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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 Cayman Islands with limited liability)
(Stock Code: 360)

CONTINUING CONNECTED TRANSACTIONS

LONGSHENG SALES AGREEMENT

On 23 April 2008, NF Light and Power, a wholly-owned subsidiary of the Company, entered into the Longsheng Sales Agreement with Longsheng, a non wholly-owned subsidiary of the Company, pursuant to which NF Light and Power agreed to sell Goods I to Longsheng for a period from the date of execution of the Longsheng Sales Agreement to 31 December 2010.

CUSTOM ACCESSORIES SALES AGREEMENT

On 23 April 2008, NFA Parts and NF Light and Power, both being wholly-owned subsidiaries of the Company, entered into the Custom Accessories Sales Agreement with Custom Accessories, a non-wholly owned subsidiary of the Company, pursuant to which NFA Parts and NF Light and Power agreed to sell Goods II to Custom Accessories for a period from the date of execution of the Custom Accessories Sales Agreement to 31 December 2010.

LISTING RULES IMPLICATIONS

Longsheng is held as to 51% by PPI, a wholly-owned subsidiary of the Company, and 49% by Anbo. Anbo is a limited liability company incorporated in the PRC and is engaged in the sales of wiring, electrical and automotive and other plastic and metal products. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, except for being a substantial shareholder of Longsheng and except the fact that the sole beneficial owner of Anbo, Mr. Liu Yuanqiang, is also a director of Longsheng, Anbo is not a connected person of any Directors, chief executive or substantial Shareholders, or any of their respective associates. Based on the foregoing, Longsheng is considered as a connected person of the Company under the Listing Rules.

Custom Accessories is held as to approximately 50% by Mr. Fresco and his wife, approximately 48% by Mr. Matthew and his family members and approximately 2% by an Independent Third Party. Mr. Fresco is a substantial Shareholder and an executive Director and Mr. Matthew is an executive Director, each being a connected person of the Company under the Listing Rules. As such, Custom Accessories is a connected person of the Company under the Listing Rules by virtue of it being an associate of the said persons.

Accordingly, the transactions contemplated under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement constitute continuing connected transactions of the Company under the Listing Rules. There is no relationship between Longsheng and Custom Accessories which may trigger aggregation of the transactions contemplated under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement respectively for the purpose of the Listing Rules.

As it is expected that the respective annual sales amount under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement will be unlikely to exceed HK\$10,000,000 and each of the respective relevant percentage ratios (as defined in the Listing Rules) other than profits ratio (as defined in the Listing Rules) will be less than 25%, the transactions contemplated under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement constitute continuing connected transactions for the Company and are exempt from the independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules. Details of the above continuing connected transactions will be included in the annual report and accounts of the Company for the year ending 31 December 2008 pursuant to Rule 14A.45 of the Listing Rules. The Company will re-comply with the relevant requirements under Chapter 14A of the Listing Rules if the annual sales amount under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement exceed HK\$10,000,000 or any of the respective relevant percentage ratios (as defined in the Listing Rules) other than profits ratio (as defined in the Listing Rules) will be 25% or more.

NON-COMPLIANCE WITH THE LISTING RULES

In the course of preparing the financial statements of the Company for the year ended 31 December 2007, the Company became aware that the Longsheng Sales for the financial year ended 31 December 2007, the Custom Accessories Sales for the financial year ended 31 December 2007 and the period from 1 January 2008 to 31 March 2008, and the NFA Parts Purchase for the financial year ended 31 December 2007 had not been disclosed in accordance with the announcement requirement under Rule 14A.47 of the Listing Rules due to inadvertence. The Directors noted that the delay in disclosures of the Longsheng Sales, the Custom Accessories Sales and the NFA Parts Purchase by way of an announcement may constitute a breach of Chapter 14A of the Listing Rules.

The Company has already taken immediate actions to comply with the annual review requirements by the independent non-executive Director and by the auditors of the Company under Rule 14A.37 and Rule 14A.38 of the Listing Rules, and the reporting requirements under Rule 14A.45 of the Listing Rules in relation to the Longsheng Sales, the Custom Accessories Sales and the NFA Parts Purchase as disclosed in the annual report of the Company for the year ended 31 December 2007. The Directors expect that NFA Parts will not continue to purchase Goods III from Longsheng in the near future as the Group plans to restructure the business of NFA Parts in the year of 2008. The Company will closely monitor the total transactions amounts of the Longsheng Sales and the Custom Accessories Sales in order to comply with the requirements under Chapter 14A of the Listing Rules.

