser having received a copy of the combined financial statements of the Target Group for the period ended the Benchmark Date audited by an accounting firm appointed by the Purchaser and the combined management accounts for the period from the first day of the month immediately after the Benchmark Date to the last day of the month immediately preceding the Completion Date, in the form and substance satisfactory to the Purchaser; and
- (g) the Restructuring having been completed.

Pursuant to the Equity Transfer Agreement, the Purchaser may, in its discretion, waive any of the Conditions Precedent other than the Condition Precedent set out in paragraph (d) above. As advised by the PRC Legal Advisers, pursuant to the Equity Transfer Agreement, the Purchaser has an absolute discretion as to whether or not it will waive any of the Conditions Precedent (other than the Condition Precedent set out in paragraph (d) above) and no specific circumstance is required before the Purchaser may exercise such discretion.

The Condition Precedent set out in paragraph (d) above relates to the necessary internal approval of the Purchaser and is not capable of being waived. The other Conditions Precedent which are capable of being waived are intended to provide flexibility for the Company to implement the Acquisition in the event that any of those Conditions Precedent are not satisfied, such as a minor deviation in the implementation of the Restructuring.

As at the date of this announcement, the Purchaser has no present intention to waive any of the Conditions Precedent and will only exercise its right to waive such Conditions Precedent if it is fair and reasonable and in the interests of the Group and its Shareholders as a whole.

Completion

Subject to Completion, the Purchaser shall be entitled to the operating profit or loss of the Target Group for the period between the date immediately after the Benchmark Date and the Completion Date.

Completion shall take place on the date on which the Purchaser is registered as a shareholder in the registers of shareholders of the Target Group.

The parties shall jointly procure that the Target Company completes:

- (a) the registration of the Purchaser as a shareholder in the registers of shareholders of the Target Company within five working days of the date after all the Conditions Precedent set out above have been satisfied (or, if applicable, waived), and in any event, by no later than 30 June 2018; and
- (b) the registration of change with the relevant industry and commerce administration authority in the PRC in respect of the Acquisition within 30 working days of the Completion Date.

Termination

In the event that one or more of the Conditions Precedent is not satisfied (or, if applicable, waived) by 30 June 2018, each party shall have the right to terminate the Equity Transfer Agreement by way of written notice without liability to the other party for breach of the Equity Transfer Agreement, save and except for any antecedent breach prior to the termination of the Equity Transfer Agreement.

INFORMATION ON THE TARGET GROUP

Information on the Target Company

The Target Company was established by the Vendor under the laws of the PRC with limited liability on 9 February 2018 and is a wholly-owned subsidiary of the Vendor. The Target Company is principally engaged in investment holding and its primary assets will be the Target Assets upon completion of the Restructuring.

Information on the Operating Companies

The Operating Companies are 35 companies established under the laws of the PRC with limited liability which are principally engaged in the operation of 4S dealership stores and related businesses in Inner Mongolia. Based on the information provided by the Vendor, each of the Operating Companies has been principally engaged in its respective principal businesses since the date of its respective establishment, as further detailed in the table below.

The Target Group, through its extensive network of the 4S dealership stores, offers a comprehensive range of automobile-related products and services, including but not limited to the sale of first-hand and second-hand automobiles, provision of after-sales services for first-hand and second-hand automobiles, sale of automobile parts, accessories and other automobile-related products and sale of motor insurance products. In particular, after-sales services include maintenance and repair services, automobile customization and furnishing services, automobile recall services and automobile consultancy services.

The Target Group has adopted an asset-light business model and currently carries out its operation of the 4S dealership stores in leased premises. In light of the asset-light business model, the current assets of the Target Group, which comprise, among other things, inventories (including motor vehicles, spare parts and accessories), trade receivables, prepayments, deposits and other receivables, bank deposits and cash, accounted for a substantial portion of the total assets of the Target Group. According to the unaudited combined financial statements of the Target Group for the ten months ended 31 October 2017, the current assets accounted for approximately 97.02% of the total assets of the Target Group.

Further details of each of the Operating Companies are set out as follows:

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
1.	Inner Mongolia Lifeng Insurance Agent Co., Ltd.* (內蒙古利豐保險代理有限公司)	10 December 2004	Motor insurance agency services	100.00
2.	Inner Mongolia Lifeng Taiyu Automobile Service Co., Ltd.* (內蒙古利豐泰裕汽車服務有限公司)	14 May 2007	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and before and after-sales services	100.00

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
3.	Inner Mongolia Lifeng Qingye Automobile Sales & Service Co., Ltd.* (內蒙古利豐慶業汽車銷售服務有限公司)	8 September 2011	Sales of automobiles, automobile parts and accessories and electrical appliances, and provision of automobile maintenance, consultancy, leasing, financing and before and after-sales services	100.00
4.	Inner Mongolia Lifeng Taixiang Automobile Service Co., Ltd.* (內蒙古利豐泰祥汽車服務有限公司)	27 September 2006	Sales of automobiles, automobile parts and accessories and electrical appliances, and provision of automobile maintenance, consultancy, leasing, financing and before and after-sales services	100.00
5.	Inner Mongolia Lifeng Taidi Automobile Service Co., Ltd.* (內蒙古利豐泰迪汽車服務有限公司)	15 December 2003	Sales of automobiles, automobile parts and accessories and electrical appliances, and provision of automobile maintenance, consultancy, leasing, financing and before and after-sales services	100.00

