

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in New Focus Auto Tech Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of New Focus Auto Tech Holdings Limited.



## **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)**

### **PROPOSED ISSUANCE OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EGM**

Capitalized terms used in this cover shall have the same meanings as those defined in this circular.

A notice convening the EGM to be held at No. 4589 Wai Qing Song Road, Qingpu District, Shanghai, the PRC on Thursday, 14 June 2018 at 2:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.nfa360.com/en/>). Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

\* For identification purposes only

## CONTENTS

	<i>Page</i>
<b>DEFINITIONS .....</b>	<b>1</b>
<b>LETTER FROM THE BOARD .....</b>	<b>7</b>
<b>NOTICE OF EGM .....</b>	<b>EGM-1</b>

## DEFINITIONS

*In this circular, the following expressions shall have the following meanings unless the context requires otherwise:*

“4S”	sales, spare parts, service and survey
“Acquisition”	the acquisition of 100% of the equity interests in the Target Company by the Group, further details of which are set out in the Acquisition Announcement
“Acquisition Announcement”	the announcement of the Company dated 2 March 2018 in relation to, among other things, the Acquisition
“Amendments”	the amendments to the Terms and Conditions in relation to the exercise of the Conversion Rights pursuant to the Deed of Waiver and Amendments
“Annual Report”	the annual report of the Group for the year ended 31 December 2017
“Board”	the board of directors of the Company
“Business Day(s)”	any day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong
“CDH”	CDH Fast Two Limited, a company incorporated in the British Virgin Islands with limited liability and the controlling shareholder of the Company
“CDH Company”	China Diamond Holdings Company Limited, a company incorporated in the British Virgin Islands and the indirect controlling shareholder of the Company
“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
“Completion”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which Completion takes place

## DEFINITIONS

“Conditions”	the conditions precedent to Completion under the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration in the amount of RMB660,000,000 payable by the Purchaser to the Vendor for the Acquisition under the Equity Transfer Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the price per Conversion Share under the Existing Convertible Notes, subject to the adjustments in accordance with the Terms and Conditions
“Conversion Rights”	the rights attached to the Existing Convertible Notes to convert the principal amount and any accrued and outstanding interest under the Existing Convertible Notes or part thereof into Conversion Shares in accordance with the Terms and Conditions
“Conversion Shares”	the Shares issuable upon conversion of the Existing Convertible Notes or otherwise pursuant to the Terms and Conditions
“Convertible Notes Issuance Announcements”	the announcements of the Company dated 21 August 2017, 8 September 2017 and 25 April 2018 in relation to, among other things, the issue of the Existing Convertible Notes
“Convertible Note Purchase Agreement”	the convertible note purchase agreement dated 21 August 2017 entered into between the Company and the Existing Convertible Notes Holder in relation to the issue of the Existing Convertible Notes
“Deed of Termination”	the deed of termination dated 25 April 2018 entered into between the Company and the Second Subscriber in relation to the termination of the Second Subscription Agreement, further details of which are set out in the Share Issuance Announcements
“Deed of Waiver and Amendments”	the deed of waiver and amendments dated 25 April 2018 entered into between the Company, the Existing Convertible Notes Holder and CDH in relation to, among other things, the Amendments

## DEFINITIONS

“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at No. 4589 Wai Qing Song Road, Qingpu District, Shanghai, the PRC on Thursday, 14 June 2018 at 2:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate
“Equity Transfer Agreement”	the equity transfer agreement dated 2 March 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition, further details of which are set out in the Acquisition Announcement
“Existing Convertible Notes”	the existing convertible notes with an aggregate principal amount of US\$35,000,000 due in 2019 issued by the Company to the Existing Convertible Notes Holder on 1 September 2017, which is convertible into Shares at the initial Conversion Price of HK\$0.306085 per Share, further details of which are set out in the Convertible Notes Issuance Announcements
“Existing Convertible Notes Holder”	High Inspiring Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of China Construction Bank Corporation
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 29 June 2017 to allot, issue and deal with Shares not exceeding 20% of the total number of Shares in issue on the date thereof, namely, up to a maximum of 915,321,257 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

## DEFINITIONS

“Independent Shareholders”	the Shareholders other than (i) CDH Company and its associates and (ii) any other Shareholders who have a material interest in the Subscription Agreement and the transactions contemplated thereunder
“Inner Mongolia”	the Inner Mongolia Autonomous Region of the PRC
“Latest Practicable Date”	25 May 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 September 2018 (or such other date as the Company and the Subscriber may agree in writing pursuant to the terms of the Subscription Agreement)
“Mr. Mo”	Mr. Mo Keung, an individual who is a Hong Kong resident and holds the entire equity interest of the Subscriber
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Ningbo Meishan Bonded Port Area Chifeng Investment Management Co., Ltd* (寧波梅山保稅港區馳豐投資管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Second Subscriber”	Ms. Wang Na (王娜), an individual who is a PRC resident
“Second Subscription Agreement”	the subscription agreement dated 21 December 2017 entered into between the Company and the Second Subscriber in relation to the subscription of 476,190,477 new Shares, which was terminated pursuant to the Deed of Termination on 25 April 2018
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company

