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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE PROPOSED ISSUE OF CONVERTIBLE BONDS DUE 2017 UNDER GENERAL MANDATE

Reference is made to the announcement (the “**Announcement**”) of New Focus Auto Tech Holdings Limited (the “**Company**”) dated 6 July 2015 in relation to the proposed issue of convertible bonds in an aggregate principal amount of US\$25,000,000 (the HK\$ Equivalent being HK\$194,500,000) due in 2017. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company would like to provide additional information in relation to the Subscription.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

For completeness of information, the Company wishes to supplement the paragraph headed “Principal Terms of the Convertible Bonds – Adjustments to the Conversion Price” in the Announcement as follows:

Adjustments to the Conversion Price: The Conversion Price will be adjusted upon the occurrence of any of the events (the “**Adjustment Events**”) described below:

- (a) *Consolidation, subdivision or reclassification:*

If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification. Such adjustment shall become effective on the date the alteration takes effect.

* *For identification purposes only*

(b) *Capitalization of profits or reserves:*

- (i) If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and which would not have constituted a Distribution. Such adjustment shall become effective on the date of issue of such Shares or if the number of such Shares is fixed on announcement and a record date is fixed therefor, immediately after such record date.
- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the last Trading Day preceding the date of announcement of the terms of such issue exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution. Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(c) *Distributions:*

- (i) Subject to paragraph (c)(ii) below, if and whenever the Company shall pay or make any Distribution to the Shareholders other than in cash only (except to the extent that the Conversion Price falls to be adjusted under paragraph (b) above). Such adjustment shall become effective on the date that such Distribution is actually made or, if later, the first date upon which the Fair Market Value of the Distribution is capable of being determined as provided in the terms and conditions of the Bond Instrument.
- (ii) If and whenever the Company shall pay or make any Distribution in cash only to the Shareholders. Such adjustment shall become effective on the date on which such Distribution in cash is actually made or if a record date is fixed therefore, immediately after such record date.

- (d) *Issues of Shares or options over Shares prior to 31 December 2015:*

If at anytime prior to 31 December 2015 the Company shall:

- (i) issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, of options, warrants or other rights to subscribe for or purchase any Shares; or
- (ii) issue (otherwise than as mentioned in paragraph (d)(i) above) any Shares (other than Shares issued on the exercise of conversion rights attaching to the Convertible Bonds) or issue or grant (otherwise than as mentioned in paragraph (d)(i) above) options, warrants or other rights to subscribe for, or purchase or otherwise acquire any Shares.

Save as disclosed, the Adjustment Events are exhaustive under the Subscription Agreement and Bond Instrument and the Conversion Price is not subject to any other adjustment.

ISSUE OF THE CONVERSION SHARES UNDER THE GENERAL MANDATE

Given that (i) the Adjustment Events are all within the control of the Company; (ii) the short term nature of the Convertible Bonds with maturity falling on the second anniversary of the Issue Date which cannot be extended; and (iii) the Conversion Shares, based on the initial Conversion Price, only accounted for approximately 8.62% of the General Mandate as at the date of this announcement, it is expected that any adjustment to the Conversion Price following the occurrence of the Adjustment Events would not render the total number of Conversion Shares to be allotted and issued to the Bondholder in accordance with the terms of the Bond Instrument to exceed the General Mandate.

Pursuant to the terms of the Bond Instrument, the Company is not obliged to issue Shares in satisfaction of the Conversion Right in breach of its obligations under the Listing Rules. In the event that any corporate action to be undertaken by the Company would constitute an Adjustment Event and the adjustment to the Conversion Price following the occurrence of such Adjustment Event would render the total number of Conversion Shares to be allotted and issued by the Company to the Bondholder to exceed the General Mandate, the Company undertakes that (i) it would not undertake any such corporate action or (ii) it would obtain specific mandate from the Shareholders before any issuance of the Conversion Shares in excess of the General Mandate.

DEFINITIONS

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

“Adjustment Event(s)” has the meaning ascribed to it under the section headed “Principal Terms of the Convertible Bonds – Adjustments to the Conversion Price” in this announcement

“Conversion Right” the right of a Bondholder to convert any Convertible Bond into Shares

“Current Market Price” in respect of a Share at a particular time on a particular date, the average of the Closing Price quoted by the Stock Exchange or, as the case may be, by the Alternative Stock Exchange for one Share (being a Share carrying full entitlement to dividend) for each of the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (a) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the Closing Price thereof reduced by an amount equal to the amount of that dividend per Share; or
- (b) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the Closing Price thereof increased by such similar amount;

and provided further that if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share

“Distribution”

any dividend or distribution, whether of cash or assets in specie or other property by the Company for any financial period, and whenever paid or made and however described or declared after the Issue Date, (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under paragraph (b)(i) of the section headed “Principal Terms of the Convertible Bonds – Adjustments to the Conversion Price” in this announcement by way of capitalisation of reserves and including any Scrip Dividend to the extent of the Relevant Cash Dividend) unless it comprises a purchase or redemption of Shares by or on behalf of the Company (or a purchase of Shares by or on behalf of a subsidiary of the Company), where the weighted average price (before expenses) on any one day in respect of such purchase does not exceed the Current Market Price of the Shares as published in the daily quotation sheet of the Stock Exchange or the equivalent quotation sheet of an Alternative Stock Exchange, as the case may be, either (i) on that date, or (ii) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (i) or (ii), the relevant day is not a Trading Day, the immediately preceding Trading Day

“Expert”

an independent bank of international repute (acting as an expert), selected by the Company and approved in writing by the Bondholder (acting reasonable)

“Fair Market Value”

with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Expert; provided that: (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Expert) the fair market value of such options, warrants or other rights shall equal the average of the closing price for each such option, warrant or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded

“Relevant Cash Dividend” has the meaning ascribed to it under paragraph (b)(i) of the section headed “Principal Terms of the Convertible Bonds – Adjustments to the Conversion Price” in this announcement

“Scrip Dividend” has the meaning ascribed to it under paragraph (b)(i) of the section headed “Principal Terms of the Convertible Bonds – Adjustments to the Conversion Price” in this announcement

Save for the information disclosed above, all the details contained in the Announcement remain unchanged.

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

Hong Kong, 7 July 2015

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