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
6.	Hohhot Lifeng Taiyong Automobile Service Co., Ltd.* (呼和浩特市利豐泰永汽車服務有限公司)	27 May 2010	Sales of automobiles, automobile parts and accessories and electrical appliances, and provision of automobile maintenance, consultancy, leasing, financing and before and after-sales services	100.00
7.	Inner Mongolia Lifeng Taijin Automobile Service Co., Ltd.* (內蒙古利豐泰津汽車服務有限公司)	27 May 2010	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy, leasing, financing and before and after-sales services	100.00
8.	Inner Mongolia Lifeng Taiwei Automobile Service Co., Ltd.* (內蒙古利豐泰威汽車服務有限公司)	17 May 2007	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and before and after-sales services	100.00

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
9.	Inner Mongolia Lifeng Tailong Automobile Service Co., Ltd.* (內蒙古利豐泰隆汽車服務有限公司)	23 February 2004	Sales of automobiles, automobile parts and accessories and electrical appliances, and provision of automobile maintenance, consultancy, leasing, financing and before and after-sales services	100.00
10.	Inner Mongolia Lifeng Taixin Automobile Service Co., Ltd.* (內蒙古利豐泰鑫汽車服務有限公司)	17 October 2012	Sales of second-hand automobiles, and provision of automobile financing consultancy and before and after-sales services	100.00
11.	Tongliao Lifengtong Vehicle Store Co., Ltd.* (通遼市利豐通汽車行有限公司)	27 November 2007	Sales of automobiles, automobile parts and accessories and electrical appliances, provision of automobile maintenance, consultancy, leasing, financing and before and after-sales services, and manufacturing of electromechanical appliances	94.225 [#]

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
12.	Tongliao Lifeng Taida Automobile Sales & Service Co., Ltd.* (通遼市利豐泰達汽車銷售服務有限公司)	30 June 2009	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy, leasing, financing and after-sales services	94.225 [#]
13.	Tongliao Lifeng Taichang Automobile Sales & Service Co., Ltd.* (通遼市利豐泰昌汽車銷售服務有限公司)	6 May 2009	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy, leasing, financing and after-sales services	94.225 [#]
14.	Tongliao Lifeng Taiyu Automobile Sales & Service Co., Ltd.* (通遼市利豐泰宇汽車銷售服務有限公司)	3 June 2009	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy, leasing, financing and after-sales services	94.225 [#]
15.	Tongliao Lifeng Taidi Automobile Sales & Service Co., Ltd.* (通遼市利豐泰迪汽車銷售服務有限公司)	17 May 2010	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy, leasing, financing and after-sales services	94.225 [#]

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
16.	Hinggan Lifeng Taiyu Motor Sales Co., Ltd.* (興安盟利豐泰宇汽車銷售有限公司)	15 October 2010	Sales of automobiles and automobile parts and accessories, and provision of automobile consultancy, insurance and before and after-sales services	54.50 [#]
17.	Hinggan Taihong Wuling Motor Sales Co., Ltd.* (興安盟泰宏五菱汽車銷售有限公司)	27 January 2010	Sales of automobiles and automobile parts and accessories, and provision of automobile before and after-sales services	54.50 [#]
18.	Hinggan Lifeng Taiyu Automobile Service Co., Ltd.* (興安盟利豐泰裕汽車服務有限公司)	16 January 2013	Sales of automobiles, automobile parts and accessories, and provision of automobile consultancy and after-sales services	100.00
19.	Ulanhot Lifeng Taidi Automobile Sales & Service Co., Ltd.* (烏蘭浩特市利豐泰迪汽車銷售服務有限公司)	4 August 2011	Sales of automobiles and automobile parts and accessories, and provision of automobile consultancy and before and after-sales services	54.50 [#]

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
20.	Chifeng Lifeng Wuling Automobile Sales & Service Co., Ltd.* (赤峰市利豐五菱汽車銷售服務有限公司)	21 May 2009	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and before and after-sales services	94.917#
21.	Chifeng Lifeng Automobile Service Co., Ltd.* (赤峰市利豐汽車服務有限責任公司)	12 May 2010	Automobile consultancy and agency services	94.917#
22.	Chifeng Lifengtong Vehicle Store Co., Ltd.* (赤峰市利豐通汽車行有限公司)	29 November 2007	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and before and after-sales services	94.917#
23.	Chifeng Lifeng Toyota Automobile Sales & Service Co., Ltd.* (赤峰利豐豐田汽車銷售服務有限公司)	25 April 2011	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and before and after-sales services	94.917#

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
24.	Chifeng Lifeng Taijin Automobile Sales & Service Co., Ltd.* (赤峰市利豐泰津汽車銷售服務有限公司)	12 May 2010	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and before and after-sales services	94.917 [#]
25.	Hulun Buir Lifeng Taidi Automobile Sales Co., Ltd.* (呼倫貝爾市利豐泰迪汽車銷售有限公司)	13 September 2010	Sales of automobiles and automobile parts and accessories, and provision of automobile consultancy and before and after-sales services	96.00 [#]
26.	Hulun Buir Lifeng Wuling Automobile Sales & Service Co., Ltd.* (呼倫貝爾市利豐五菱汽車銷售服務有限公司)	23 February 2010	Sales of automobiles and automobile parts and accessories, and provision of automobile consultancy services	96.00 [#]
27.	Hulun Buir Lifeng Tailing Automobile Sales & Service Co., Ltd.* (呼倫貝爾市利豐泰鈴汽車銷售服務有限公司)	19 June 2012	Sales of automobiles and automobile parts and accessories, and provision of automobile consultancy services	96.00 [#]

No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
28.	Hulun Buir Lifengtong Vehicle Store Co., Ltd.* (呼倫貝爾市利豐通汽車行有限公司)	25 August 2009	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and before and after-sales services	96.00#
29.	Hulunber Lifeng Tailai Automobile Service Co., Ltd.* (呼倫貝爾市利豐泰萊汽車服務有限公司)	25 August 2009	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and before and after-sales services	96.00#
30.	Xilinguolemeng Lifeng Toyota Automobile Sales & Service Co., Ltd.* (錫林郭勒盟利豐豐田汽車銷售服務有限公司)	15 August 2011	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy, financing and after-sales services	96.00#
31.	Xilinguolemeng Lifengtong Vehicle Store Co., Ltd.* (錫林郭勒盟利豐通汽車行有限公司)	6 August 2008	Sales of second-hand automobiles, and provision of automobile maintenance, consultancy, financing, leasing and after-sales services	97.44#

