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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF 100% EQUITY INTERESTS IN EACH OF TWO SUBSIDIARIES**

The Board announces that PPI, a wholly-owned subsidiary of the Company which directly owns the Target Interests, entered into the Equity Transfer Agreement dated 19 July 2016 with the Purchaser. Pursuant to the Equity Transfer Agreement, the Purchaser has agreed to acquire, and PPI has agreed to sell, 100% equity interests in New Focus Richahaus and Taiwan New Focus, respectively, at the Nominal Consideration of NTD1 to be satisfied in cash.

As a result of the Disposal, New Focus Richahaus and Taiwan New Focus will cease to be subsidiaries of the Company.

The Purchaser is an indirectly wholly-owned subsidiary of Ms. Hung. Being vice president of the Group and director of New Focus Richahaus and Taiwan New Focus, Ms. Hung is a connected person of the Company. The Purchaser is an associate of Ms. Hung and therefore connected person of the Company.

As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The Disposal also constitutes connected transaction for the Company under Chapter 14A of the Listing Rules. As the Equity Transfer Agreement is on normal commercial terms and all the percentage ratios (other than the profits ratio) in respect of the Disposal are less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.76(2)(b) of the Listing Rules.

None of the Directors has any material interest in the Disposal and none of them is required to abstain from voting on the Board resolution for approving the Disposal.

\* For identification purposes only

## **INTRODUCTION**

The Board announces that PPI, a wholly-owned subsidiary of the Company which directly owns the Target Interests, entered into the Equity Transfer Agreement dated 19 July 2016 with the Purchaser. Pursuant to the Equity Transfer Agreement, the Purchaser has agreed to acquire, and PPI has agreed to sell, the Target Interests at the Nominal Consideration of NTD1 to be satisfied in cash.

## **EQUITY TRANSFER AGREEMENT**

**Date:** 19 July 2016

### **Parties**

Purchaser: Asia Centre Auto Service Holdings Limited

PPI: Perfect Progress Investments Limited, a wholly-owned subsidiary of the Company

### **Target Interests**

Subject to the terms and conditions of the Equity Transfer Agreement, the Purchaser agreed to purchase, and PPI agreed to sell, the Target Interests.

### **Consideration**

The Nominal Consideration of NTD1 was arrived at after arm's length negotiation between PPI and the Purchaser, and it is referenced to the value of aggregate identifiable net liabilities of New Focus Richahaus and Taiwan New Focus as at 30 June 2016 as shown in their management accounts and their customer base and reputation in Taiwan.

In determining the Nominal Consideration, the Directors also considered the net losses of NTD10,124,697 and NTD2,466,578 of New Focus Richahaus and Taiwan New Focus, respectively, for the six months ended 30 June 2016, NTD 29,861,268 and NTD18,583,778, respectively, for the financial year ended 31 December 2015 and NTD40,213,170 and NTD11,217,029, respectively, for the financial year ended 31 December 2014. The Directors do not expect the performance of New Focus Richahaus and Taiwan New Focus will improve substantially in the near future.

The Nominal Consideration shall be satisfied in cash within ten business days upon the Completion.

### **Completion**

The Directors expect that the Completion will take place on or about 29 July 2016. Upon Completion, New Focus Richahaus and Taiwan New Focus (including its wholly owned subsidiary IPO Automotive) will cease to be subsidiaries of the Company.

## **EXPECTED GAIN FROM THE DISPOSAL AND APPLICATION OF PROCEEDS**

A gain of NTD80,473,470 was expected to accrue to the Group as the result of the Disposal. This gain was the difference between the Nominal Consideration and minus NTD80,473,469 which was the value of the aggregate identifiable net assets of New Focus Richahaus and Taiwan New Focus attributable to the Company as at 30 June 2016.

Proceeds from the Disposal will be used as general working capital of the Group.

## **INFORMATION ON NEW FOCUS RICHHAUS AND TAIWAN NEW FOCUS**

New Focus Richahaus is a company established in Taiwan and an indirectly wholly-owned subsidiary of the Company. It is principally engaged in professional car wash and detailing, repair maintenance, restyling services and sales of automotive products in Taiwan.

As at 30 June 2016, the unaudited net liabilities value of New Focus Richahaus was approximately NTD11,952,972. The unaudited losses before and after taxation and extraordinary items of New Focus Richahaus were NTD29,850,453 and NTD29,861,268, respectively, for the financial year ended 31 December 2015 and NTD37,497,548 and NTD40,213,170, respectively, for the financial year ended 31 December 2014.

