

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 100% EQUITY INTEREST
IN MIGHTY INTERNATIONAL**

EQUITY TRANSFER AGREEMENT

On 30 March 2012, the Purchaser, a wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Vendor and the Guarantor pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell 100% equity interest in Mighty International at a cash consideration of RMB80,000,000.

EQUITY RIGHT TRANSFER AGREEMENT

On 30 March 2012, the Purchaser entered into the Equity Right Transfer Agreement with the Vendor and the Guarantor to set out their agreement on the handling of certain assets and affairs of Shanghai OXM, the only investment held by Mighty International. The Equity Right Transfer Agreement forms an integral part of the Equity Transfer Agreement.

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

* For identification purposes only

EQUITY TRANSFER AGREEMENT

Date

30 March 2012

Parties

- (1) The Vendor, as the transferor;
- (2) The Purchaser, as the transferee; and
- (3) The Guarantor, as the guarantor of the Vendor's obligations under the Equity Transfer Agreement for a period of 2 years, effective from the signing of the Equity Transfer Agreement.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor, and the Guarantor and its ultimate beneficial owners are Independent Third Parties.

Interest to be Acquired

The Equity Interest shall be acquired by the Purchaser from the Vendor.

The Consideration

The consideration for the Acquisition is RMB80,000,000. The Consideration was arrived at by the Purchaser and the Vendor after arm's length negotiation having considered and with reference to the following:

1. The rent of Group's current office and operational premises of approximately 2,300 square meters is RMB3,340,000 per annum;
2. The Property's location is supreme as many automotive products companies established their presence there and that the area of Property will be of approximately 13,500 square meters after expansion; and
3. As the term of the land use right of the Land is for a period of at least 35 years starting from the establishment of Shanghai OXM, the Group may use the Property for at least another 24 years, which not only enables the Group to save rent RMB80,160,000 (without taking into account of rent increase and inflation), but it also allows it to use the additional area of 11,200 square meters for strategic purpose.

The Consideration is to be satisfied in cash in five payments in the following manner:

1. The first payment of RMB1,500,000 was paid after the signing of a letter of intent regarding the purchase of the Equity Interest by the Vendor and the Purchaser on 13 February 2012;
2. The second payment of RMB18,500,000 is payable within 10 business days after the signing of the Equity Transfer Agreement. If the second payment is overdue for more than 20 business days, the Vendor may terminate the Equity Transfer Agreement and forfeit the first payment of RMB1,500,000 as liquidated damages;
3. The third payment of RMB20,000,000 is payable on 20 April 2012 provided that the following conditions are satisfied:
 - (a) Completion of the change of shareholder, director(s) and memorandum and articles of association of Mighty International; and
 - (b) Completion of the registration and approval with the relevant PRC authorities in relation to the change of board of directors and legal representative of Shanghai OXM.

If the Purchaser fails to pay the third payment upon the satisfaction of the aforesaid conditions by the Vendor, the Purchaser shall pay the Vendor liquidated damages calculated at a daily rate of 0.03% of the overdue amount. If the amount is overdue more than 30 days, the Vendor may terminate the Transfer Equity Agreement. Moreover, the Purchaser shall transfer the Equity Interest back to the Vendor, restore the director of Mighty International and the directors and legal representative of Shanghai OXM.

If the Vendor fails to satisfy the aforesaid conditions on or before 20 April 2012, the Vendor shall pay the Purchaser liquidated damages calculated at a daily rate of 0.03% of RMB20,000,000. If the aforesaid conditions have not been satisfied within 30 days after 20 April 2012, the Purchaser may terminate the Equity Transfer Agreement and request the Vendor to return any payment has been made by the Purchaser pursuant to the Equity Transfer Agreement.

4. The fourth payment of RMB20,000,000 is payable on 1 August 2012 provided that the following conditions are satisfied:
 - (a) Termination of the Lease Agreement and giving possession of the Property to the Purchaser; and
 - (b) Completion of the handover of Mighty International, including but not limited to financial, capital, personnel and administrative matters.