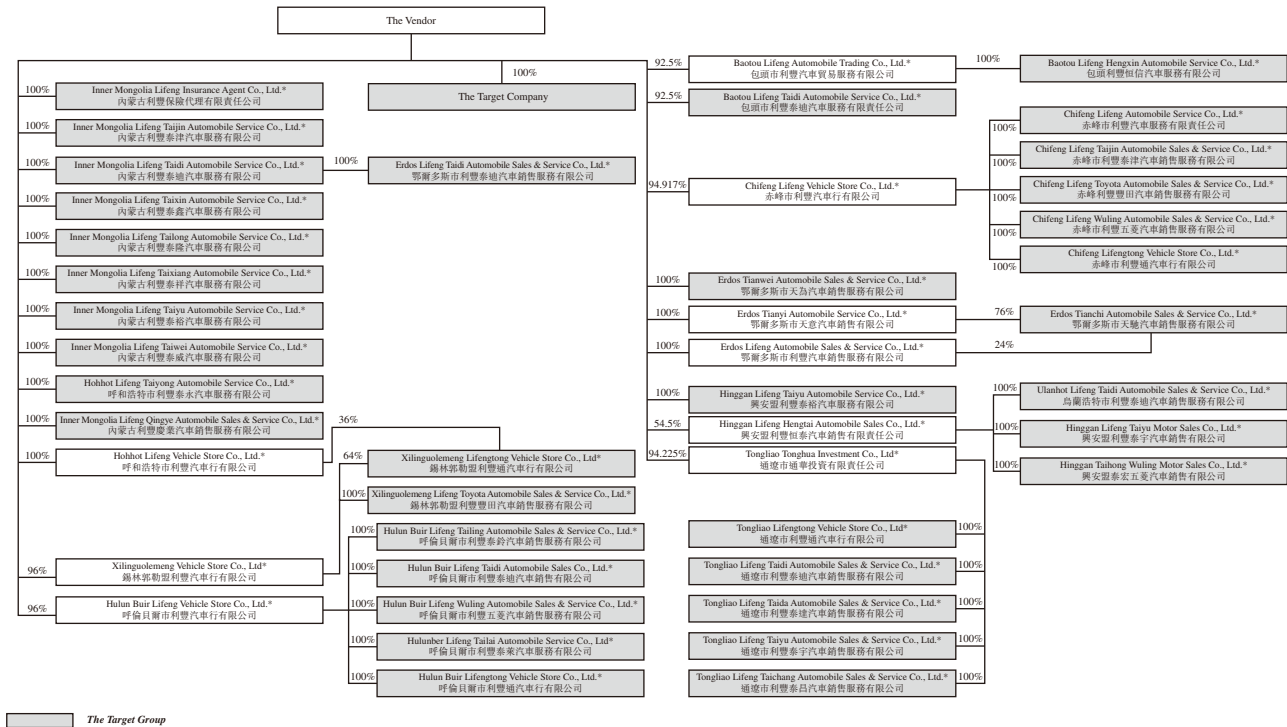
No.	Name	Date of establishment	Principal businesses	Equity interests held by the Vendor ^(Note) (%)
32.	ErDOS Tianchi Automobile Sales & Service Co., Ltd.* (鄂爾多斯市天馳汽車銷售服務有限公司)	21 April 2005	Sales of automobiles and automobile parts and accessories, and provision of automobile consultancy, leasing and before and after-sales services	100.00 [#]
33.	ErDOS Tianwei Automobile Sales & Service Co., Ltd.* (鄂爾多斯市天為汽車銷售服務有限公司)	25 September 2006	Sales of automobiles and automobile parts and accessories, and provision of automobile consultancy, leasing and after-sales services	100.00
34.	Baotou Lifeng Taidi Automobile Service Co., Ltd.* (包頭市利豐泰迪汽車服務有限責任公司)	27 November 2007	Sales of automobiles and automobile accessories, and provision of automobile maintenance, consultancy and leasing services	92.50
35.	Baotou Lifeng Hengxin Automobile Service Co., Ltd.* (包頭利豐恒信汽車服務有限公司)	16 November 2006	Sales of automobiles and automobile parts and accessories, and provision of automobile maintenance, consultancy and leasing services	92.50 [#]

Note:

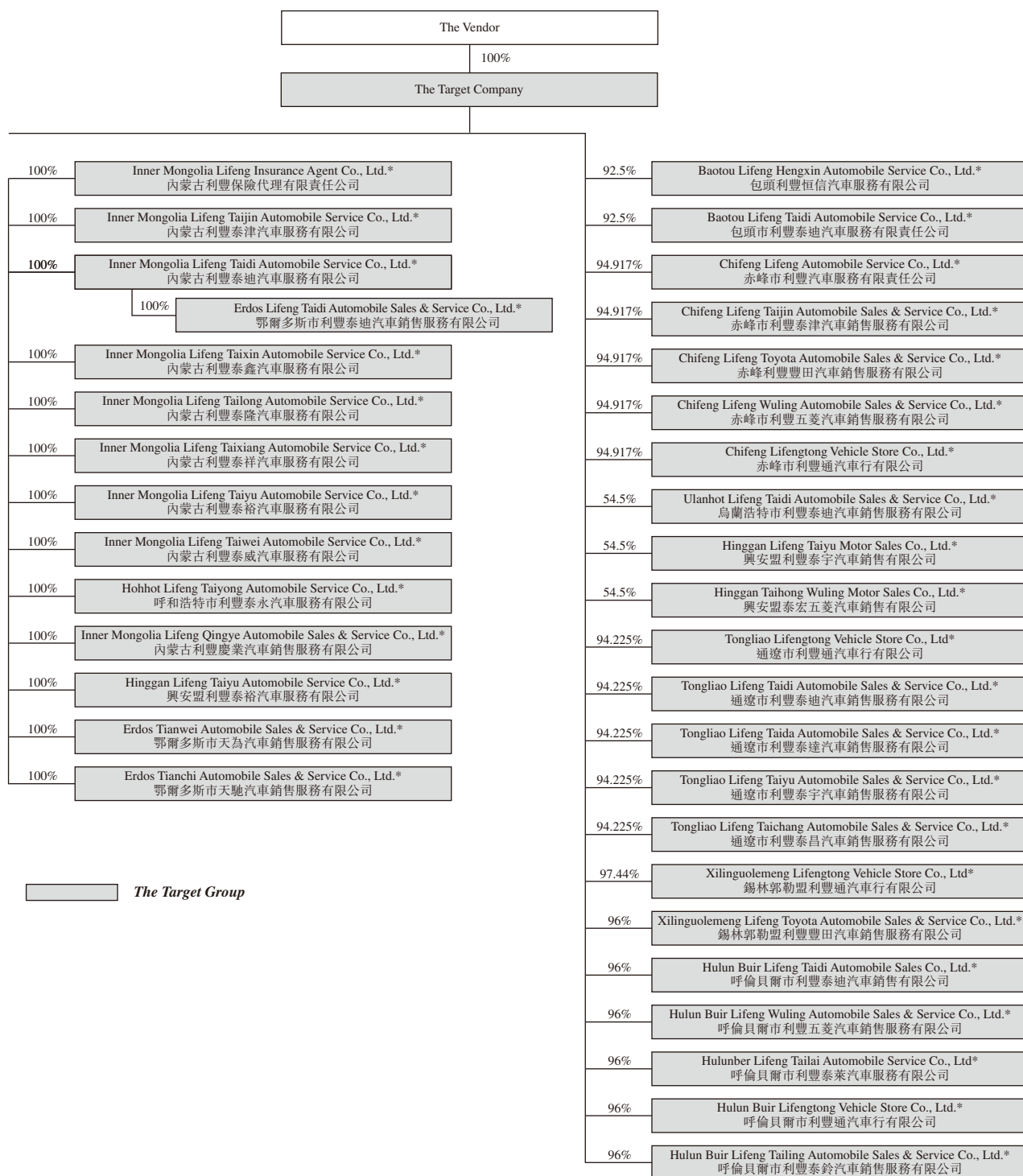
The symbol “#” denotes equity interests indirectly held by the Vendor.

Shareholding structure of the Target Group

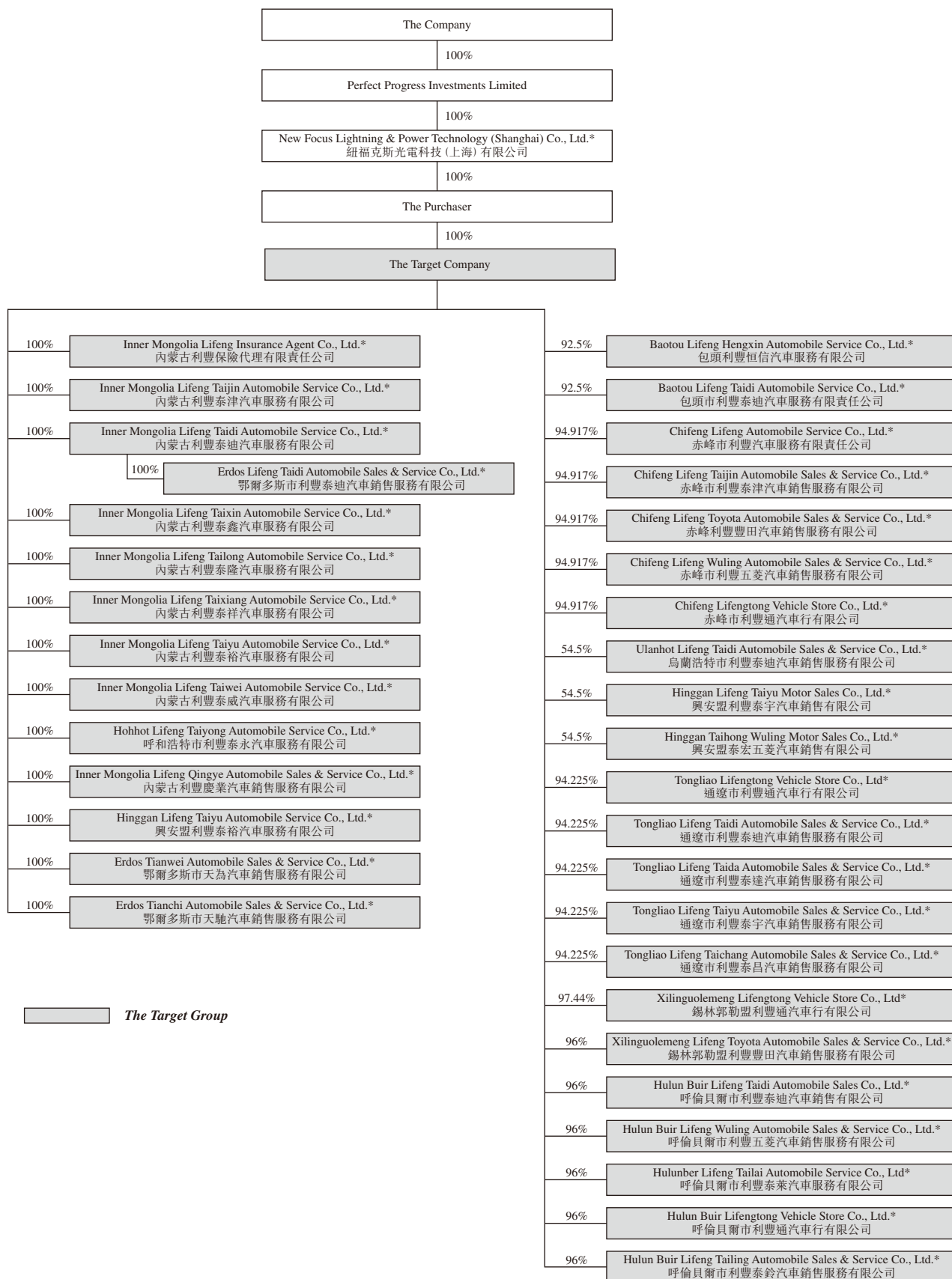
As at the date of this announcement, the shareholding structure of the Target Group is as follows:



Upon completion of the Restructuring and immediately before completion of the Acquisition, the shareholding structure of the Target Group is as follows:



Upon Completion, the structure of the Target Group is as follows:



Financial information of the Target Group

Upon completion of the Restructuring, the Target Company will become the holding company of the Operating Companies. As the financial statements of the Target Company and each of the Operating Companies adopted a single uniform set of accounting policies, being the International Financial Reporting Standards, and the Target Company and the Operating Companies have been under the common control of the Vendor throughout the relevant reporting period, accordingly, the financial statements of the Target Group were prepared on a combined basis as if the Target Company had been the holding company of the Operating Companies throughout the relevant reporting period in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants.

Based on the unaudited combined financial statements of the Target Group prepared in accordance with the International Financial Reporting Standards, the financial information of the Target Group for the three years ended 31 December 2016 and the ten months ended 31 October 2017 was approximately as follows:

	For the year ended 31 December			For the ten months ended
	2014	2015	2016	31 October 2017
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	3,185,446	3,376,409	3,805,539	3,263,348
Profit before taxation	78,600	51,846	94,623	91,606
Profit after taxation	56,633	34,217	71,512	70,072

The unaudited combined net asset value of the Target Group as at 31 October 2017 was approximately RMB666,722,000.

INFORMATION ON THE VENDOR

The Vendor is a company established under the laws of the PRC with limited liability, which is principally engaged in the retail sales of new and used automobiles.

INFORMATION ON THE GROUP

Information on the Group

The Group is principally engaged in automobile-related businesses, including the operation of an individual automotive service chain network which provides after-sales services including automotive insurance, the operation of an automotive product e-commerce platform and the manufacturing of automotive parts and accessories. 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, manufacturing and sales of electronic and power-related automotive parts and accessories, which are mainly sold to the PRC, North America and Europe.

As at the date of this announcement, the Company does not have any intention and has not entered into any understanding, arrangement or undertaking to (i) acquire any new business; and/or (ii) dispose of or downsize its existing business and major operating assets.

Information on the Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company. The principal business of the Purchaser is investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Strategic objectives of the Group

The Group is principally engaged in automobile-related businesses, including the operation of an individual automotive service chain network which provides after-sales services including automotive insurance, the operation of an automotive product e-commerce platform and the manufacturing of automotive parts and accessories, with an objective to providing automobile consumers with products and services with premium price-performance ratio.

In this connection, the Group has been actively searching for potential acquisition targets, which would facilitate the achievement of the strategic objectives of the Group and enhance the Shareholders' value. The Acquisition is expected to bring in new business opportunities for the Group and expand the scope of the automobile-related services portfolio of the Group.

Expansion of the existing business of the Group

The 4S dealership stores and related businesses of the Target Group primarily comprise three segments: (i) sales of automobile; (ii) provision of after-sales services, including primarily repair and maintenance services; and (iii) distribution of automobile insurance products and automobile financial products. Based on the information provided by the Vendor, the revenue and profit generated from the segments of sales of automobile and automobile financial products, which are lacking in the existing automobile-related services portfolio of the Group, accounted for a significant portion of the total revenue and profit of the Target Group.

The 4S dealership stores and related businesses of the Target Group are considered as desirable natural expansion of the current business of the Group. The business of the sales of automobile and the provision of automobile after-sale services and sale of automobile spare parts and accessories often complement each other in providing a one-stop solution for automobile consumers. In addition, the Board expects that the Group will also benefit from the potential synergy between the distribution of automobile insurance products and automobile financial products segment of the Target Group and the existing sale of automotive insurance products business of the Group.

The enlarged customer base as a result of the Acquisition is expected to be conducive to the development and growth in the sales of the automotive product e-commerce platform of the Group. The Group also intend that the 4S dealership stores of the Target Group would become additional distribution channels of the automotive parts and accessories manufactured by the manufacturing arm of the Group. As such, the addition of the 4S dealership stores and related businesses is expected to strengthen the existing businesses of the Group by creating a vertically integrated business model of automobile sales and automobile after-services, thereby locking in customer loyalty and creating synergies between intertwined components of the automobile-related businesses.

The Directors and senior management of the Group possess extensive experience in the automobile industry. In particular, certain Directors and senior management of the Group have relevant experience in various automobile-related businesses, including but not limited to sales of automobile, operation and management of automobile repair and maintenance services, sales and marketing of automobile spare parts and accessories. The Board is of the view that the operational experience and industrial expertise in the automobile industry of the Directors and senior management of the Group will contribute to the success of the Target Group in the 4S dealership stores and related businesses in the PRC. In addition, it is expected that the existing management of the Operating Companies will remain with the Target Group after Completion.