## DEFINITIONS

“Share Issuance Announcements”	the announcements of the Company dated 21 December 2017 and 25 April 2018 in relation to, among other things, the proposed issuance of an aggregate of 1,904,761,905 Subscription Shares by the Company under the Specific Mandate
“Shareholder(s)”	holder(s) of the Shares from time to time
“Specific Mandate”	the specific mandate for the allotment and issuance of the Subscription Shares to be granted to the Board at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Fame Mountain Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Mo
“Subscription”	the subscription by the Subscriber of the Subscription Shares to be allotted and issued by the Company at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 21 December 2017 entered into between the Company and the Subscriber in relation to the Subscription, as amended and supplemented by the Supplemental Agreement
“Subscription Monies”	the aggregate sum of the Subscription Price multiplied by the number of Subscription Shares under the Subscription Agreement
“Subscription Price”	the subscription price of HK\$0.42 per Subscription Share
“Subscription Share(s)”	1,904,761,905 new Shares to be issued and allotted by the Company to the Subscriber under the Subscription
“Substantial Shareholder”	the substantial shareholder (as defined under the Listing Rules) of the Company
“Supplemental Agreement”	the supplemental agreement to the Subscription Agreement dated 25 April 2018 entered into between the Company and the Subscriber in relation to the extension of the Long Stop Date to 30 September 2018

## DEFINITIONS

“Target Company”	Inner Mongolia Chuangying Automobile Co., Ltd.* (內蒙古創贏汽車有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Vendor
“Termination Notice”	a notice in writing by the Company to the Subscriber for terminating the Subscription Agreement
“Terms and Conditions”	the terms and conditions on which the Existing Convertible Notes were issued by the Company, as attached to the Existing Convertible Notes certificates (as amended from time to time)
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Inner Mongolia Lifeng Dingsheng Automobile Co., Ltd.* (內蒙古利豐鼎盛汽車有限公司), a company established under the laws of the PRC with limited liability
“%”	per cent.

*For the purpose of this circular, translations of HK\$ into RMB or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.81. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

*\* For identification purposes only*





**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)**

*Executive Director:*

Mr. Du Jinglei (*Chairman*)

*Non-executive Directors:*

Mr. Wang Zhenyu

Mr. Zhang Jianxing

Mr. Li Ngai

*Independent Non-executive Directors:*

Mr. Hu Yuming

Mr. Lin Lei

Mr. Zhang Xiaoya

*Registered Office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Principal Place of*

*Business in Hong Kong:*

5/F, 180 Hennessy Road

Wan Chai

Hong Kong

28 May 2018

*To the Shareholders,*

Dear Sir or Madam,

**PROPOSED ISSUANCE OF NEW SHARES  
UNDER SPECIFIC MANDATE**

**1. INTRODUCTION**

Reference is made to the Share Issuance Announcements in relation to, among other things, the Subscription Agreement.

As disclosed in the Share Issuance Announcements:

- (i) on 21 December 2017, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for, an

\* For identification purposes only

## LETTER FROM THE BOARD

aggregate of 1,904,761,905 Subscription Shares at the Subscription Price of HK\$0.42 per Subscription Share;

- (ii) on 21 December 2017, the Company entered into the Second Subscription Agreement with the Second Subscriber, pursuant to which the Company conditionally agreed to allot and issue, and the Second Subscriber conditionally agreed to subscribe for, an aggregate of 476,190,477 Shares at the subscription price of HK\$0.42 per Share; and
- (iii) on 25 April 2018, the Company and the Second Subscriber entered into the Deed of Termination after arm's length negotiations to terminate the Second Subscription Agreement with effect from 25 April 2018.

The purpose of this circular is to provide you with, among other things, (i) further information on the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) the notice of EGM.

### **2. THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out below.

#### **Date**

21 December 2017

#### **Parties**

- (1) the Company, as issuer; and
- (2) the Subscriber, as subscriber.

#### **Subscription Shares**

Pursuant to the terms and conditions of the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 1,904,761,905 Subscription Shares, representing (i) approximately 39.35% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.24% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date save for the issuance of the Subscription Shares). The aggregate nominal value of the Subscription Shares is approximately HK\$190,476,191.

#### **Ranking of the Subscription Shares**

The Subscription Shares will rank *pari passu* in all respects with the Shares then in issue as at the date of the allotment.

## LETTER FROM THE BOARD

### Subscription Price

The Subscription Price of HK\$0.42 per Subscription Share represents:

- (1) a premium of approximately 25.37% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (2) a discount of approximately 38.24% to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (3) a discount of approximately 36.75% to the average closing price of approximately HK\$0.66 per Share for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (4) a discount of approximately 32.91% to the average closing price of approximately HK\$0.63 per Share for the last 10 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (5) a discount of approximately 1.09% to the average closing price of approximately HK\$0.43 per Share for the last 180 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (6) a discount of approximately 9.82% to the average closing price of approximately HK\$0.47 per Share for the last 360 consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (7) a discount of approximately 3.64% to the average closing price of approximately HK\$0.44 per Share for the trading days from 3 January 2017 up to and including the day immediately prior to the date of the Subscription Agreement.

