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NFA®

NEW FOCUS AUTO TECH HOLDINGS LIMITED

新焦點汽車技術控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 360)

DISCLOSEABLE TRANSACTION

(involving the issue of new Shares)

and

RESUMPTION OF TRADING

The Acquisition

On 19 March 2007, the Company entered into the Equity Transfer Agreement with the Vendor, pursuant to which, the Company has conditionally agreed to acquire 51% equity interest in Aiyihang from the Vendor for an aggregate consideration of RMB40,000,000 (equivalent to approximately HK\$40,395,880) subject to certain post-completion adjustments. The Company and the Vendor also agreed to inject Additional Capital to Aiyihang within one month after completion of Registration.

The Consideration for the Acquisition will be satisfied as to (i) RMB12,000,000 (equivalent to approximately HK\$12,118,764) in cash; and (ii) the balance of RMB28,000,000 (equivalent to approximately HK\$28,277,116) by the allotment and issue of 13,660,442 Consideration Shares at an issue price of HK\$2.07 per Consideration Share by the Company to the Vendor.

The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and the Acquisition is subject to the requirements of notifying the Stock Exchange and publication of an announcement in the newspapers and the dispatch of circulars to the Shareholders.

A circular containing, among other things, further details of the Acquisition pursuant to the Equity Transfer Agreement will be despatched by the Company to the Shareholders within 21 days from the date of this announcement.

**Resumption of Trading**

Trading in Shares has been suspended with effect from 9:30 a.m. on 12 February 2007 at the request of the Company pending the release of an announcement relating to a proposed issue of convertible bonds by the Company. The agreement pertaining to the proposed issue of convertible bonds by the Company was terminated on 19 March 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 28 March 2007.

THE EQUITY TRANSFER AGREEMENT

The principal terms and conditions of the Equity Transfer Agreement are detailed as follows:

Date

19 March 2007

Parties to the Equity Transfer Agreement

- (1)

Mr. Xing Aiyi (邢愛義) (or his nominee) (“Vendor”) as the transferor

To the best knowledge and belief of the Directors and having made all reasonable enquiries, the Vendor is an Independent Third Party and is not a connected person of any Directors, chief executive or substantial shareholders of the Company and its subsidiaries, or any of their respective associates.
- (2)

The Company (or its associate) as the transferee

Interest to be Acquired

The Equity Interest shall be acquired by the Company (or its associates).

According to the Equity Transfer Agreement, the Company has agreed that it will not transfer the Equity Interest or create or permit to arise any mortgage, pledge or other form of security or encumbrance on the Equity Interest during the three years ending 31 December 2009 without the prior written consent of the Vendor.

The Consideration

The price of the Equity Interest (“Price”) was arrived at by the Company and the Vendor after arm’s length negotiation, which is calculated at the following pricing formula:

Price = A x 20% + B x 35% + C x 45% x price / earning ratio of 10 times x 51%

where

A

=

audited net profit after tax of Aiyihang for the period from Registration to 31 December 2007

x

12

the number of months for the period from Registration to 31 December 2007

B

=

audited net profit after tax of Aiyihang for year ending 31 December 2008

C

=

audited net profit after tax of Aiyihang for year ending 31 December 2009

The Company and the Vendor consider three years being a reasonable length of time for assessing the on-going performance of Aiyihang and linking the Price to profit of Aiyihang would encourage enhanced performance of Aiyihang by allowing the Vendor to share the results which is to be reflected in the Price. The weight attached to the profit for each year in the calculation of Price, which is in ascending order namely 20%, 35% and 45% for the three years ending 31 December 2009 respectively, was determined with a view to encourage sustained performance and development of Aiyihang as the Vendor will be able to benefit from the continuous expansion and development of Aiyihang.

Based on commercial negotiation and consideration, the Company and the Vendor agreed that the Price shall be satisfied in the following manner:

- (A)

an initial sum of RMB40,000,000 (equivalent to approximately HK\$40,395,880) (of which RMB12,000,000 in cash and the balance RMB28,000,000 by the issue of Consideration Shares) (details of which are set out in the sub-section “Payment of Consideration” below); and
- (B)

an Adjustment Sum to be determined with reference to the Price after net profit figures for the three years ending 31 December 2009 are available and the value of (A) above based on the value of the Consideration Shares at that time. ((A) and (B) refer to as “Consideration”).