Prospects of the 4S dealership industry and the Target Group

According to the statistics from the China Association of Automobile Manufacturers, the production and sales volume of automobiles recorded 22,956,680 units and 22,927,100 units in the first ten months of 2017, representing a year-on-year growth of 4.27% and 4.13%, respectively. The production and sales volume of passenger vehicles amounted to 19,552,900 units and 19,502,200 units in the same period, representing a year-on-year growth of 2.34% and 2.13%, respectively. The 4S dealership industry in the PRC generally benefits from the steady growth of the number of sales of new automobiles. In addition, along with the increasing average age of passenger vehicles in China, the proportion of vehicles whose warranties have been expired and which are in the peak of need for replacement of naturally ageing parts and accessories (which normally need to be replaced five to ten years after sales) has been increasing. The demand for professional automobile after-sales services, including professional maintenance and supplies of parts and accessories, in the PRC market is also steadily growing.

The Target Group is principally engaged in the operation of 4S dealership stores and related businesses in Inner Mongolia and has a leading position in the local market. Based on the information provided by the Vendor, the major brands distributed by the Target Group include Buick, Cadillac, Changan Mazda, Changan Suzuki, Chevrolet, Dongfeng Honda, Dongfeng Peugeot, Nissan, FAW-Toyota, FAW-Volkswagen, Changan Ford, SAIC-Volkswagen, Tianjin FAW, SGMW, Trumpchi and Venucia.

The Target Group forms a substantial part of the business and materially contributed to the financial performance of the Vendor, which was ranked 56th in “2017 Top 100 Automobile Dealers in the Automobile Dealers Industry of China” issued by the China Automobile Dealers Association. As disclosed in the section headed “Information on the Target Group” above, the unaudited combined profit before and after taxation of the Target Group for the year ended 31 December 2016 were approximately RMB94,623,000 and RMB71,512,000, respectively. By comparison, according to the audited consolidated financial statements of the Vendor for the year ended 31 December 2016 prepared in accordance with the Accounting Standards for Business Enterprises, the consolidated profit before taxation and the consolidated net profit of the Vendor for the year ended 31 December 2016 were approximately RMB117,776,000 and RMB87,018,000, respectively.

The Acquisition presents a unique opportunity for the Group to establish its business presence in Inner Mongolia. Through the Acquisition, the Group will be able to expand the scope of its automobile related businesses and provide customers with comprehensive one-stop automobile-related services, such as automobile sales and after-sales services.

New revenue stream for the Company

As disclosed in the section headed “Information on the Target Group” above, the Target Group had a strong financial performance for the three financial years ended 31 December 2016 and the ten months ended 31 October 2017. The Directors believe that the Acquisition will enlarge the Group’s revenue streams and have a positive effect on the financial performance of the Group, which will in turn enhance the Shareholders’ value.

In light of the potential synergies between the 4S dealership stores and related businesses of the Target Group and the existing business of the Group and the strong financial performance of the Target Group, the Directors are of the view that the Acquisition would facilitate the achievement of the strategic objectives of the Group and enhance the Shareholders’ value.

As disclosed in the section headed “The Equity Transfer Agreement – Consideration” above, the Board has taken into account a number of factors in determining the Consideration. In particular, the Consideration of RMB660,000,000 is close to the unaudited equity attributable to owner of the Target Company of approximately RMB642,337,000 as at the Benchmark Date, and taking into account the prospect of the Target Group and the benefits of the Acquisition as outlined above, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, as disclosed in the section headed “The Equity Transfer Agreement – Payment of the Consideration” above, the Purchaser is entitled to, at its absolute discretion, set off the Outstanding Debts against the Consideration payable under the Equity Transfer Agreement, therefore enjoying certain degree of flexibility in terms of the settlement of the Consideration. As the flexibility of the payment method of the Consideration would allow the Group to optimize its financial resources, the Directors consider that the payment method is favourable and beneficial to the Group.

The terms of the Equity Transfer Agreement were agreed at after arm's length negotiations between the parties thereto. The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Advisor) consider that the terms of the Equity Transfer Agreement (including the Consideration and the payment method) and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

RELATIONSHIP BETWEEN THE VENDOR AND CDH COMPANY

CDH China Fund is one of the funds indirectly controlled by CDH Company, the indirect controlling shareholder of the Company. As at the date of this announcement, CDH Company is the general partner of, and holds approximately 3.55% of the partnership interest in, China Diamond Holdings III, L.P., which in turn indirectly holds 80% of the shares in CDH III Holdings Company Limited. CDH III Holdings Company Limited is the general partner of, and holds approximately 0.06% of the partnership interest in, CDH China Fund. The management, control and operation of and the determination of policy with respect to CDH China Fund and China Diamond Holdings III, L.P., and their respective investment and other activities are vested exclusively in the respective general partner pursuant to the respective limited partnership agreement. Accordingly, CDH China Fund is indirectly controlled by and is an associate of CDH Company.

Based on the information provided by CDH China Fund, in 2010, CDH China Fund, through its underlying investment holding vehicles including CDH Matrix, made an investment in the amount of US\$48,000,000 in the Lifeng Group, representing 36% of the equity interests of Lifeng Automobile on a fully-diluted basis. The Lifeng Group was principally engaged in the operation of 4S dealership stores and related businesses in Inner Mongolia and comprised 98 companies (including Lifeng Automobile and certain members of the Operating Companies) at the relevant time.

Pursuant to the terms of the aforementioned investment, it was agreed by the parties thereto that the Lifeng Group shall achieve certain development targets within certain specific time, failing which Lifeng Automobile (being the then holding company of the Lifeng Group) or its then existing shareholders shall redeem the investment of CDH China Fund at the aggregate amount of the original investment of US\$48,000,000 and certain investment return accruing at the rate of 15% or 25%, depending on the cause of failure to achieve the development targets, accruing from 1 July 2010.