The gross proceeds from the Subscription are expected to be HK\$800,000,000. The net proceeds from the Subscription, after deducting all related fees and expenses, are expected to be approximately HK\$765,000,000. The net price per Subscription Share, after deducting all such related fees and expenses, is therefore expected to be approximately HK\$0.40.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the trading prices of the Shares and the results and prospects of the Company. In particular, the Directors took into account the following factors: (i) the Subscription Price was more favourable to the Company as compared to the subscription price or conversion price (as the case may be) proposed by other potential investors considered by the Company prior to the entering into of the Subscription Agreement; (ii) the Subscription Price represents a premium of 37.22% over the initial Conversion Price of HK\$0.306085 per Share of the Existing Convertible Notes, where the Convertible Note Purchase Agreement was only entered into four months before the date of the Subscription Agreement; (iii) the insignificant discount of the Subscription Price to the average closing prices of the Shares in the medium to long term

## LETTER FROM THE BOARD

immediately prior to the date of the Subscription Agreement as illustrated in paragraphs (5) to (7) above; and (iv) the benefits of the Subscription as disclosed in the section headed “Reasons for and Benefits of the Subscription” below.

Since December 2016, apart from the Subscriber, the Second Subscriber and the Existing Convertible Notes Holder, the Directors had numerous discussions and meetings with eight other potential investors, including individuals, corporations listed and/or with operations in the PRC and financial institutions such as reputable investment banks, private equity funds and investment companies in relation to the potential financing options, including issuance of new Shares and/or convertible notes. The Directors have discussed the funding needs and the fundraising plans of the Company with the potential investors, as well as the proposed subscription price or conversion price (as the case may be) and the amount of funds expected from the potential investors.

As the majority of the potential investors are financial investors which are not engaged in the automobile businesses, they might not necessarily understand the businesses, results and prospects of the Company nor recognize or appreciate the value and potential of the Company. In particular, some of these potential investors considered that the investments in the Company might not be consistent with their investment objectives so they did not proceed further, while the other potential investors have indicated that, taking into account the financial performance of the Company and the uncertainty in the potential investment return, they would expect the terms of the investment to be attractive and favourable to them in order to secure their investments in the Company. As such, the subscription price or conversion price proposed by these potential investors were not as favourable as and comparable to the Subscription Price or the initial Conversion Price. The Directors were of the view that such proposed subscription price and conversion price did not fully reflect the value and prospects of the Company so the Company did not proceed further with these potential investors.

As disclosed in the Convertible Notes Issuance Announcements, on 21 August 2017, the Company entered into the Convertible Note Purchase Agreement with the Existing Convertible Note Holder, pursuant to which the Company conditionally agreed to issue, and the Existing Convertible Note Holder conditionally agreed to purchase, the Convertible Notes in an aggregate principal amount of US\$35,000,000 due in 2019. The initial Conversion Price of the Existing Convertible Notes is HK\$0.306085 per Share, which represents a premium of approximately 32.50% to the closing price of HK\$0.231 per Share as quoted on the Stock Exchange on 18 August 2017, being the last trading day of the Shares immediately prior to the date of the Convertible Note Purchase Agreement.

## LETTER FROM THE BOARD

Following the closing of the issue and purchase of the Convertible Notes on 1 September 2017, the Company continued to engage in discussions and meetings with other potential investors and eventually entered into the Subscription Agreement with the Subscriber, as well as the Second Subscription Agreement with the Second Subscriber, each on 21 December 2017. The Subscription Price of HK\$0.42 per Share represents a premium of approximately 37.22% over the initial Conversion price of HK\$0.306085 per Share. Taking into account (i) the Subscription Agreement was entered into only four months after the date of the Convertible Note Purchase Agreement; (ii) the significant premium of the Subscription Price over the initial Conversion Price; and (iii) the interest-free nature of the Subscription as compared to the Existing Convertible Notes which is subject to interest at the rate of 7% per annum and an internal rate of return of 12% per annum (as applicable), further details of which are set out in the Convertible Notes Issuance Announcements, the Directors considered that the Subscription Price to be favourable to the Company.

The Hang Seng Index as quoted on Bloomberg closed at approximately 22,150.40 on 3 January 2017, being the first trading day of the year 2017, and rose to approximately 29,367.06 on 21 December 2017, being the date of the Subscription Agreement, representing an increase of approximately 32.58%. Given the volatility of the market conditions, the Directors were of the view that, apart from the closing price of the Shares on the date of the Subscription Agreement and the average closing prices of the Shares for the consecutive trading days in the short term immediately prior to the date of the Subscription Agreement, it would be more appropriate to consider and take into account the average closing prices of the Shares in the medium to long term immediately prior to the date of the Subscription Agreement. Despite that the Subscription Price represents a discount of approximately 38.24% to the closing price of the Shares on the date of the Subscription Agreement, as illustrate in paragraphs (5) to (7) above, the Subscription Price represents (i) a discount of approximately 1.09% to the average closing price of approximately HK\$0.43 per Share for the last 180 consecutive trading days immediately prior to the date of the Subscription Agreement; (ii) a discount of approximately 9.82% to the average closing price of approximately HK\$0.47 per Share for the last 360 consecutive trading days immediately prior to the date of the Subscription Agreement; and (iii) a discount of approximately 3.64% to the average closing price of approximately HK\$0.44 per Share for the trading days from 3 January 2017 up to and including the day immediately prior to the date of the Subscription Agreement. The Directors considered that such discounts of the Subscription Price to the average closing prices of the Shares in the medium to long term immediately prior to the date of the Subscription Agreement to be insignificant.