If the Purchaser fails to pay the fourth payment upon the satisfaction of the aforesaid conditions by the Vendor, the Purchaser shall pay the Vendor liquidated damages calculated at a daily rate of 0.03% of the overdue amount. If the amount is overdue more than 30 days, the Vendor may terminate the Transfer Equity Agreement. Moreover, the Purchaser shall transfer the Equity Interest back to the Vendor, restore the director of Mighty International and the directors and legal representative of Shanghai OXM, return the Property to the Vendor, and unconditionally hand over Mighty International to the Vendor. In addition, any debt or liabilities incurred after the handover of Shanghai OXM to the Purchaser shall be borne by the Purchaser.

If the Vendor fails to satisfy the aforesaid conditions on or before 1 August 2012, the Vendor shall pay the Purchaser liquidated damages calculated at a daily rate of 0.03% of RMB20,000,000. If the aforesaid conditions have not been satisfied within 30 days after 1 August 2012, the Purchaser may terminate the Equity Transfer Agreement and request the Vendor to return any payment has been made by the Purchaser pursuant to the Equity Transfer Agreement.

5. The fifth payment of RMB20,000,000 is payable before 30 August 2013 and is not subject to Shanghai OXM's receipt of the title documents for the Land and the Property; however, the Vendor is obligated to assist the Purchaser in:
 - (a) making Shanghai OXM the owner of the land and the Property in the title documents; and
 - (b) liaising with the relevant authorities to which the Property is located to procure these authorities to consent to the changes and additions to the Property and the increase of construction area to 13,548 square meters.

The Purchaser may make the aforesaid payments in foreign currency, in accordance with the central parity of RMB exchange rate announced by the People's Bank of China on the day of payment.

Other Terms

The Vendor warrants to the Purchaser, among other things, that Mighty International does not have any outstanding liabilities and undertakes to indemnify the Purchaser for any loss the Purchaser may suffer, directly or indirectly, as a result of any breach of the warranties.

Other than the satisfaction of conditions against which payment will be made, if the Vendor breaches any of its obligation, warranty or undertaking under the Equity Transfer Agreement, the Vendor shall pay to the Purchaser liquidated damages of RMB1,500,000 and any further amount as indemnity in the case the loss incurred by the Purchaser is in excess of RMB1,500,000. In addition, the Purchaser may terminate the Equity Transfer Agreement and request the Vendor to return any payment has been made by the Purchaser pursuant to the Equity Transfer Agreement provided that the Vendor fails to cure its breach within 30 days after receiving the notice of breach.

EQUITY RIGHT TRANSFER AGREEMENT

The Purchaser entered into the Equity Right Transfer Agreement with the Vendor and the Guarantor to set out their agreement on the handling of certain assets and affairs of Shanghai OXM, the only investment held by Mighty International.

Date

30 March 2012

Parties

- (1) The Vendor;
- (2) The Purchaser; and
- (3) The Guarantor, as the guarantor of the Vendor's obligations under the Equity Right Transfer Agreement for a period of 2 years, effective from the signing of the Equity Right Transfer Agreement.

Principal Terms and Conditions

It is agreed that:

1. Within 20 days after the signing of the Equity Right Transfer Agreement, the Vendor shall assist the Purchaser in changing Shanghai OXM's board of directors and ensure that the Purchaser can nominate four directors (out of a total of five directors) to the board of directors of Shanghai OXM and appoint the chairman, the legal representative and general manager of Shanghai OXM. Furthermore, the Vendor shall complete the registration and approval of the aforesaid matters with the relevant PRC authorities;
2. On the date of the receipt of the second payment of RMB18,500,000 pursuant to the Equity Transfer Agreement, the Vendor shall deliver all the constitutional documents, licenses, company chops, documents in relation to the Land and the Property and other documents and records, etc. that are necessary to operate Shanghai OXM to the Purchaser;
3. The Vendor shall guarantee and procure the termination of the Lease Agreement within 150 days of the signing of the Equity Right Transfer Agreement. All the damages and losses incurred by the tenant as a result of the termination of the Lease Agreement shall be borne by the Vendor. The rent for the period between the signing of the Equity Right Transfer Agreement and the return of the Property by the tenant shall be paid to Shanghai OXM and shall belong to the Purchaser. Further, the Vendor shall give possession of the Property (except for the Leased Premises) to the Purchaser for its use within 60 days of the signing of the Equity Right Transfer Agreement. If after the lapse of the prescribed time frame, the Vendor or its affiliates has not removed its belongings from the Property, the Purchaser can dispose of the belongings at its sole discretion and shall not be held liable for the disposal of such belongings.

