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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)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENTS AND RESUMPTION OF TRADING

This announcement is made by the board (the “**Board**”) of directors (“**Directors**”) of New Focus Auto Tech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of The Codes on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Code**”) and Rules 13.09 and 13.10 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

MEMORANDUM OF UNDERSTANDING

The Board was informed by CDH Fast One Limited (the “**Selling Shareholder**”), that a non-legally binding memorandum of understanding (the “**MOU**”) was entered into between the Selling Shareholder and Well Skytop Investment Holding Limited (the “**Potential Purchaser**”) on 15 January 2020 (after trading hours of the Stock Exchange) in relation to a possible sale of 100 ordinary shares (the “**Sale Shares**”) of CDH Fast Two Limited (the “**Subject Company**”), representing the total issued share capital of the Subject Company as at the date of this announcement, to the Potential Purchaser (the “**Possible Transaction**”).

As at the date of this announcement, the Subject Company holds a total of 2,889,580,226 shares of the Company (the “**Shares**”), representing approximately 42.70% of the total issued Shares and the Subject Company is wholly owned by the Selling Shareholder.

The Potential Purchaser is a special purpose vehicle incorporated in the British Virgin Islands with limited liability and is owned as to 51% by Liu Xiangxiang and 49% by Wu Kak I, respectively. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Potential Purchaser and its ultimate beneficial owners is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

Consideration

The consideration payable for the Sale Shares has yet to be finalized and is subject to final confirmation upon negotiation between the parties to the MOU.

Formal Agreement

The Selling Shareholder and the Potential Purchaser shall enter into a formal binding sale and purchase agreement (the “**Formal Agreement**”) in respect of the sale and purchase of the Sale Shares upon, among others,

- (a) the completion of the relevant due diligence on the Subject Company and the Group by the Potential Purchaser to its satisfaction; and
- (b) all consents, licenses, registrations, or declarations of, or filings with, any competent authority in any jurisdiction required to be obtained or made by the Selling Shareholder or the Subject Company or the Company (including but not limited to any regulatory approval required to be obtained in relation to the Possible Transaction) shall have been obtained or made.

No formal or legally binding agreement has been entered into between the Selling Shareholder and the Potential Purchaser or any other parties in respect of the Possible Transaction.

POSSIBLE GENERAL OFFER FOR THE SHARES AND TAKEOVERS CODE IMPLICATIONS

If the Possible Transaction materialises, it will result in a change in control of the Subject Company and indirectly a change in control of the Company, giving rise to an obligation on the part of the Potential Purchaser and parties acting in concert with it to make a mandatory unconditional general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Potential Purchaser and parties acting in concert with it) under Rule 26.1 of the Takeovers Code. The Board was informed by the Selling Shareholder that no formal agreement had been entered into in respect of the Possible Transaction as at the date of this announcement and the negotiations are still in progress and the Possible Transaction may or may not proceed.

SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has a total of 6,767,636,215 Shares in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

MONTHLY UPDATE

In accordance with Rule 3.7 of the Takeovers Code, monthly announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement, being 15 January 2020.

As at the date of this announcement, none of the Potential Purchaser and parties acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six (6) months period prior to the date of this announcement.

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Potential Purchaser are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

There is no assurance that the Possible Transaction or any transactions referred to in this announcement will materialise or eventually be consummated and the relevant discussions may or may not lead to a general offer under Rule 26.1 of Takeovers Code. Shareholders and potential investors of the Company should be aware that the completion of the Possible Transaction is subject to the Formal Agreement being entered into and the satisfaction (or, as the case may be, waiver) of such conditions precedent to completion as may be specified therein. The negotiation in relation to the Possible Transaction and the possible general offer arising from the Possible Transaction may or may not proceed, and the terms of the Possible Transaction are subject to further negotiation between the Selling Shareholder and the Potential Purchaser. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

UNUSUAL SHARE PRICE AND TRADING VOLUME MOVEMENT

The Board noted the recent unusual movements in the trading price and the trading volume of the Shares. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Directors confirmed that, save for the above as disclosed in this announcement, the Board is not aware of any specific reason for the unusual movements in the price and trading volume of the Shares, or of any information which must be announced to avoid a false market in the Shares or of any inside information that needs to be disclosed under Part XIVA of SFO.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange has been halted with effect from 1:34 p.m. on 15 January 2020 pending the release of this announcement. An application has been made by the Company to resume the trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 16 January 2020.

This announcement is made by the order of the Board. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

By order of the Board
New Focus Auto Tech Holdings Limited
TONG Fei
Executive Director

Hong Kong, 15 January 2020

As at the date of this announcement, the Directors are: executive Director – TONG Fei; non-executive Directors – WANG Zhenyu and ZHANG Jianxing; and independent non-executive Directors – HU Yuming, LIN Lei and ZHANG Xiaoya.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any such statement contained in this announcement misleading.

* For identification purposes only