## LETTER FROM THE BOARD

Despite that the Subscription Price represents a discount of approximately 38.24% to the closing price of the Shares on the date of the Subscription Agreement, having taken into account the abovementioned factors, the Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Subscriber shall pay the Subscription Monies within five Business Days from the date on which the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate are being approved by the Shareholders at the EGM in immediately available funds by direct transfer in the amount thereof to the designated bank account of the Company.

If any of the Conditions is not fulfilled at or before 12:00 noon on the Long Stop Date or Completion does not take place on the Completion Date, the Company shall repay to the Subscriber, within five Business Days after the Long Stop Date or the Completion Date (as the case may be) or such other later date as may be agreed by the Company and the Subscriber in writing, the Subscription Monies in full (without interest) in immediately available funds by direct transfer to such bank account of the Subscriber as may be notified by the Subscriber on the Long Stop Date or the Completion Date (as the case may be) as full and final settlement under the Subscription Agreement.

### **Conditions**

Completion is conditional upon all of the following Conditions having been satisfied:

- (1) the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate being approved by the Shareholders at the EGM;
- (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the Subscription Shares (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (3) all necessary governmental and regulatory approvals and consents regarding the Subscription and the Specific Mandate having been obtained by the Company; and
- (4) the representations, warranties and undertakings given by the Subscriber under the Subscription Agreement remaining true, accurate, complete and correct in all respects and not misleading in any respect up to and including the Completion Date.

## LETTER FROM THE BOARD

None of the Conditions can be waived under the Subscription Agreement. As at the Latest Practicable Date, none of the Conditions had been fulfilled.

The Completion and the completion of the Acquisition are not inter-conditional.

### **Completion**

Completion shall take place within three Business Days after (a) satisfaction of the last of the Conditions and (b) the payment of the Subscription Monies by the Subscriber pursuant to the terms of the Subscription Agreement, or at such date and time as agreed by the Company and the Subscriber.

### **Termination**

The Company may, by Termination Notice to the Subscriber, terminate the Subscription Agreement at any time before the Completion Date in the event that any of the Conditions have not been fulfilled at or before 12:00 noon on the Long Stop Date.

The Company shall repay to the Subscriber, within five Business Days after the date of the Termination Notice or such other later date as may be agreed by the Company and the Subscriber in writing, the Subscription Monies in full (without interest) in immediately available funds by direct transfer in the amount thereof to such bank account of the Subscriber as may be notified by the Subscriber on the date of the Termination Notice.

Upon the Termination Notice being given and repayment of the Subscription Monies pursuant to the terms of the Subscription Agreement, the Subscription Agreement shall terminate and be of no further effect, and no party thereto shall be under any liability to the other in respect of the Subscription Agreement, and the parties thereto shall be released and discharged from their respective obligations, in each case without prejudice to any rights, obligations, liabilities or claims arising from a breach of the Subscription Agreement which have accrued on or before the termination of the Subscription Agreement, provided always that, if Completion shall then have taken place, the Subscription, the payment of the Subscription Monies and issue of the Subscription Shares (and the relevant rights, obligations and liabilities) shall not thereby in any way be affected.

### **3. SPECIFIC MANDATE**

The Subscription Shares will be allotted and issued by the Company pursuant to the Specific Mandate sought to be granted to the Board at the EGM. Therefore, the allotment and issuance of the Subscription Shares by the Company is subject to the approval of the Shareholders at the EGM.

## LETTER FROM THE BOARD

### 4. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out a summary of the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after Completion (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date save for the issuance of the Subscription Shares); and (iii) immediately after Completion and upon full conversion of the Existing Convertible Notes at the initial Conversion Price of HK\$0.306085 per Share (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date save for the issuance of the Subscription Shares and, subject to the Amendments, the full conversion of the Existing Convertible Notes):

Shareholders	As at the Latest Practicable Date		Immediately after Completion (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date save for the issuance of the Subscription Shares)		Immediately after Completion and upon full conversion of the Existing Convertible Notes at the initial Conversion Price of HK\$0.306085 per Share (assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date save for the issuance of the Subscription Shares and, subject to the Amendments, the full conversion of the Existing Convertible Notes) (Note 1)	
	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)
CDH	2,889,580,226	59.69	2,889,580,226	42.84	2,889,580,226	40.01
The Subscriber	–	–	1,904,761,905	28.24	1,904,761,905	26.37
Existing Convertible Notes						
Holder (Note 2)	244,797,640	5.06	244,797,640	3.63	721,501,535	9.99
Other public Shareholders	1,706,393,924	35.25	1,706,393,924	25.30	1,706,393,924	23.63
<b>TOTAL ISSUED SHARES</b>						
(Note 3)	4,840,771,790	100	6,745,533,695	100	7,222,237,590	100