LONGSHENG SALES AGREEMENT

Date

23 April 2008

Parties

1. NF Light and Power, a wholly-owned subsidiary of the Company
2. Longsheng, a non wholly-owned subsidiary of the Company

Terms of the Longsheng Sales Agreement

Pursuant to the Longsheng Sales Agreement, NF Light and Power agreed to sell Goods I to Longsheng for a period from the date of execution of the Longsheng Sales Agreement to 31 December 2010. Longsheng will purchase Goods I at prices determined on a cost plus a profit margin basis, which is determined on arm's length negotiation, with reference to the prevailing market price and on the basis that the terms are no less favourable to the Group than the terms offered by NF Light and Power to other Independent Third Parties. The credit terms granted by NF Light and Power to Longsheng are typically 30 days which are similar to those to Independent Third Parties. In general, the credit terms granted to customers in the PRC mostly range between 30 to 60 days depending on the credit worthiness and settlement track record of the customers. For relatively new customers, payments are generally made by cash-on-delivery. NF Light and Power and Longsheng established a current account for settlement of the transactions between each other. The outstanding net balance overdue from Longsheng to NF Light and Power as at 31 December 2007, which represented the amounts not being settled by Longsheng within the credit period, was approximately RMB1,656,000 (equivalent to approximately HK\$1,860,674).

For the year ended 31 December 2007, the sales of Goods I to Longsheng by NF Light and Power amounted to approximately RMB6,023,000 (equivalent to approximately HK\$6,767,416). It is anticipated that the annual sales amount under the Longsheng Sales Agreement for each of the financial years ending 31 December 2008, 31 December 2009 and 31 December 2010 will not exceed HK\$10,000,000.

Reasons for entering into of the Longsheng Sales Agreement

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. The Group is also engaged in the distribution of merchandise through its operation of automotive aftermarket services chain stores network in the PRC and Taiwan. NF Light and Power is principally engaged in the business of manufacturing and sales of automotive parts and accessories which are distributed primarily in North America and Europe.

Longsheng is principally engaged in the business of manufacturing and sales of automotive parts and related electronic products. Since July 2007, Longsheng received orders for powerpacks from its oversea clients. Pursuant to the Longsheng Sales Agreement, Longsheng purchase Goods I, being certain main parts of the powerpacks, from NF Light and Power as it has been one of the most competitive products manufactured by NF Light and Power for the past years.

The Directors consider that selling Goods I to Longsheng under the Longsheng Sales Agreement on no less favourable terms than those sell to Independent Third Parties is beneficial to the Group. The Directors (including the independent non-executive Directors) are of the view that, the Longsheng Sales Agreement was entered into in the ordinary course of the Company's business on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CUSTOM ACCESSORIES SALES AGREEMENT

Date

23 April 2008

Parties

1. NFA Parts, a wholly-owned subsidiary of the Company
2. NF Light and Power, a wholly-owned subsidiary of the Company
3. Custom Accessories, a non wholly-owned subsidiary of the Company

Terms of the Custom Accessories Sales Agreement

Pursuant to the Custom Accessories Sales Agreement, NFA Parts and NF Light and Power agreed to sell Goods II to Custom Accessories for a period from the date of execution of the Custom Accessories Sales Agreement to 31 December 2010. The prices of Goods II sold to Custom Accessories are determined with reference to market prices and on the basis that the terms and those prices would not be less favourable to the Group than the terms offered to other Independent Third Parties on similar products. The credit terms granted by NFA Parts and NF Light and Power to Custom Accessories are typically 30 days which are similar to those to Independent Third Parties. In general, the credit terms granted to customers in the PRC mostly range between 30 to 60 days depending on the credit worthiness and settlement track record of the customers. For relatively new customers, payments are generally made by cash-on-delivery. Custom Accessories has been settling the trade payables within the credit period in the past.

The sales of Goods II to Custom Accessories by NFA Parts and NF Light and Power amounted to approximately RMB4,525,000 (equivalent to approximately HK\$5,084,270) and RMB3,361,586 (equivalent to approximately HK\$3,777,063) for the year ended 31 December 2007 and the period from 1 January 2008 to 31 March 2008 respectively. It is anticipated that the annual sales amount under the Custom Accessories Sales Agreement for each of the financial years ending 31 December 2008, 31 December 2009 and 31 December 2010, will not exceed HK\$10,000,000.

Reasons for entering into of the Custom Accessories Sales Agreement

Custom Accessories is principally engaged in the business of trading automotive aftermarket accessories, which include a comprehensive selection of over 1,000 interior or exterior accessories, tools and car-care products.