The purpose of the Adjustment Sum is to reflect the agreed Price, which may be payable by the Company to the Vendor or vice versa, as the case may be. For the calculation of the Adjustment Sum, the Company and the Vendor further agreed that:

- (i)

if the Aggregate Audited Net Profit shall be not less than RMB12,000,000 (equivalent to approximately HK\$12,118,764), the value of the Consideration as at 2009 Audit Accounts Date should be not less than RMB40,000,000 (equivalent to approximately HK\$40,395,880); and
- (ii)

in the case the Adjustment Sum is payable by the Company, it will be capped at RMB40,000,000 (equivalent to approximately HK\$40,395,880).

Based on the above, a mechanism for evaluating the Adjustment Sum according to different situations was worked out and details of which are set out below under the sub-section “Adjustment to the Consideration”. The Consideration therefore may or may not be the same as the Price depending on the variables involved in the mechanism of evaluating the Adjustment Sum.

Payment of Consideration

The Consideration shall be satisfied:

- (1)

as to RMB12,000,000 (equivalent to approximately HK\$12,118,764) in cash to the Vendor, payable in two instalments:

(a)

RMB6,000,000 (equivalent to approximately HK\$6,059,382) is payable within 10 working days from the date of the Equity Transfer Agreement (“First Payment”); and

(b)

RMB6,000,000 (equivalent to approximately HK\$6,059,382) is payable within 5 working days after completion of Registration (“Second Payment”).
- (2)

as to the balance RMB28,000,000 (equivalent to approximately HK\$28,277,116) by the allotment and issue of 13,660,442 new Shares as Consideration Shares, credited as fully paid, at an issue price of HK\$2.07 each by the Company. The calculation of Consideration Shares is as follow:

Consideration Shares

=

RMB28,000,000 (equivalent to HK\$28,277,116)

the average closing price of the Shares for the 90 trading days immediately preceding the date of the Equity Transfer Agreement

The above cash portion of the Consideration will be satisfied by the Group’s internal resources.

The Consideration Shares will be allotted and issued to the Vendor at the same time of Second Payment.

The Consideration Shares represent approximately 3.37% of the issued Shares as of the date of this announcement and 3.26% of the enlarged issued Shares immediately after Completion. The Consideration Shares have a market value of approximately HK\$32,511.853, based on the closing price of HK\$2.38 per Share on 9 February 2007 (being the last trading day immediately prior to the date of this announcement).

The Consideration Shares will be issued, credited as fully paid and shall rank *pari passu* in all respects with the existing Shares on the relevant date of allotment. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

\* For identification purpose only

The issue price of each Consideration Share is HK\$2.07 which represents:

- (a)

a discount of approximately 13.03% to the closing price of HK\$2.38 per Shares as quoted on the Stock Exchange on 9 February 2007 (being the last trading day immediately prior to the date of this announcement); and
- (b)

a discount of approximately 12.29% to the average closing price of HK\$2.36 per Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 9 February 2007 (being the last trading day immediately prior to the date of this announcement).

In contemplation of the Acquisition, the Consideration Shares will be allotted and issued under the Existing General Mandate granted to the Directors at the 2006 AGM.

At the 2006 AGM, the issued ordinary share capital of the Company was HK\$40,260,000 comprising 402,600,000 Shares. The Board was granted the Existing General Mandate at the 2006 AGM to allot, issue and otherwise deal with up to 80,520,000 Shares, representing 20% of the share capital of the Company in issue on the date of the 2006 AGM. The Existing General Mandate has not been exercised at all as at the date of this announcement. Accordingly, the maximum number of new Shares which can be issued pursuant to the Existing General Mandate is 80,520,000 Shares (without taking into account the 13,660,442 Consideration Shares to be allotted and issued to the Vendor).

The Vendor undertakes that during the period from the issue of Consideration Shares to 31 December 2009, it will not, in each year, transfer more than 10% of the Consideration Shares to third party. The Vendor further agrees to give the Company one month’s written notice informing the Company the number of Consideration Shares and the transfer price thereof each time if he proposes to transfer 3% or more of Consideration Shares; in the case the proposed transfer involves less than 3% of the Consideration Shares, the notification period will be 3 days.

Adjustment to the Consideration

Pursuant to the Equity Transfer Agreement, adjustment shall be made to Consideration within one month from 2009 Audited Accounts Date.