## LETTER FROM THE BOARD

*Notes:*

1. In the event that the Existing Convertible Notes are converted subsequent to Completion, the initial Conversion Price of HK\$0.306085 per Share shall be adjusted as a result of the Subscription pursuant to the Terms and Conditions. Please refer to the section headed “Possible Adjustment to the Conversion Price of the Existing Convertible Notes” below for further details.
2. Pursuant to the Convertible Note Purchase Agreement, the Existing Convertible Notes are convertible at the initial Conversion Price of HK\$0.306085 per Share (subject to adjustment) and will be convertible into approximately 886,191,744 Shares upon its full conversion. Pursuant to the partial conversion of the Existing Convertible Notes by the Existing Convertible Notes Holder in an aggregate principal amount of US\$10,000,000 at the Conversion Price of HK\$0.306085 per Share, the Company allotted and issued a total of 253,197,640 Shares to the Existing Convertible Notes Holder of which 8,400,000 Shares were subsequently disposed of by the Existing Convertible Notes Holder. As at the Latest Practicable Date, 244,797,640 Shares were held by the Existing Convertible Notes Holder. Assuming that the remaining amount of the Existing Convertible Notes will be fully converted at the Conversion Price of HK\$0.306085 per Share, subject to the Amendments, an additional 476,703,895 Shares will be issued to the Existing Convertible Notes Holder.
3. The approximate percentage of the issued Shares is rounded to the nearest two decimal places and the total percentage of the total issued Shares may not add up to 100% due to rounding.

## LETTER FROM THE BOARD

### 5. FUND-RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

Save as disclosed below, the Company had not raised any funds by issuing equity securities during the 12 months immediately before the Latest Practicable Date.

Date of initial announcement	Equity fund raising activity	Intended use of net proceeds	Actual use of proceeds
21 August 2017	Issuance of the Existing Convertible Notes in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) due in 2019 by the Company to the Existing Convertible Notes Holder under the General Mandate	<p>(i) For the expansion of the Group's retail distribution of automotive parts and accessories and the Group's wholesale business; and</p> <p>(ii) for the repayment of existing indebtedness, including the full redemption of the convertible bonds with an aggregate principal amount of US\$25,000,000 due in 2017 issued by the Company to Haitong International Financial Products Limited on 13 July 2015, and payment of fees and expenses in connection with the transactions contemplated under the transaction documents relating to the issuance of the Existing Convertible Notes</p>	Fully utilized as intended

### 6. APPLICATION FOR LISTING

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

## **7. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

### **Strategic objectives of the Group**

The Group is principally engaged in automobile-related businesses, including the operation of an individual automotive service chain network which provides after-sales services including automotive insurance, the operation of an automotive product e-commerce platform and the manufacturing of automotive parts and accessories, with an objective to provide automobile consumers with products and services with premium price-performance ratio.

In this connection, the Group has been actively searching for potential acquisition targets, including the Acquisition, which would facilitate the achievement of the strategic objectives of the Group and enhance the Shareholders' value.

### **Future development and expansion of the Group**

The Directors are of the view that the Subscription represents a good opportunity for the Company to raise funds to strengthen its capital base and financial position and to finance the future development and expansion of the Group, including the Acquisition.

As disclosed in the Acquisition Announcement, through the Acquisition, the Group will be able to expand the scope of its automobile-related businesses and provide customers with comprehensive one-stop automobile-related services, such as automobile sales and after-sales services by engaging in the operation of 4S dealership stores and related businesses in Inner Mongolia.

Following the Acquisition, the Group will continue to develop its existing automobile-related businesses, including the operation of an individual automotive service chain network which provides after-sales services including automotive insurance, the operation of an automotive product e-commerce platform and the manufacturing of automotive parts and accessories, while continue to actively explore potential acquisition targets to bring in new business opportunities for the Group and expand the scope of the automobile-related services portfolio of the Group, which would in turn facilitate the achievement of the strategic objectives of the Group and enhance the Shareholders' value.

### **Alternative means of fundraising**

The Directors have considered other alternative means of fundraising before resolving to the Subscription, such as issuance of Shares and/or convertible notes to other potential investors, obtaining debt financing and conducting rights issue, open offer or placing of Shares.

## LETTER FROM THE BOARD

Since December 2016, apart from the Subscriber, the Second Subscriber and the Existing Convertible Notes Holder, the Directors had numerous discussions and meetings with eight other potential investors, including individuals, corporations listed and/or with operations in the PRC and financial institutions such as reputable investment banks, private equity funds and investment companies in relation to the potential financing options, including issuance of new Shares and/or convertible notes. The Directors have discussed the funding needs and the fundraising plans of the Company with the potential investors, as well as the proposed subscription price or conversion price (as the case may be) and the amount of funds expected from the potential investors. The Subscriber and the Existing Convertible Notes Holder consequentially became the investors of the Company as the Subscription Price and the initial Conversion Price were more favourable to the Company as compared to the subscription price and conversion price proposed by other potential investors considered by the Company prior to the entering into of the Subscription Agreement. Please refer to the section headed “The Subscription Agreement – Subscription Price” above for further details .

