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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 Cayman Islands with limited liability)

(Stock Code: 360)

AMENDMENT TO THE TERMS OF EXISTING CONVERTIBLE BONDS

As disclosed in the Announcement and the Circular, on 25 June 2013, the Company entered into the STIC Amendment Deed for the amendments to the Conditions of the Existing Convertible Bonds for, among other things, the Existing Convertible Bonds Redemption. The amendment to the Conditions is subject to the approval of, and has been approved by, the Stock Exchange under Rule 28.05 of the Listing Rules.

The completion of the Existing Convertible Bonds Redemption is subject to the satisfaction (or, if applicable, waiver) of a number of conditions as set out in the STIC Amendment Deed and, accordingly, the Existing Convertible Bonds Redemption may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

Reference is made to the announcement of New Focus Auto Tech Holdings Limited (the "**Company**") dated 26 June 2013 (the "**Announcement**") and the circular of the Company dated 17 July 2013 (the "**Circular**"). Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular unless otherwise defined in this announcement.

The STIC Amendment Deed

As disclosed in the Announcement and the Circular, on 25 June 2013, the Company entered into the STIC Amendment Deed with the STIC Entities. Under the STIC Amendment Deed, the terms and conditions of the Existing Convertible Bonds (the "**Conditions**") were, conditional upon the necessary approval by the Stock Exchange under the Listing Rules and the completion of the Placing, amended so that, among other things:

1. the Company shall have the right and obligation to redeem the Existing Convertible Bonds in full with an aggregate redemption amount of US$40 million;

* *For identification purposes only*

2. the allotment and issue of new Shares under the Investment Agreement, the Placing Agreement and the Management Subscription Agreement under specific mandate would not constitute an event of default under the Conditions; and

3. subject to the completion of the Existing Convertible Bonds Redemption, the Company would no longer be subject to the Fixed Payment (as defined below).

Reasons and benefits of entering into the STIC Amendment Deed

It is a condition precedent to the completion of the Investment Agreement that the Existing Convertible Bonds be redeemed by the Company in full. Except for redemption at the request of the holders of the Existing Convertible Bonds upon the occurrence of specific events of defaults, there is no provision in the Conditions for the early redemption of the Existing Convertible Bonds by the Company before the maturity date. With the amendments under the STIC Amendment Deed, the Company will be able to redeem the Existing Convertible Bonds before its maturity.

Besides, under the Conditions, the Company would need to achieve certain growth in earning per share from 2011 to 2014 and, if it is unable to do so, it would be under the obligation upon the maturity of the Existing Convertible Bonds in 2015 to make a cash payment to the STIC Entities (the "**Fixed Payment**") equal to 64% of the principal amount of the Existing Convertible Bonds. This is an unconditional obligation on the part of the Company regardless as to whether any Existing Convertible Bonds has been converted in part or in full before the maturity date and whether STIC Entities have sold any or all of the conversion shares prior to the maturity date. By the STIC Amendment Deed, the Company would no longer be subject to the Fixed Payment upon the Existing Convertible Bonds Redemption.

Furthermore, under the Conditions, the STIC Entities may request for the redemption of the Existing Convertible Bonds at principal amount plus an internal rate of return of 20% upon the occurrence of specific events of default. Under the Conditions, events of default include, among other things, the issuance of Shares by the Company in excess of its general mandate. Therefore, it is envisaged that the allotment and issue of new Shares under the Investment Agreement will, absent the amendments to the Conditions under the STIC Amendment Deed, constitute an event of default under the Conditions.

Implications under the Listing Rules and Repurchase Code

The amendment to the Conditions pursuant to the STIC Amendment Deed shall be subject to the approval of the Stock Exchange under Rule 28.05 of the Listing Rules, but is not required to be approved by the Shareholders under the Listing Rules. The amendments to the Conditions are considered as a new arrangement of the Company in respect of the Existing Convertible Bonds and the Shares that may need to be issued under the Conditions (as amended by the STIC Amendment Deed) will be issued under the general mandate obtained from the Shareholders on 7 June 2013.

The amendments to the Conditions under the STIC Amendment Deed have been approved by the Stock Exchange under Rule 28.05 of the Listing Rules.

The Existing Convertible Bonds Redemption falls within the definition of share repurchase under the Repurchase Code. Despite the above, the Existing Convertible Bonds Redemption will be an exempt share repurchase under the Repurchase Code if it is a "a share repurchase made in accordance with the terms and conditions attached to the shares being repurchased which either permit or required such share repurchase without the prior agreement of the owners of the shares". Under PN16 issued by the SFC, "terms and conditions attached to the shares" in the definition of "exempt share repurchase" will not be restricted to the initial terms and conditions at the time of the issue, but will also apply to terms and conditions that prevail from time to time. Considering that the amendments to the conditions of the Existing Convertible Bonds are applicable to the entire class of the Existing Convertible Bonds and the Existing Convertible Bonds Redemption, if proceeded will be made pursuant to the STIC Amendment Deed without the need of any separate prior approval of the STIC Entities, the Existing Convertible Bonds Redemption shall constitute an exempt share repurchase under the Repurchase Code and the principles set out in PN16.

The SFC Executive has granted a ruling that the Existing Convertible Bonds Redemption constitutes an exempt share repurchase under the Repurchase Code and is therefore not subject to the requirements under the Repurchase Code.

The completion of the Existing Convertible Bonds Redemption is subject to the satisfaction (or, if applicable, waiver) of a number of conditions as set out in the STIC Amendment Deed and, accordingly, the Existing Convertible Bonds Redemption may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

By order of the Board
New Focus Auto Tech Holdings Limited
HUNG Wei-Pi, John
Chairman

Hong Kong, 17 July 2013

As at the date hereof, the Directors of the Company are: executive Directors – HUNG Wei-Pi, John, HUNG Ying-Lien, Raymond N. CHANG, Douglas Charles Stuart FRESCO and Edward B. MATTHEW; non-executive Directors – HSU Ming Chyuan and CHANG An-Li; and independent non-executive Directors – DU Hai-Bo, ZHOU Tai-Ming, Chih T. CHEUNG and UANG Chii-Maw.

The Directors jointly and severally accept full responsibility for the accuracy of the information 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 statement in this announcement misleading.