Adjustment to Consideration is based on the Price, Aggregated Audited Net Profit and the then value of the Consideration before Adjustment Sum (“Value”) where:

Value

=

Number of Consideration Shares (*note*) x the average closing price of the Shares for the 90 trading days immediately preceding 2009 Audited Accounts Date + RMB12,000,000

(*note*) being 13,660,442 at issue, to be adjusted accordingly if there is any variation in the Company’s share capital arising from any sub-division or consolidation or issue of new Shares etc. during the period from the date of the Equity Transfer Agreement to 31 December 2009

Below is the mechanism for evaluating the Adjustment Sum:

- (1)

In the case Price = RMB40,000,000; if

(a)

Value ≥ RMB40,000,000, there will be no adjustment;

(b)

Value < RMB40,000,000, the Company has to pay the Vendor an Adjustment Sum, being the difference between RMB40,000,000 and the Value.
- (2)

In the case Price > RMB40,000,000; if

(a)

Value > RMB40,000,000 and (Price – RMB40,000,000) ≤ (Value – RMB40,000,000), there will be no adjustment to Consideration;

(b)

Value > RMB40,000,000 and (Price – RMB40,000,000) > (Value – RMB40,000,000), the Company has to pay to the Vendor an Adjustment Sum equal to (Price – RMB40,000,000) – (Value – RMB40,000,000);

(c)

Value ≤ RMB40,000,000, the Company has to pay to the Vendor an Adjustment Sum equal to (Price – RMB40,000,000) + (RMB40,000,000 – Value).
- (3)

In the case Price < RMB40,000,000; if

(a)

the Aggregate Audited Net Profit is not less than RMB12,000,000; then

(i)

if Value < RMB40,000,000, the Company has to pay to the Vendor an Adjustment Sum equal to the difference between RMB40,000,000 and the Value;

(ii)

if Value ≥ RMB40,000,000, the Vendor shall pay to the Company an Adjustment Sum based on the following calculations, whichever is the smallest:

•

RMB40,000,000 – Price; or

•

RMB40,000,000 – (audited net asset value of Aiyihang as at 31 December 2009 x 51%); or

•

Value – RMB40,000,000

(b)

the Aggregate Audited Net Profit is less than RMB12,000,000; then

(i)

if Value < RMB40,000,000 and (RMB40,000,000 – Price) ≥ (RMB40,000,000 – Value), the Vendor shall pay to the Company an Adjustment Sum equal to (RMB40,000,000 – Price) – (RMB40,000,000 – Value);

(ii)

if Value < RMB40,000,000 and (RMB40,000,000 – Price) < (RMB40,000,000 – Value), the Company shall pay to Vendor an Adjustment Sum equal to (RMB40,000,000 – Value) – (RMB40,000,000 – Price);

(iii)

if Value ≥ RMB40,000,000, the Vendor shall pay to the Company an Adjustment Sum based on the following calculations, whichever is smaller:

•

RMB40,000,000 – Price; or

•

RMB40,000,000 – (audited net asset value of Aiyihang as at 31 December 2009 x 51%).

(4)

The Adjustment Sum shall be paid by the Vendor or the Company (as the case may be) to the other party within one month from 2009 Audited Accounts Date.

(5)

In any event, Adjustment Sum payable by the Company under the Equity Transfer Agreement shall not exceed RMB40,000,000 (equivalent to approximately HK\$40,395,880) and such Adjustment Sum shall be paid in cash.

(6)

In the case Adjustment Sum is payable by the Vendor to the Company, the Vendor may at his option pay such sum by way of cash or by the transfer of equivalent value of his equity interest in Aiyihang to the Company. In the latter case, the percentage of equity interest of Aiyihang to be transferred shall be calculated as follow:
- equity interest of Aiyihang to be transferred

=

Adjustment Sum

÷

Price

51%
- The Consideration was arrived at after arm’s length negotiations between the Company and the Vendor.

In the PRC automobile chain services industry, Aiyihang is one of considerable size (with operation revenue of over RMB40,000,000) (equivalent to approximately HK\$40,395,880), which is able to achieve a profitable standing and has a well-managed operation. Given the rather unique nature of Aiyihang in terms of its size and operation pattern, no readily available comparable in the market as to the level of price earning ratio could be found. With reference of an average price earning ratio of 16 – 20 times for overseas automobile services companies and having taking into account, among other things, the possible synergistic effect on the Group’s operations and the positive impact on the Group’s market position and profit performance to be brought by the Acquisition, the Directors are of the view that the price earning ratio of 10 times used in determining the Price and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Capital Injection

The Company and the Vendor agreed to inject RMB20,000,000 (equivalent to approximately HK\$20,197,939) as additional capital to Aiyihang within one month from the date of completion of Registration on a pro rata basis as per their then respective shareholding, namely RMB10,200,000 (equivalent to approximately HK\$10,300,949) from the Company and RMB9,800,000 (equivalent to approximately HK\$9,896,990) from the Vendor and Zhao.