As disclosed in the Annual Report, the gearing ratio of the Group, being the ratio of net debts over Shareholders’ equity, was 84.21% as at 31 December 2017. As disclosed in the Convertible Notes Issuance Announcements, the Company has already issued the Existing Convertible Notes to the Existing Convertible Notes Holder on 1 September 2017. As such, any additional fundraising by debt financing will further increase the gearing ratio of the Group and also result in additional interest burden and finance cost to the Group. By comparison, fundraising by equity financing will reduce the gearing ratio of the Group and improve the leverage position of the Group. Therefore, the Directors are of the view that, taking into account the current gearing level of the Group, the Subscription, which is an equity financing with interest-free nature, would be more appropriate and favourable to the Company.

The Directors also considered various other equity financing options, such as rights issue, open offer and placing of Shares. As disclosed in the Annual Report, the Group has recorded a loss of approximately RMB369,970,000 for the year ended 31 December 2017. As a rights issue and open offer involves an offer to the existing Shareholders to subscribe for the Shares and hence increasing the amount of their investment in the Company and underwriting by financial institutions, in light of the current financial performance of the Group and the market conditions, as well as the size of the funds to be raised by the Company, being HK\$800,000,000, such offering may not be attractive to the Shareholders and the Company may also have difficulty in identifying a financial institution which is willing to underwrite the offering. In addition, even if the Company were able to identify a potential underwriter for the rights issue or open offer, it will involve a lengthy process of negotiating with the potential underwriter on the terms and conditions of the underwriting and preparing the necessary documentations, including the underwriting agreement and other documents as required under the Listing Rules, which would not be cost-effective for the Company. Taking into account (i) the lack of certainty in the successful implementation of a rights issue and open offer, which is subject to the financial performance of the Group and the prevailing market conditions, (ii) the size of the funds to be raised by the Company; and (iii) the lengthy process required for a rights issue and open offer, fundraising by rights issue or open offer was not adopted by the Company. Similarly, apart from the lengthy process of identifying and negotiating with the potential

## LETTER FROM THE BOARD

placing agents, placing of Shares would usually be conducted on a best or reasonable effort basis and the amount to be raised would be uncertain and subject to the financial performance of the Group and prevailing market conditions.

As disclosed in the section headed “Use of Proceeds” below, the Board intends to use the proceeds from the Subscription for the Acquisition and the general working capital of the Group and as such, the Directors considered that certainty of fundraising, in particular, whether the amount raised would be sufficient to satisfy the remaining Consideration payable by the Purchaser to the Vendor for the Acquisition, to be a crucial factor in deciding the equity financing options. In light of the current market conditions, the Directors are of the view that the Subscription, where the amount of Subscription Monies is agreed in advance under the Subscription Agreement, would provide greater certainty to the Company as compared to other means of equity financing, such as rights issue, open offer and placing of Shares.

The Directors consider that, taking into account the abovementioned factors and the recent market conditions, raising funds by way of issuing and allotting the Subscription Shares would enable the Company to obtain funds with greater certainty and lower financing costs and therefore, is the most optimal method of fundraising for the Company.

In addition, the Directors are of the view that the investment by the Subscriber in the Shares demonstrates confidence and recognition in the investment value of the Company and would also enlarge and diversify the shareholder base of the Company.

Taking into account (i) the abovementioned benefits of the Subscription, (ii) the significant premium of the Subscription Price over the initial Conversion Price of the Existing Convertible Notes and (iii) the insignificant discount of the Subscription Price to the average closing prices of the Shares in the medium to long term immediately prior to the date of the Subscription Agreement, as further particularized in the section headed “Subscription Agreement – Subscription Price” above, the Directors (including the independent non-executive Directors) consider that, despite the dilution effect of the Subscription on the existing Shareholders, the terms and conditions of the Subscription Agreement and the transactions contemplated thereunder, which are determined after arm’s length negotiations between the Company and the Subscriber, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### 8. USE OF PROCEEDS

The Board intends to use the proceeds from the Subscription for the Acquisition and the general working capital of the Group.

The net proceeds from the Subscription are expected to be approximately HK\$765,000,000, for which the Board intends to use in the following manner:

- (i) approximately HK\$520,000,000 will be used for the payment of the remaining Consideration payable by the Purchaser to the Vendor after setting off the aggregate amount of the principal amount of a loan of HK\$290,000,000 provided by the Company to the Vendor together with any accrued interest up to the date of payment of the Consideration against the total Consideration payable of RMB660,000,000 (approximately HK\$815,000,000), which shall be payable by the Purchaser to the Vendor within five working days of the completion of the registration of change with the relevant industry and commerce administration authority in the PRC in respect of the Acquisition, further details of which are set out in the Acquisition Announcement; and
- (ii) approximately HK\$245,000,000 will be used for the general working capital of the Group and will be applied from time to time based on the actual business needs of the Group.