4. The Vendor shall guarantee and procure the termination of the employment agreements with all the employees of Shanghai OXM and the transfer of social insurance and housing funds from Shanghai OXM to any company as instructed by the Guarantor within 60 days of the signing of the Equity Right Transfer Agreement. Any compensation resulting from the termination of the employment agreements shall be borne by the Vendor;
5. Upon the signing of the Equity Right Transfer Agreement, the Vendor shall assist the Purchaser in settling any debt and claim of Shanghai OXM. The Vendor shall compensate the Purchaser for any unpaid debt owed to Shanghai OXM;
6. Within 30 days of the signing of the Equity Right Transfer Agreement, the Guarantor shall purchase all the machineries, equipments, inventories, vehicles, office furniture, computers and other assets of Shanghai OXM at book value and Shanghai OXM shall issue an invoice to the Guarantor in respect of the purchase. Within 60 days of the signing of the Equity Right Transfer Agreement, the Guarantor shall pay Shanghai OXM for the purchase. If Shanghai OXM owes the Guarantor any debt, the Shanghai OXM may use the purchase payment to offset the debt;
7. The undistributed profit of Shanghai OXM as of 29 February 2012 shall be used to settle various expenses and fees, including but not limited to obtaining the title certificates of the Land and the Property, paying Shanghai OXM's debts and employee salaries, social insurance and housing funds, securing the Vendor's obligations under the Equity Right Transfer Agreement. The undistributed profit after the payments of the aforesaid expenses and fees shall be paid by Shanghai OXM to the Vendor 30 days after the passing of resolutions for undistributed profit; and
8. After the disposal of the undistributed profit, the net asset value of Shanghai OXM must not be less than RMB10,000,000. If the net asset value of Shanghai OXM is determined by the Purchaser's internal auditors in the internal audit to be less than RMB10,000,000, the Vendor shall compensate for the shortfall.
9. If either the Vendor or the Purchaser breaches its obligation, warranty or undertaking under the Equity Right Transfer Agreement, the breaching party shall pay the non-breaching party liquidated damages calculated at a daily rate of 0.03% of RMB80,000,000 before such breach has been remedied in the case a prescribed time limit has been set for satisfaction of such obligation, warranty or undertaking, or, in the absence of such prescribed time limit, liquidated damages of RMB1,500,000 and any further amount as indemnity in the case the loss incurred by the non-breaching party is in excess of RMB1,500,000. The non-breaching party may terminate the Equity Transfer Agreement provided that the breaching party fails to cure its breach within 30 days after receiving the notice of breach.

The Equity Right Transfer Agreement, pursuant to the Equity Transfer Agreement, forms an integral part of the Equity Transfer Agreement and shall come into effect on the same date as the Equity Transfer Agreement. Further, if the Equity Transfer Agreement is terminated, the Equity Right Transfer Agreement shall also be terminated and vice versa.

Completion

Upon completion of the Acquisition, Mighty International will become subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider the Land, the Property and the corresponding land use right to be very valuable. The Company contemplates to turn the Property into the headquarter of the Group's service business as well as a flagship one-stop service center. The Directors consider the Acquisition as part of the Group's strategy in further developing the Group's auto accessories business in the PRC, which represents the Group's ongoing efforts in expanding its reach and market share in the auto accessories and services business market in the PRC. The Directors believe that the Acquisition will further strengthen the competitiveness of the Group's auto services operations and would provide a good platform for the Group to expand its business, to broaden its customer base and to enhance its revenue and profit.