Custom Accessories has an extensive sales network in the overseas market, in particular, the United States of America. By entering into of the Custom Accessories Sales Agreement with Custom Accessories, the Directors believe that the Group is able to further expand its sales in the North America region. The Directors (including the independent non-executive Directors) are of the view that, the Custom Accessories Sales Agreement was entered into in the ordinary course of the Company's business on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Longsheng is held as to 51% by PPI, a wholly-owned subsidiary of the Company, and 49% by Anbo. Anbo is a limited liability company incorporated in the PRC and is engaged in the sales of wiring, electrical and automotive and other plastic and metal products. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, except for being a substantial shareholder of Longsheng and except the fact that the sole beneficial owner of Anbo, Mr. Liu Yuanqiang is also a director of Longsheng, Anbo is not a connected person of any Directors, chief executive or substantial Shareholders, or any of their respective associates. Based on the foregoing, Longsheng is considered as a connected person of the Company under the Listing Rules.

Custom Accessories is held as to approximately 50% by Mr. Fresco and his wife, approximately 48% by Mr. Matthew and his family members and approximately 2% by an Independent Third Party. Mr. Fresco is a substantial Shareholder and an executive Director and Mr. Matthew is an executive Director, each being a connected person of the Company under the Listing Rules. As such, Custom Accessories is a connected person of the Company under the Listing Rules by virtue of it being an associate of the said persons.

Accordingly, the transactions contemplated under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement constitute continuing connected transactions of the Company under the Listing Rules. There is no relationship between Longsheng and Custom Accessories which may trigger aggregation of the transactions contemplated under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement respectively for the purpose of the Listing Rules.

As it is expected that the respective annual sales amount under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement will be unlikely to exceed HK\$10,000,000 and each of the respective relevant percentage ratios (as defined in the Listing Rules) other than profits ratio (as defined in the Listing Rules) will be less than 25%, the transactions contemplated under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement constitute continuing connected transactions for the Company and are exempt from the independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules. Details of the above continuing connected transactions will be included in the annual report and accounts of the Company for the year ending 31 December 2008 pursuant to Rule 14A.45 of the Listing Rules. The Company will re-comply with the relevant requirements under Chapter 14A of the Listing Rules if the annual sales amount under the Longsheng Sales Agreement and the Custom Accessories Sales Agreement exceed HK\$10,000,000 or any of the respective relevant percentage ratios (as defined in the Listing Rules) other than profits ratio (as defined in the Listing Rules) will be 25% or more.

NON-COMPLIANCE WITH THE LISTING RULES

In the course of preparing the financial statements of the Company for the year ended 31 December 2007, the Company became aware that the Longsheng Sales for the financial year ended 31 December 2007, the Custom Accessories Sales for the financial year ended 31 December 2007 and the period from 1 January 2008 to 31 March 2008, and the NFA Parts Purchase for the financial year ended 31 December 2007 had not been disclosed in accordance with the announcement requirement under Rule 14A.47 of the Listing Rules due to inadvertence. The Directors noted that the delay in disclosures of the Longsheng Sales, the Custom Accessories Sales and the NFA Parts Purchase by way of an announcement may constitute a breach of Chapter 14A of the Listing Rules.

1. Longsheng Sales

Parties: NF Light and Power, a wholly-owned subsidiary of the Company
Longsheng, a non wholly-owned subsidiary of the Company

As disclosed in October 2006 Announcement, NF Light and Power entered into the Longsheng Purchase Agreement with Longsheng pursuant to which NF Light and Power would purchase certain automotive parts and accessories from Longsheng.

Apart from the transactions contemplated under the Longsheng Purchase Agreement as disclosed in the October 2006 Announcement, NF Light and Power had sold Goods I to Longsheng during the year of 2007 and the total amount of sales for the year ended 31 December 2007 reached approximately RMB6,023,000 (equivalent to approximately HK\$6,767,416). For the period from 1 January 2008 to 31 March 2008, there was no Longsheng Sales occurred between NF Light and Power and Longsheng during such period. NF Light and Power entered into an agreement with Longsheng on 23 April 2008 retrospectively to formalize and record the terms of Longsheng Sales for the period between 1 January 2007 and 30 April 2008. Save for the duration covered under the agreement, the material terms of the said retrospective agreement are substantially the same as that stipulated in the Longsheng Sales Agreement.