After completion of Capital Injection, no party shall, without the prior consent of the other party:

- (a) inject further capital to Aiyihang;
- (b) transfer its/his equity interest in Aiyihang; and
- (c) create or permit to arise any mortgage, pledge or any other form of security or encumbrance on his/its equity interest in Aiyihang.

Other Terms

Upon payment of First Payment, the Company shall pay to the Vendor a sum of RMB3,000,000 (equivalent to approximately HK\$3,029,691) in return for the Vendor agreeing not to dispose of more than 10% of the Consideration Shares each year during the period from the issue of the Consideration Shares to 31 December 2009. No restriction was imposed on the use of such sum and it will be repaid in full by the Vendor to the Company unconditionally on or before 31 March 2010 without interest.

There is no arrangement or intention to appoint the Vendor as a Director under the Equity Transfer Agreement.

Shareholding Structure

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately after Completion.

Shareholder	As at the date of this announcement		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
Mr. HUNG Wei-Pi, John ( <i>Note A</i> )	162,404,000	40.03	162,404,000	38.71
Mr. FRESCO Douglas Charles Stuart ( <i>Note A</i> )	50,524,000	12.45	50,524,000	12.044
Directors ( <i>Note B</i> )	24,908,000	6.13	24,908,000	5.94
Vendor	0	0	13,660,442	3.26
Public	167,999,000	41.40	167,999,000	40.06
Total	405,835,000	100.00	419,495,442	100.00

Note A: Including the interest of their respective associate

Note B: Excluding the interest of Mr. John Hung and Mr. Fresco

Conditions of the Equity Transfer Agreement

Completion of the Equity Transfer Agreement is conditional upon, among other things, the following being fulfilled:

- (a) Completion of Loan Conversion and after completion of Loan Conversion, the net assets value of Aiyihang shall be not less than RMB12,500,000 (equivalent to approximately HK\$12,623,712.38);
- (b) Completion of Registration. Application for Registration shall only take place after Loan Conversion has been completed; and
- (c) The Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consideration Shares.

If any of the conditions precedent have not been fulfilled by the Long-stop Date (or such other date as the Vendor and the Company may agree in writing), the provisions of the Equity Transfer Agreement shall from such date have no effect and no parties to the agreement shall have any claim against the others. All sums paid under the Equity Transfer Agreement by the Company to the Vendor shall be repaid in full to the Company.

Notwithstanding the above, if Loan Conversion shall not have completed within two months from the date of the Equity Transfer Agreement, the Company shall be entitled to:

- (a) the return of all sums already paid to the Vendor together with interest accrued thereon according to one-year term loan interest rate based on the actual number of days lapsed; and
- (b) terminate the Equity Transfer Agreement.

Completion

Completion shall take place within five working days following the fulfillment of all the conditions precedent (or such other date as the Company and the Vendor shall agree in writing). Upon Completion, Aiyihang will become a subsidiary of the Company.

INFORMATION ON AIYIHANG

Business

Aiyihang was established in September 1997 currently by the Vendor and is now having a registered capital of RMB18,500,000 (equivalent to approximately HK\$18,683,094). Aiyihang is operating in the business of integrated automobile services and supplies, including environmental-friendly car-wash services, automobile decorations, automobile beautification, scratch repair and maintenance services. Aiyihang has obtained the ISO9001 certification. Aiyihang currently owns 9 super stores, which are in operation. In terms of the number of stores, the scale of operation and the influence on the market, Aiyihang is a leader in the automobile services and supplies industry in Beijing as well as the whole of PRC.

Financial Information of Aiyihang

Based on the latest audited accounts of Aiyihang for the period of 10 months ended 31 October 2006 prepared for the purpose of the Acquisition, the total assets and total net assets of Aiyihang as at 31 October 2006 was RMB27,449,000 (equivalent to approximately HK\$27,720,662) and a deficit in the amount of RMB2,744,000 (equivalent to approximately HK\$2,771,157) respectively. The net profit before and after taxation of Aiyihang for the 10 months ended 31 October 2006 amounted to RMB791,000 (equivalent to approximately HK\$798,828) and RMB449,000 (equivalent to approximately HK\$453,444) respectively. Based on Aiyihang’s management account for the year ended 31 December 2005, the net loss before and after taxation of Aiyihang amounted to RMB4,359.93 (equivalent to approximately HK\$4,403) and RMB223,314.63 (equivalent to approximately HK\$225,524) respectively.