As the Lifeng Group failed to achieve the aforementioned development targets within the specific time, Lifeng Automobile or its then existing shareholders was required to redeem the investment of CDH China Fund at the Redemption Amount, being the aggregate amount of the original investment of US\$48,000,000 and an interest of 15% per annum accruing from 1 July 2010. Neither Lifeng Automobile nor its then existing shareholders was able to so redeem the

investment of CDH China Fund at the Redemption Amount and as such, the parties thereto agreed, among other things, the following arrangements for the management buy-out of the Lifeng Group by the Lifeng Management in 2016:

- (a) in consideration for a waiver by CDH China Fund of the obligations of Lifeng Automobile and its then existing shareholders to redeem the investment of CDH China Fund at the Redemption Amount, Lifeng Automobile (i) transferred certain assets in relation to its 4S dealership stores and related businesses and other assets to the Vendor (being certain 133 subsidiaries of Lifeng Automobile including the Operating Companies), and then (ii) transferred the entire equity interests in the Vendor to an indirect wholly-owned subsidiary of CDH Matrix;
- (b) the Lifeng Management incorporated Li & Lung for the purpose of the aforementioned management buy-out and ongoing operation of the 4S dealership stores and related businesses of the Lifeng Group;
- (c) CDH China Fund entered into the Sale and Purchase Agreement with Li & Lung for the transfer of (i) the entire issued share capital of CDH Matrix and (ii) a shareholder loan due to CDH China Fund by CDH Matrix in the principal amount of US\$48,000,000 together with compound interest accrued at the interest rate of 15% per annum from 1 July 2010, with the view to recouping the Redemption Amount through allowing the ongoing operation of the 4S dealership stores and related businesses of the Lifeng Group by the Lifeng Management; and
- (d) CDH China Fund and Li & Lung agreed that the consideration for the Sale and Purchase Agreement should be determined with reference to the Redemption Amount. As Li & Lung did not have sufficient amount of cash for settlement of the Redemption Amount at the relevant time, CDH China Fund and Li & Lung agreed that:
 - (i) the consideration under the Sale and Purchase Agreement would be payable on a later day, being on or before 31 December 2017; and
 - (ii) the applicable interest should be compounded annually, such that the consideration under the Sale and Purchase Agreement shall be the sum of the original investment of US\$48,000,000 and compound interest accrued at the interest rate of 15% per annum from 1 July 2010, which amounted to approximately US\$118,132,159.44 (equivalent to approximately RMB813,458,049.90 based on the then applicable exchange rate between US\$ and RMB) as at the date of the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement, as long as the consideration is not settled in full, Li & Lung will procure, among other things, that the legal representative of the Vendor nominated by CDH China Fund is duly appointed. In addition, Li & Lung executed an equitable mortgage over the shares in CDH Matrix in favour of CDH China Fund to secure its obligations under the Sale and Purchase Agreement. Pursuant to the aforementioned arrangement, CDH China Fund has nominated Mr. Du, a Director and the chairman of the Board, as the legal representative of the Vendor, and Mr. Du is also a director and the chairman of the board of directors of the Vendor.

As at the date of this announcement, the consideration under the Sale and Purchase Agreement remains outstanding and the parties thereto entered into an agreement to extend the timing for payment of the consideration under the Sale and Purchase Agreement by Li & Lung to on or before 31 December 2020.

As disclosed in the Loan Announcement, the Loan in the amount of HK\$290,000,000 was provided by the Company to the Vendor pursuant to the Loan Agreement. According to the Vendor, the proceeds of the Loan were applied to repay outstanding bank loans and replenish the working capital of the Vendor Group. The Vendor expects that the proceeds of the Consideration (subject to set off of the Outstanding Debts) will also be used for the same purposes and neither the Loan nor the Consideration will be used by the Vendor or Li & Lung for the payment of the consideration under the Sale and Purchase Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Equity Transfer Agreement and the transactions contemplated thereunder exceed 100%, the Equity Transfer Agreement and the transactions contemplated thereunder constitute a very substantial acquisition of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As disclosed in the section headed "Relationship between the Vendor and CDH Company" above, there is a close association between CDH Company and its associates on the one hand and the Vendor on the other hand, the Vendor is therefore a connected person of the Company. As such, the Equity Transfer Agreement and the transactions contemplated thereunder also constitute a connected transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the section headed "Relationship between the Vendor and CDH Company" above, Mr. Du has been nominated by CDH China Fund as the legal representative of the Vendor and is also a director and the chairman of the board of directors of the Vendor. Mr. Wang Zhenyu, Mr. Ying Wei and Mr. Zhang Jianxing, all being non-executive Directors, were nominated by CDH Company or its associates to the Board. Accordingly, Mr. Du, Mr. Wang Zhenyu, Mr. Ying Wei and Mr. Zhang Jianxing have therefore abstained from voting on the relevant Board resolutions approving the Equity Transfer Agreement and the transactions contemplated thereunder. Save as aforementioned, none of the other Directors has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and hence no other Director has abstained from voting on such Board resolutions.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder.

In this connection, an Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder.

EGM

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder.

As disclosed in the section headed “Relationship between the Vendor and CDH Company” above, there is a close association between CDH Company and its associates on the one hand and the Vendor on the other hand, and the Vendor is therefore a connected person of the Company. As CDH Company and its associates are considered to have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder. CDH Company and its associates and those who are interested in the Equity Transfer Agreement and the transactions contemplated thereunder will be required to abstain from voting on the resolutions in relation to the Equity Transfer Agreement and the transactions contemplated thereunder.