Taiwan New Focus is a company established in Taiwan and an indirectly wholly-owned subsidiary of the Company. It is principally engaged in professional car wash and detailing in Taiwan through its wholly-owned subsidiary IPO Automotive.

As at 30 June 2016, the unaudited net liabilities value of Taiwan New Focus was approximately NTD68,520,497. The unaudited losses before and after taxation and extraordinary items of Taiwan New Focus were NTD18,700,406 and NTD18,583,778, respectively, for the financial year ended 31 December 2015 and NTD11,409,920 and NTD11,217,029, respectively, for the financial year ended 31 December 2014.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The automotive aftermarket in Taiwan is relatively independent of and differs significantly from the automotive aftermarket in Mainland China in such respects as market characteristics and customer consumption habits. The Group will be able to improve its operation efficiency by focusing on the expansion of its business network in Mainland China in which the primary target market of the Group is located. The Disposal would also allow the Group to save cash and resources. During the financial year ended 31 December 2015, the aggregate revenue generated from the business of New Focus Richahaus and Taiwan New Focus accounted for only approximately 10.49% of the revenue of the Group. The Directors anticipate that the Disposal will not materially impact the image of the Group as a leader in auto aftermarket chain service network in China.

New Focus Richahaus and Taiwan New Focus conduct their business activities in Taiwan only and thus do not compete with other subsidiaries of the Group.

The Directors (including the independent non-executive Directors) consider that the Equity Transfer Agreement is on normal commercial terms, and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PURCHASER AND LISTING RULES IMPLICATIONS**

The Purchaser is an indirectly wholly-owned subsidiary of Ms. Hung and its principal business activities are investment holding. Being vice president of the Group and director of New Focus Richahaus and Taiwan New Focus, Ms. Hung is a connected person of the Company. The Purchaser is an associate of Ms. Hung and therefore connected person of the Company.

As the applicable percentage ratios in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The Disposal also constitutes connected transaction for the Company under Chapter 14A of the Listing Rules. As the Equity Transfer Agreement is on normal commercial terms and all the percentage ratios (other than the profits ratio) in respect of the Disposal are less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.76(2)(b) of the Listing Rules.

None of the Directors has any material interest in the Disposal and none of them is required to abstain from voting on the Board resolution for approving the Disposal.

## **INFORMATION ON THE GROUP**

The Group focuses on the operation of auto chain services network in China, adopting a unified vertical integrated business model, covering innovative product research and development, production and manufacturing, brand building, sale channel expansion and merchandise retail sales and service.

## **DEFINITIONS**

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	means board of Directors
“Company”	means New Focus Auto Tech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange

“Completion”	means the completion of transfer of Target Interests to the Purchaser by PPI
“connected person(s)”	has the same meaning as ascribed to this term under the Listing Rules
“Director(s)”	means the director(s) of the Company
“Disposal”	means the sale of Target Interests to the Purchaser by PPI
“Equity Transfer Agreement”	means the equity transfer agreement dated 19 July 2016 entered into between PPI and the Purchaser for the purchase of the Target Interests by the Purchaser from PPI
“Group”	means the Company and its subsidiaries
“IPO Automotive”	means IPO Automotive Corporation Limited (艾普汽車股份有限公司), a directly wholly-owned subsidiary of Taiwan New Focus
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ms. Hung”	Ms. Hung Ying-Lien (洪瑛蓮), vice president of the Group and director of New Focus Richahaus and Taiwan New Focus
“New Focus Richahaus”	新焦點麗車坊股份有限公司 (New Focus Richahaus Corporation Limited*), an indirectly wholly-owned subsidiary of the Company
“Nominal Consideration”	means NTD1, being the nominal consideration for the sale and purchase of the Target Interests pursuant to the Equity Transfer Agreement
“NTD”	means New Taiwan Dollar, the lawful currency of Taiwan
“PPI”	Perfect Progress Investments Limited, a wholly-owned subsidiary of the Company

“PRC”	means the People’s Republic of China
“Purchaser”	means Asia Centre Auto Service Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is indirectly wholly-owned by Ms. Hung
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Taiwan New Focus”	臺灣新焦點汽車服務股份有限公司 (Taiwan New Focus Auto Service Corporation Limited*), an indirectly wholly-owned subsidiary of the Company
“Target Interests”	means 100% equity interest in each of New Focus Richahaus and Taiwan New Focus, respectively
“%”	means per cent

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

Hong Kong, 19 July 2016

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