In the event that the Acquisition does not proceed or cannot be completed, the Group intends to use the proceeds from the Subscription for the general working capital of the Group and for future potential acquisition(s) of 4S dealership stores in the PRC. As at the Latest Practicable Date, (i) save for the Acquisition, the Company did not have any other specific potential acquisition targets and (ii) save for the Subscription, the Company did not have any other specific fundraising plans for the future potential acquisition(s) of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Company did not have any other specific funding needs.

### 9. INFORMATION ON THE GROUP

The Group is committed to the construction and development of individual automotive service chain network and automotive product e-commerce platform. The retail service chain stores of the Group, which are primarily city gas stations, provide car owners with automotive cleaning, beauty, maintenance, body repair and repair services and sell automotive products. The automotive product e-commerce platform of the Group provides customers with purchase, delivery and warehouse storage services of automotive repair parts and automotive products. The manufacturing business of the Group is principally engaged in the research and development, manufacture and sale of electronic and power-related automotive parts and accessories, which are mainly sold to the PRC, North America and Europe.

**10. INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated in the British Virgin Islands. It is principally engaged in investment in financial products, including shares and convertible instruments of companies listed in Hong Kong and the PRC, bonds, foreign exchange and real estates. As at the Latest Practicable Date, the Subscriber was wholly-owned by Mr. Mo, an individual who is a Hong Kong resident.

Mr. Mo has been the sole director and sole shareholder of the Subscriber since its incorporation in 2011. Mr. Mo has extensive experience in the securities market, corporate governance, asset management and financial investment. Since 2006, Mr. Mo has founded a number of investment companies in the PRC and is primarily responsible for the fund management of these companies. Mr. Mo also served as an executive director of Century Ginwa Retail Holdings Limited (formerly known as China Golden Development Holdings Limited), a company listed on the Stock Exchange (Stock Code: 162), from November 2001 to June 2005 and from January 2006 to January 2007. Mr. Mo obtained his bachelor of mechanical engineering degree from Xi'an Jiaotong University in 1988.

The Subscriber, represented by Mr. Mo, was introduced to the Company through a mutual acquaintance of Mr. Du Jinglei, an executive Director and the chairman of the Board, and Mr. Mo in November 2017.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) save for the Subscription, each of the Subscriber and Mr. Mo does not have any past and present relationships, whether financial, business or otherwise, with the Company and its connected persons and (ii) the Subscriber and Mr. Mo are third parties independent of the Company and its connected persons.

**11. POSSIBLE ADJUSTMENT TO THE CONVERSION PRICE OF THE EXISTING CONVERTIBLE NOTES**

Reference is made to the Convertible Notes Issuance Announcements in relation to, among other things, the issue of the Existing Convertible Notes in an aggregate principal amount of US\$35,000,000 (equivalent to approximately HK\$271,250,000) by the Company to the Existing Convertible Notes Holder.

Pursuant to the Convertible Note Purchase Agreement, the Existing Convertible Notes are convertible at the initial conversion price of HK\$0.306085 per Share (subject to adjustment) and will be convertible into approximately 886,191,744 Shares upon its full conversion. Pursuant to the partial conversion of the Existing Convertible Notes by the Existing Convertible Notes Holder in an aggregate principal amount of US\$10,000,000 at the conversion price of HK\$0.306085 per Share, the Company allotted and issued a total of 253,197,640 Shares to the Existing Convertible Notes Holder, of which 8,400,000 Shares were subsequently disposed of by the Existing Convertible Notes Holder. As at the Latest Practicable Date, 244,797,640 Shares were held by the Existing Convertible Notes Holder. Assuming that the remaining amount of the Existing Convertible Notes will be fully



## LETTER FROM THE BOARD

converted at the conversion price of HK\$0.306085 per Share, subject to the Amendments, an additional 476,703,895 Shares will be issued to the Existing Convertible Notes Holder.

In the event that the Existing Convertible Notes are not fully converted prior to Completion, the conversion price of the Existing Convertible Notes shall be adjusted from HK\$0.306085 per Share to HK\$0.280511 per Share as a result of the Subscription and upon Completion pursuant to the Terms and Conditions, assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the Completion Date save for the issuance of the Subscription Shares. Assuming that the remaining amount of the Existing Convertible Notes will be fully converted at the adjusted conversion price of HK\$0.280511 per Share, subject to the Amendments, an additional 476,703,895 Shares will be issued to the Existing Convertible Notes Holder under the General Mandate.