Save as abovementioned, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder and therefore, no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Equity Transfer Agreement and the transactions contemplated thereunder; (iv) the financial and other information on the Group; (v) the financial and other information on the Target Group; (vi) the pro forma financial information of the Enlarged Group upon completion of the Acquisition; and (vii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 30 April 2018, which is more than 15 business days after the publication of this announcement as more time will be needed for the preparation of certain information to be included in the circular.

GENERAL

As Completion is subject to the satisfaction of the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“4S”	sales, spare parts, service and survey
“Acquisition”	the acquisition of 100% of the equity interests in the Target Company by the Purchaser from the Vendor pursuant to the Equity Transfer Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Benchmark Date”	31 October 2017
“Board”	the board of directors of the Company
“CDH China Fund”	CDH China Fund III, L.P., a limited liability partnership incorporated in the Cayman Islands and one of the funds which is indirectly controlled by CDH Company and therefore an associate of CDH Company
“CDH Company”	China Diamond Holdings Company Limited, a company incorporated in the British Virgin Islands and the indirect controlling shareholder of the Company
“CDH Matrix”	CDH Matrix Limited, a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of Li & Lung and an indirect controlling shareholder of the Vendor as at the date of this announcement
“Company”	New Focus Auto Tech Holdings Limited, 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 (Stock Code: 360)
“Completion”	the completion of the Acquisition pursuant to the terms of the Equity Transfer Agreement
“Completion Date”	the date of the Completion
“Conditions Precedent”	the conditions precedent to Completion under the Equity Transfer Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Consideration”	the consideration in the amount of RMB660,000,000 payable by the Purchaser to the Vendor for the Acquisition under the Equity Transfer Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Equity Transfer Agreement and the transactions contemplated thereunder
“Enlarged Group”	the Group and the Target Group
“Equity Transfer Agreement”	the equity transfer agreement dated 2 March 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Hu Yuming, Mr. Lin Lei and Mr. Zhang Xiaoya, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than (i) CDH Company and its associates and (ii) any other Shareholders who have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder
“Inner Mongolia”	the Inner Mongolia Autonomous Region of the PRC

“Loan”	the loan in the principal amount of HK\$290,000,000 provided by the Company to the Vendor pursuant to the Loan Agreement, further details of which are set out in the Loan Announcement
“Loan Agreement”	the loan agreement dated 28 December 2017 entered into between the Company (as the lender), the Vendor (as the borrower) and the Operating Companies (as the guarantors), further details of which are set out in the Loan Announcement
“Loan Announcement”	the announcement of the Company dated 28 December 2017 in relation to, among other things, the Loan
“Li & Lung”	Li & Lung Limited, a company incorporated in the British Virgin Islands with limited liability
“Lifeng Automobile”	Inner Mongolia Lifeng Automobile Co., Ltd.* (內蒙古利豐汽車有限公司), a company established under the laws of the PRC with limited liability
“Lifeng Group”	Lifeng Automobile and its subsidiaries
“Lifeng Management”	the management personnel of the Lifeng Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Du”	Mr. Du Jinglei, who is (i) a Director and the chairman of the Board; and (ii) a managing director of CDH Investments Management (Hong Kong) Limited, which is an indirect non-wholly owned subsidiary of CDH Company and advises a number of funds which are indirectly controlled by CDH Company, including CDH China Fund and CDH Fund IV, L.P., an indirect controlling shareholder of the Company
“Operating Companies”	collectively, the 35 companies established under the laws of the PRC with limited liability, further details of which are set out in the section headed “Information on the Target Group – Information on the Operating Companies” in this announcement
“Operating Subsidiary”	Erdos Lifeng Taidi Automobile Sales & Service Co., Ltd.* (鄂爾多斯市利豐泰迪汽車銷售服務有限公司), a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of Inner Mongolia Lifeng Taidi Automobile Service Co., Ltd.*(內蒙古利豐泰迪汽車服務有限公司), which is one of the Operating Companies

“Outstanding Debts”	the aggregate amount of the principal amount of the Loan of HK\$290,000,000 together with any accrued interest up to the date of payment of the Consideration
“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
“PRC Legal Advisers”	Commerce & Finance Law Offices, the PRC legal advisers to the Company
“Purchaser”	Ningbo Meishan Bonded Port Area Chifeng Investment Management Co., Ltd* (寧波梅山保稅港區馳豐投資管理有限公司), a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company
“Redemption Amount”	the aggregate amount of the original investment by CDH China Fund in the Lifeng Group of US\$48,000,000 and an interest of 15% per annum accruing from 1 July 2010
“Restructuring”	the transfer of the Target Assets by the Vendor Group to the Target Company pursuant to the Equity Transfer Agreement, upon completion of which the Target Assets will be directly held by the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	a sale and purchase agreement dated 7 December 2016 entered into between CDH China Fund and Li & Lung, pursuant to which CDH China Fund has agreed to sell, and Li & Lung has agreed to purchase, all the shares and certain shareholder loans of CDH Matrix
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the subscription by subscribers of 2,380,952,382 new Shares to be allotted and issued by the Company pursuant to the subscription agreements dated 21 December 2017 entered into between the Company and the subscribers, further details of which are set out in the announcement of the Company dated 21 December 2017

“Target Assets”	collectively, the equity interests in the Operating Companies held by the Vendor, further details of which are set out in the section headed “Information of the Target Group – Information on the Operating Companies” in this announcement
“Target Company”	Inner Mongolia Chuangying Automobile Co., Ltd.* (內蒙古創贏汽車有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company, the Operating Companies and the Operating Subsidiary
“Vendor”	Inner Mongolia Lifeng Dingsheng Automobile Co., Ltd.* (內蒙古利豐鼎盛汽車有限公司), a company established under the laws of the PRC with limited liability
“Vendor Group”	the Vendor and its subsidiaries
“%”	per cent.

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

Hong Kong, 2 March 2018

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

* *For identification purposes only*