The Directors (including the independent non-executive Directors) are of the view that the Equity Transfer Agreement and the Equity Right Transfer Agreement were entered into on normal commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON MIGHTY INTERNATIONAL

Mighty International is principally engaged in investment holding. Its only investment is its equity interest in Shanghai OXM. Mighty International currently has an issued capital of USD1,000,000.

Mighty International has not prepared any audited or management accounts since its establishment. Apart from the equity interests in Shanghai OXM, Mighty International has no other assets.

INFORMATION ON SHANGHAI OXM

Shanghai OXM is a sino-foreign cooperative joint venture founded by Mighty International and Shanghai Hu Xing in the PRC on 28 January 2002 under the JV Agreement for a term of 35 years from establishment i.e. expiring in January 2037. Shanghai OXM is engaged in the production of apparel equipments, apparel, accessories and related products as well as the sale of self-produced products. Shanghai OXM currently has a registered capital of USD1,050,000.

As at 31 December 2011, the consolidated audited net assets of Shanghai OXM was approximately RMB20,886,384. The audited profit before and after taxation and extraordinary items were RMB3,276,618 and RMB2,803,308 respectively for the year ended 31 December 2010 and were RMB1,185,428 and RMB1,147,557 respectively for the year ended 31 December 2011.

The main assets of Shanghai OXM are the Land and the Property. Information on the Land and the Property are set out below.

The Land

Location : Zhong Chun Road and Hua Mao Road in Qi Bao Town, Minhang District, Shanghai (上海閔行區七寶鎮中春路華茂路)
Area : 9,278 square meters
Usage : Industrial
Term : 35 years from 2002 to 2037
Note : The Land is the asset contributed by Shanghai Hu Xing under the JV Agreement. The land use right of the Land has been transferred by Shanghai Hu Xing to Shanghai OXM

The Property

Location : Zhong Chun Road and Mao Hua Road in Qi Bao Town, Minhang District, Shanghai (上海閔行區七寶鎮中春路華茂路)
Area : Two buildings with a total area of 9,217 square meters
Usage : The Property except for the Leased Premises is being used by Shanghai OXM itself
Note : Shanghai OXM is in the process of applying for title certificate of the Land and the Property

The rights and responsibilities of Mighty International and Shanghai Hu Xing, as joint venture partners, and the operation of Shanghai OXM, are set out in the JV Agreement.

Under the JV Agreement, the business of Shanghai OXM shall be operated by Mighty International. Mighty International guarantees Shanghai OXM to pay Shanghai Hu Xing an after tax profit of RMB331,668 a year starting from the issue of business license of Shanghai OXM and such payment shall be adjusted upward by 5% every four years. If the after tax profit of Shanghai OXM is insufficient to settle the payment to Shanghai Hu Xing, Mighty International shall pay for the shortfall. The payment amount for the year ended 31 December 2011 was approximately RMB366,000 and it is due for adjustment in year 2014. Mighty International is entitled to all the profits of Shanghai OXM apart from the guarantees payment to Shanghai Hu Xing, and shall bear all liabilities of Shanghai OXM during the term of the joint venture.

Upon expiry of Shanghai OXM, all the liabilities of Shanghai OXM shall be borne by Mighty International and the Property, all movable assets within the Property and the working capital of Shanghai OXM shall belong to Mighty International while the title and land use right of the Land shall be returned to Shanghai Hu Xing.

After completion of the Acquisition, the Company intends to use to turn the Land and the Property into the headquarter of the Group's service business as well as a flagship one-stop service center. The Company will not continue the business currently carried out by Shanghai OXM.

INFORMATION ON THE VENDOR

The Vendor is the sole shareholder and director of Mighty International. The Vendor is an Independent Third Party.

