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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)

DISCLOSURE PURSUANT TO RULES 13.17 AND 13.18 OF THE LISTING RULES

This announcement is made by the Company pursuant to Rules 13.17 and 13.18 of the Listing Rules.

The Board hereby announces that on 26 September 2019 (after trading hours), the Company has entered into the Note Exchange Agreement with the Initial Investor and the New Investor, pursuant to which the Company, on the one hand, and the Initial Investor and the New Investor, on the other hand, have agreed to exchange the Outstanding Convertible Notes for the Notes in the aggregate principal amount of US\$24,200,000 to be issued by the Company to the New Investor.

THE NOTE EXCHANGE AGREEMENT

Date

26 September 2019

Parties

- (1) The Company;
- (2) the Initial Investor; and
- (3) the New Investor.

Subject matter

Pursuant to the Note Exchange Agreement, the Company, on the one hand, and the Initial Investor and the New Investor, on the other hand, have agreed to exchange the Outstanding Convertible Notes for the Notes in the aggregate principal amount of US\$24,200,000 (representing the outstanding principal amount of the Outstanding Convertible Notes) to be issued by the Company to the New Investor, which is designated by the Initial Investor to be the holder of the Notes. The Outstanding Convertible Notes shall be cancelled with effect from Closing.

The Notes shall comprise three tranches in the principal amounts of US\$4,840,000, US\$7,260,000 and US\$12,100,000, which shall mature on 1 March 2020, 1 June 2020 and 1 September 2020, respectively (unless accelerated upon the occurrence of an Event of Default or a redemption event under the Note Terms and Conditions). Interest shall accrue on the Notes at the rate of 10% per annum.

Closing has taken place on the same day as the date of the Note Exchange Agreement.

CHARGING OF SHARES BY THE CONTROLLING SHAREHOLDER

As at the date of this announcement, CDH holds 2,889,580,226 Shares, representing approximately 42.697% of the total issued share capital of the Company. Accordingly, CDH is a controlling shareholder of the Company pursuant to the Listing Rules.

Pursuant to the Note Exchange Agreement, CDH shall enter into the Share Charge with the New Investor, whereby all 2,889,580,226 Shares held by CDH will be charged by way of first fixed charge in favour of the New Investor as continuing security for the due and punctual payment and discharge of all present and future liabilities of the Company and CDH under or in relation to any one or more of the Transaction Documents. The Company is therefore required to make disclosure in accordance with Rule 13.17 of the Listing Rules.

SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDER

Pursuant to the Note Terms and Conditions, an Event of Default occurs if, among other things:

- (i) the number of Shares legally and beneficially owned by CDH is less than 42.697% of the total issued and outstanding Shares on a fully-diluted basis at any time;
- (ii) the number of Shares charged under the Share Charge represents less than 42.697% of the total issued and outstanding Shares on a fully-diluted basis;

- (iii) an event or circumstance the result of which is that (a) CDH fails to maintain the power to control the composition of, or to appoint or remove, a majority of the Board; or (b) CDH fails to remain the largest shareholder of the Company, occurs; and
- (iv) CDH creates or permits to subsist or arise any Lien, other than any Lien created under the Transaction Documents, over any of the Shares it presently and may in the future own.

Upon the occurrence of an Event of Default, the then outstanding principal amount of the Notes shall become immediately due and payable upon the lodge of a notice of repayment by the New Investor on the Company.

Accordingly, the Note Terms and Conditions indirectly impose specific performance obligations on CDH and breach of such obligations will cause an Event of Default which will be significant to the Company’s operations. The Company is therefore required to make disclosure in accordance with Rule 13.18 of the Listing Rules.

The Company will continue to make disclosures in its subsequent interim and annual reports for so long as the Share Charge and the abovementioned specific performance obligations of CDH continue to exist in accordance with Rule 13.21 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CDH”	CDH Fast Two Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company
“Closing”	the consummation of the note exchange and the issue of the Notes pursuant to the Note Exchange Agreement
“Company”	New Focus Auto Tech Holdings Limited (Stock Code: 360), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Event(s) of Default”	the event(s) of default as set out in the Note Terms and Conditions

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Investor”	High Inspiring Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned special purpose vehicle of CCB International (Holdings) Limited
“Lien”	any mortgage, pledge, claim, security interest, encumbrance, title defect, lien, charge or other restriction or limitation
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Investor”	CCBI Solar Energy (Holding) Limited (建銀國際光電(控股)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned special purpose vehicle of CCB International (Holdings) Limited
“Notes”	the notes in an aggregate principal amount of US\$24,200,000 to be issued by the Company to the New Investor under the Note Exchange Agreement
“Note Certificates”	the certificates in respect of the Notes
“Note Exchange Agreement”	the note exchange agreement dated 26 September 2019 entered into among the Company, the Initial Investor and the New Investor in relation to, among other things, the exchange of the Outstanding Convertible Notes for the Notes
“Note Terms and Conditions”	the terms and conditions upon which the Notes shall be issued by the Company, as attached to the Note Certificates
“Outstanding Convertible Notes”	the convertible notes due in 2019 issued by the Company to the Initial Investor under the convertible note purchase agreement dated 21 August 2017 entered into between the Company and the Initial Investor, in the outstanding aggregate principal amount of US\$24,200,000
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company

“Share Charge”	the deed of share charge to be entered into between CDH as chargor and the New Investor as chargee pursuant to which CDH will charge 2,889,580,226 Shares held by it in favour of the New Investor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Documents”	among other things, the Note Exchange Agreement, the Notes and the Note Certificates (together with the Note Terms and Conditions) and the security documents
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 26 September 2019

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.

* *For identification purposes only*