The whole PRC automobile service industry is in the stage of fast development under transition from expansion to profitability. Year 2005 was also a year of expansion and consolidation for Aiyihang. The loss in that year was mainly attributed to the extra administration and development costs and expenses incurred in establishing the framework for management and business development of Aiyihang in the next few years as well as in the process of preparation for the opening of 3 new super stores in year 2006 whilst growth in operation revenue still experienced a short-term lag.

INFORMATION ON THE VENDOR

The Vendor, aged 44, is the chairman and president of Aiyihang. He graduated from the Beijing University with a Bachelor Degree in Management. The Vendor was one of the founders of Aiyihang. In 1992, he established 愛義行汽車服務中心 (Aiyihang Auto Service Centre). In 1997, he established Aiyihang and has been the chairman and president until now. At the same time, the Vendor is also a member of the 北京市宣武區政協委員會 (Committee of the Chinese People’s Political Consultative Conference, Xuanwu District, Beijing), vice president of the 宣武區工商業聯合會 (Xuanwu District Federation of Industry and Commerce) and an executive member of the 北京市工商業聯合會 (Beijing Federation of Industry and Commerce). He was granted the prizes of “優秀中國特色社會主義事業建設者” (“Outstanding Constructors of Socialist Cause with Chinese Characteristics”) in Beijing and “第四屆有突出貢獻的科教·技術·管理人才” (the Fourth “Talents with Outstanding Contributions in the Fields of Science Education, Technology and Management”).

INFORMATION ON THE GROUP

The Group is principally engaged in the manufacturing and sales of electronic and power-related automotive parts and accessories which are distributed primarily in North America and the Greater China regions. The Group is also engaged in the distribution of merchandise through its operation of automotive aftermarket services chain stores network in the PRC.

REASONS FOR THE ACQUISITION

The Directors believe that the Acquisition will create synergy and strengthen the competitiveness of the Group’s automotive service business.

The Group currently has no presence in Beijing, the city with the most private passenger cars in the PRC. Aiyihang, on the other hand, has been operating in the city with well established network and reputation. It has been the Group’s plan to have establishment in Beijing and Shanghai, the two most influential cities in the PRC. Given the vast differences in the level of economic development and consumer behaviors and preference in different cities in the PRC, entry to the Beijing market through acquisition of Aiyihang, a company already operating there, would be the most efficient and effective way in terms of both time and costs.

Besides, the Acquisition provides the Group with the opportunity to improve its knowledge on the PRC’s automobile services industry through the cooperation with Aiyihang, a competitor in the market, and to better understand its strengths and weaknesses in its operation.

The Acquisition also helps to improve the overall strengths of the Group. The Group now has altogether 289 chain stores providing automobile services, most of which are medium-sized stores. For super stores (stores having an area of 1,000 to 5,000 square meters), the Group now has 10, 8 of which are located in Taiwan, 1 in Shanghai and 1 in Chengdu. Aiyihang currently has 9 super stores. On Completion, the Group’s super stores will be increased from 10 to 19 and the Group would be able to expand its loyal customer base by more than ten thousands. Besides, the Group would be able to increase its bargaining power with its suppliers in tires, audio equipments, navigation systems, etc., which would enable the Group to reduce its costs for obtaining the supplies.

The Acquisition would also result in the increase in revenue of the Group. It is anticipated that the Acquisition will bring to the Group approximately RMB50,000,000 (equivalent to approximately HK\$50,494,850) of revenue in the year 2007.

IMPLICATION OF THE LISTING RULES

Since three of the relevant percentage ratios (as defined in 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 and the Acquisition is subject to the requirements of notifying the Stock Exchange and publication of an announcement in the newspapers and the dispatch of circulars to the Shareholders.

GENERAL

A circular containing, among other things, further details of the Acquisition pursuant to the Equity Transfer Agreement will be dispatched by the Company to the Shareholders within 21 days from the date of this announcement.

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, Douglas Charles Stuart Fresco and Norman L. Matthew; (ii) the non-executive Directors, namely Low Hsiao-Ping and (iii) the independent non-executive Directors, namely Du Haibo, Zhou Tai Ming and Uang Chii-Maw.

Except for Shares issued pursuant to the share option scheme of the Company adopted on 13 February 2005, the Company has not raised any funds from any issue of equity securities in the last twelve months.