INFORMATION ON THE GUARANTOR

The Guarantor is principally engaged in the production and sale of apparel equipments. It is held as to 100% by Spread Master International Limited*(速飛得國際有限公司), a limited liability company established in the Republic of Mauritius which is owned as to approximately 55% by the Vendor. It currently has a registered capital of USD11,000,000. The Guarantor is an Independent Third Party.

GENERAL

The Group focuses on the establishment of automotive chain service network in the Greater China region (the Group's service business) as well as the production of innovative and environmentally friendly automotive lighting and automotive electronic power products (the Group's manufacturing business), with an aim to provide the automotive products and services to end users at competitive prices.

As the applicable percentage ratios under the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

Definitions

“Acquisition”	the acquisition by the Purchaser from the Vendor of the Equity Interest pursuant to the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	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
“Consideration”	RMB80,000,000, being the price payable by the Purchaser to the Vendor for the Acquisition under the Equity Transfer Agreement
“Director(s)”	director(s) of the Company
“Equity Interest”	100% equity interest in Mighty International to be transferred by the Vendor to the Purchaser under the Equity Transfer Agreement

“Equity Right Transfer Agreement”	the equity right transfer agreement dated 30 March 2012 entered into between the Purchaser, the Vendor and the Guarantor in respect of the handling of certain assets and affairs of Shanghai OXM
“Equity Transfer Agreement”	the equity transfer agreement dated 30 March 2012 entered into between the Purchaser, the Vendor and the Guarantor for the transfer of the Equity Interest from the Vendor to the Purchaser
“Group”	the Company and its subsidiaries
“Guarantor”	Spread Master (Zhejiang) Automation Technology Co., Ltd.* (速飛得(浙江)自動化科技有限公司), a limited liability company established in the PRC
“Independent Third Party(ies)”	a third party(ies) who is/are independent of and is/are not connected with the Company and any of the connected persons (as defined under the Listing Rules) of the Company
“JV Agreement”	the sino-foreign cooperative joint venture agreement entered into between Shanghai Hu Xing and Mighty International on 23 November 2001 in respect of the set up of Shanghai OXM (as amended and supplemented from time to time)
“Land”	the land located at Zhong Chun Road and Hua Mao Road in Qi Bao Town, Minhang District, Shanghai (上海閔行區七寶鎮中春路華茂路) of approximately 9,278 square meters in area
“Lease Agreement”	the lease agreement entered into between Shanghai OXM as landlord and Shanghai Juzi Aihui Technology Company Limited* (上海矩子智慧科技有限公司), an Independent Third Party, as tenant in respect of the Leased Premises
“Lease Premises”	the entire third floor of one of the Property, with a total area of approximately 1,000 square meters, which is leased to a third party under the Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mighty International”	Mighty International Limited (雄偉國際有限公司), a limited liability company established in Samoa which is solely owned by the Vendor

“Property”	the two buildings erected on the Land with a total area of 9,217 square meters
“PRC”	the People’s Republic of China
“Purchaser”	Perfect Progress Investments Limited, a limited liability company established in the British Virgin Islands, is a wholly owned subsidiary of the Company
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Shanghai Hu Xing”	Shanghai Hu Xing Company Limited* (上海滬星實業有限公司), a joint venture partner under the JV Agreement, an Independent Third Party
“Shanghai OXM”	Shanghai Ou Xi Ma Apparel Company Limited* (上海歐西瑪服裝設備有限公司), a sino-foreign cooperative joint venture established by Mighty International and Shanghai Hu Xing under the JV Agreement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr. Deng Jiang Rong (鄧江榮), who owns 100% equity interest in Mighty International, is an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 30 March 2012

As at the date of this announcement, the members of the Board comprise (i) the executive Directors, namely Hung Wei-Pi John, Wu Kwan-Hong, Hung Ying-Lien, Lu Yuan Cheng, Raymond N. Chang, Edward B. Matthew and Douglas Charles Stuart Fresco; (ii) the non-executive Directors, namely Low Hsiao-Ping and Hsu Ming Chyuan and Chang An-Li; and (iii) the independent non-executive Directors, namely Du Haibo, Zhou Tai Ming and Uang Chii-Maw.