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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)

INSIDE INFORMATION

POTENTIAL SUBSCRIPTION

This announcement is made by New Focus Auto Tech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 13 July 2018, the Company and Kartor Technologies Limited* (駕圖信科 技有限公司) (“**Kartor**”), entered into a non-legally binding memorandum of understanding (the “**Memorandum of Understanding**”), pursuant to which, Kartor intends to allot and issue, and the Company intends to subscribe for, certain new shares to be issued by Kartor, representing 5% of the equity interests in Kartor on a fully diluted basis (the “**Proposed Subscription**”). The amount of consideration, payment terms, the rights and obligations of the parties and other terms of the Proposed Subscription will be determined by the parties in the formal subscription agreement in relation to the Proposed Subscription (the “**Subscription Agreement**”).

The terms of the Memorandum of Understanding are solely expressions of the intention of the parties thereto. Save for the provisions on, among other things, confidentiality and dispute resolutions, the Memorandum of Understanding does not constitute a legally binding agreement between the parties. The consummation of the Proposed Subscription under the Memorandum of Understanding is subject to, among other things, the entering into of the Subscription Agreement.

The Memorandum of Understanding will be terminated upon the earlier of (i) the date of entering into of the Subscription Agreement; or (ii) the date as notified by one party to another party provided that there is a reasonable cause to terminate the Memorandum of Understanding and the party has given one-month prior written notice to another party.

INFORMATION ON KARTOR

Kartor is a company established under the laws of the People's Republic of China with limited liability. It is principally engaged in the development of vehicle networking solutions and provision of internet operation services.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Kartor and its ultimate beneficial owner is a third party independent of the Company and its connected person (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION

The Group is principally engaged in automobile-related businesses. The Proposed Subscription, if materialises, will facilitate future strategic cooperation between the Group and Kartor. Through utilising the products and technology of Kartor, the Group will be able to gain a better understanding of the driving habits and needs of vehicle owners, thereby enabling the Group to provide better after-sales services to its customers. The Proposed Subscription also represents the initial deployment of the Group in respect of the commercial application of "big data" analysis of "Internet of Vehicles".

The Directors are of the view that the terms of the Memorandum of Understanding are fair and reasonable and the Proposed Subscription is in the interests of the Company and its shareholders as a whole.

GENERAL

The Proposed Subscription, if materialises, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) in relation to the Proposed Subscription will be made by the Company as and when appropriate.

As the Proposed Subscription is subject to the Subscription Agreement being entered into and may or may not proceed, shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 13 July 2018

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

* *For identification purpose only*