At the request of the Company, trading of the Shares was suspended on the Stock Exchange from 9:30 a.m. on 12 February 2007 pending release of an announcement in relation to the proposed issue of convertible bonds pursuant to an agreement dated 9 February 2007 (“CB Agreement”) entered into between the Company and ARCH Auto Limited (“Investor”). In the course of obtaining clearance from the Stock Exchange in relation to the announcement for the CB Agreement, the Stock Exchange raised a number of issues, some of which required amendments to the terms of the CB Agreement. However, the Company and the Investor could not reach agreement on the amended terms despite prolonged discussion and the extension of the time for the satisfaction of the conditions precedent. In accordance with the subsequent agreement between the Company and the Investor, the Subscription Agreement was terminated on 19 March 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares with effect from 9:30 a.m. on 28 March 2007.

DEFINITIONS

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

“2006 AGM”	the annual general meeting of the Company held on 22 May 2006
“2009 Audited Accounts Date”	the date on which the audited accounts of Aiyihang for the year ending 31 December 2009 is issued
“Acquisition”	the acquisition by the Company from the Vendor of the Equity Interest pursuant to the Equity Transfer Agreement
“Additional Capital”	the aggregate of RMB20,000,000 (of which RMB10,200,000 from the Company and RMB9,800,000 from the Vendor) capital investment to Aiyihang pursuant to the Equity Transfer Agreement
“Adjustment Sum”	the amount of adjustment to Consideration payable under the Equity Transfer Agreement
“Aggregate Audited Net Profit”	the aggregate of audited net profit of Aiyihang for the three years ending 31 December 2009
“Aiyihang”	北京愛義行汽車服務有限責任公司 (Beijing Aiyihang Auto Service Ltd.), a limited liability company established in the PRC which is owned as to 91.67% by the Vendor and as to 8.33% by Zhao, both of whom are Independent Third Parties
“Board”	the board of Directors
“Capital Injection”	the injection of Additional Capital by the Company and the Vendor
“Company”	New Focus Auto Tech Holdings Limited, a company incorporated in the Cayman Island with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Equity Transfer Agreement in accordance with the terms therein
“Consideration”	the initial sum of RMB40,000,000 together with Adjustment Sum payable by the Company to the Vendor for the Acquisition pursuant to the Equity Transfer Agreement
“Consideration Shares”	13,660,442 new Shares to be allotted and issued to the Vendor at the issue price of HK\$2.07 per Share, being part of the Consideration payable by the Company to the Vendor pursuant to the Equity Transfer Agreement
“Director(s)”	director(s) of the Company
“Equity Interest”	the 51% equity interest in Aiyihang to be transferred by the Vendor to the Company under the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 19 March 2007 entered into between the Company and the Vendor for the sale and purchase of the Equity Interest
“Existing General Mandate”	the general mandate granted to the Directors at the 2006 AGM to allot, issue and otherwise deal with up to 80,520,000 Shares, representing 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of 2006 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party and, if applicable, the ultimate beneficial owner of the party who is independent of the Company and connected persons of the Company
“Listing Committee”	the listing sub-committee of the directors of the Stock Exchange elected or appointed in accordance with the Articles of Association of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Conversion”	the conversion of RMB15,500,000 loan advanced from the Vendor and Zhao in the books of Aiyihang to capital of Aiyihang by way of injection of additional capital
“Long-stop Date”	18 December 2007, or such later date as the Vendor and the Company may agree in writing
“PRC”	the People’s Republic of China
“Price”	the price for the Equity Interest as agreed by the Company and the Vendor under the Equity Transfer Agreement
“Registration”	the approvals from the Beijing Administration of Industry and Commerce (Beijing AIC) in respect of the shareholder change of Aiyihang as a result of the Acquisition and the completion of the procedures for amending the business license of Aiyihang to show that the Company (or its associate) has become the shareholder thereof
“RMB”	Renminbi
“Shares”	ordinary Share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr. Xing Aiyi (邢愛義), who owns 91.67% equity interest in Aiyihang, an Independent Third Party
“Zhao”	Ms. Zhao Dongqiao (趙東橋), the wife of the Vendor, who owns 8.33% equity interest in Aiyihang, an Independent Third Party
“%”	per cent

For the purpose of this announcement and for illustration purpose only, all amounts in RMB has been translated into HK\$ at a rate of HK\$1.00:RMB0.9902.

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

Hong Kong  
27 March 2007