Under the General Mandate, the Directors are authorized to allot and issue up to a maximum of 915,321,257 new Shares. As disclosed in the Convertible Notes Issuance Announcements, in the event that (1) following an exercise of the Conversion Rights, an issue of Shares is required which would exceed the limit on the allotment and issue of Shares under the General Mandate; or (2) immediately after the issuance of the Shares pursuant to an exercise of the Conversion Rights, the Existing Convertible Notes Holder will become a Substantial Shareholder, the Company shall, among other things, (i) issue and deliver, in accordance with Terms and Conditions, the number of Shares to which the Existing Convertible Notes Holder would have been entitled upon exercise of the Conversion Rights up to the maximum possible that would not (a) exceed the General Mandate or (b) render the Existing Convertible Notes Holder a Substantial Shareholder (as applicable); and (ii) satisfy the exercise of the Conversion Rights by making payment to the Existing Convertible Notes Holder of the cash value alternative. Therefore, the issue of the additional Shares upon conversion of the Existing Convertible Notes at the adjusted conversion price will not exceed the limit under the General Mandate or render the Existing Convertible Notes Holder a Substantial Shareholder.

Further announcement(s) will be made by the Company in respect of the adjustment to the conversion price of the Existing Convertible Notes (if any) as and when appropriate.

### **12. THE EGM**

The EGM will be convened and held at No. 4589 Wai Qing Song Road, Qingpu District, Shanghai, the PRC on Thursday, 14 June 2018 at 2:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve (i) the Subscription Agreement and the transactions contemplated thereunder and (ii) the Specific Mandate. The notice of EGM is set out on pages EGM-1 to EGM-3 of this circular.

As at the Latest Practicable Date, CDH Company (the indirect controlling shareholder of the Company) and its associates controlled or were entitled to exercise control over the voting rights in respect of 2,889,580,226 Shares, representing approximately 59.69% of the total issued share capital of the Company.



## LETTER FROM THE BOARD

As disclosed in the Acquisition Announcement, on 2 March 2018, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to dispose of, 100% of the equity interests in the Target Company. The Acquisition constitutes a very substantial acquisition and a connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules. As CDH Company and its associates are considered to have a material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, CDH Company and its associates and those who are interested in the Equity Transfer Agreement and the transactions contemplated thereunder will be required to abstain from voting on the resolution in relation to the Equity Transfer Agreement and the transactions contemplated thereunder.

As the Board intends to use part of the proceeds from the Subscription for the Acquisition, CDH Company and its associates are also considered to have a material interest in the Subscription Agreement and the transactions contemplated thereunder. As such, CDH Company and its associates and those who are interested in the Subscription Agreement and the transaction contemplated thereunder will be required to abstain from voting on the resolution in relation to the Subscription Agreement and the transactions contemplated thereunder. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Subscription Agreement and the transactions contemplated thereunder and therefore, no other Shareholder is required to abstain from voting at the EGM for the relevant resolution.

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending, and voting in person at the EGM or any adjournment thereof if you so desire.

### **13. RECOMMENDATION**

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder, which are determined after arm's length negotiations between the Company and the Subscriber, and the grant of the Specific Mandate, are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

## LETTER FROM THE BOARD

### 14. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**As Completion is subject to the satisfaction of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

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

*\* For identification purposes only*

## NOTICE OF EGM



### 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)**

## NOTICE OF EGM

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of New Focus Auto Tech Holdings Limited (the “**Company**”) will be held at No. 4589 Wai Qing Song Road, Qingpu District, Shanghai, the PRC on Thursday, 14 June 2018 at 2:00 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution of the Company. Unless otherwise defined, capitalized terms defined in the circular dated 28 May 2018 shall have the same meanings when used in this notice.

### ORDINARY RESOLUTION

1. “**THAT**

- (a) the subscription agreement dated 21 December 2017, as amended and supplemented by the supplemental agreement dated 25 April 2018 (the “**Subscription Agreement**”) entered into between the Company, as issuer, and Fame Mountain Limited, as subscriber, in relation to the subscription of 1,904,761,905 new ordinary shares of par value HK\$0.10 each in the share capital of the Company (the “**Subscription Shares**” and each a “**Subscription Share**”) at the subscription price of HK\$0.42 per Subscription Share and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified in all respects;
- (b) subject to the fulfillment of the conditions precedent set out in the Subscription Agreement, the allotment and issuance of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement be and is hereby approved;
- (c) the directors of the Company (the “**Directors**” and each a “**Director**”) be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Subscription Shares pursuant to the terms of the Subscription Agreement (the “**Specific Mandate**”), where the Subscription Shares shall rank equally in all respects among themselves and with all fully paid ordinary shares of the Company in issue as at the date of the allotment and issuance; the Specific Mandate

## NOTICE OF EGM

is in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to or after the passing of this resolution; and

- (d) any one Director be and is hereby authorized to do all such acts and things and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his/her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Subscription Agreement and the transactions contemplated thereunder."

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

Hong Kong, 28 May 2018

*Registered Office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

*Principal place of business in Hong Kong:*  
5/F, 180 Hennessy Road  
Wan Chai  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her behalf, subject to the articles of association of the Company. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized.

## NOTICE OF EGM

4. Where there are joint holders of any share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, then the one of such joint holders so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
5. The resolution at the EGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
6. The register of members of the Company will be closed from Monday, 11 June 2018 to Thursday, 14 June 2018 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Friday, 8 June 2018.

*As at the date of this notice, 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 purposes only*