2. Custom Accessories Sales

Parties: NFA Parts, a wholly-owned subsidiary of the Company
NF Light and Power, a wholly-owned subsidiary of the Company
Custom Accessories, a connected person of the Company

As disclosed in the prospectus of the Company dated 17 February 2005, on 13 February 2005, NFA Parts, NF Light and Power and Custom Accessories entered into the Previous Custom Accessories Sales Agreement pursuant to which NFA Parts and NF Light and Power would sold Goods II to Custom Accessories for the period commencing from the date of listing of the Company to 31 December 2006. After year 2006, NFA Parts and NF Light and Power continued to sell Goods II to Custom Accessories, the sales amounted to approximately RMB4,525,000 (equivalent to approximately HK\$5,084,270) for the year ended 31 December 2007 and RMB3,361,586 (equivalent to approximately HK\$3,777,063) for the period from 1 January 2008 to 31 March 2008. NFA Parts, NF Light and Power and Custom Accessories entered into an agreement on 23 April 2008 retrospectively to formalize and record the terms of Custom Accessories Sales for the period between 1 January 2007 and 30 April 2008. Save for the duration covered under the agreement, the material terms of the said retrospective agreement are substantially the same as that stipulated in the Custom Accessories Sales Agreement.

3. NFA Parts Purchase

Parties: NFA Parts, a wholly-owned subsidiary of the Company
Longsheng, a non wholly-owned subsidiary of the Company

NFA Parts is principally engaged in manufacturing and sales of automotive parts and accessories in the PRC and had purchased Goods III, which requires for its manufacturing operation, from Longsheng in year 2007.

At the time the Company prepared to conduct the NFA Parts Purchase in the year ended 31 December 2007, the Company anticipated that the total purchase amount of the NFA Parts Purchase for the year ended 31 December 2007 would be less than HK\$ 1,000,000. Thus the NFA Parts Purchase was expected to be a de minimis transaction under Rule 14A.33(3) of the Listing Rules and exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Unfortunately, the Group became aware recently that the total purchase amount of the NFA Parts Purchase for the year ended 31 December 2007 was RMB1,321,281 (equivalent to approximately HK\$1,484,585). NFA Parts entered into an agreement with Longsheng on 23 April 2008 retrospectively to formalize and record the terms of NFA Parts Purchase for the period between 1 January 2007 and 30 April 2008. According to the terms of the said retrospective agreement, the prices of Goods III purchased by NFA Parts from Longsheng were determined on a cost plus a profit margin basis, which is determined on arm's length negotiation, with reference to the prevailing market price and on the basis that the terms are no less favourable to the Group than the terms offered by other Independent Third Parties.

The Directors expect that NFA Parts will not continue to purchase Goods III from Longsheng in the near future as the Group plans to restructure the business of NFA Parts in the year of 2008.

The Directors (including the independent non-executive Directors) consider, confirm and ratify that the terms of the Longsheng Sales, the Custom Accessories Sales and the NFA Parts Purchase are fair and reasonable and the Longsheng Sales, the Custom Accessories Sales and the NFA Parts Purchase had been carried out on normal commercial terms in the ordinary course of business of the Company and in the interests of the Company and the Shareholders as a whole.

The Company has already taken immediate actions to comply with the annual review requirements by the independent non-executive Director and by the auditors of the Company under Rule 14A.37 and Rule 14A.38 of the Listing Rules, and the reporting requirements under Rule 14A.45 of the Listing Rules in relation to the Longsheng Sales, the Custom Accessories Sales and the NFA Parts Purchase as disclosed in the annual report of the Company for the year ended 31 December 2007.

The Directors have reviewed the internal control procedures of the Company subsequent to the discovery of the abovementioned non-compliance with the Listing Rules and have taken appropriate measures thereafter to ensure compliance with the Listing Rules. An internal control guidelines in respect of connected transactions have been established in order for different departments of the Company to follow the procedures and closely monitor all possible connected transactions, including continuing connected transactions. According to such guidelines, once a possible connected transaction is identified, the relevant staff should report such possible transaction to the Board and the finance department in written form. The Board would obtain further information and make relevant disclosures, if necessary. If there is any indication that the relevant annual caps of the continuing connected transactions of the Company, including but not limited to Longsheng Sales and Custom Accessories Sales, will likely be exceeded, the Company will promptly re-comply with the announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. These guidelines have been approved by the Board and the audit committee of the Company and communicated to all the staff at the management level.

DEFINITIONS

“Anbo”	龍口市安博貿易有限公司 (Longkou Anbo Trading Co., Ltd.) *, a limited liability company established in the PRC
“Board”	the board of Directors
“Company”	New Focus Auto Tech Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Custom Accessories”	Custom Accessories Asia Limited, a company incorporated in Hong Kong with limited liabilities
“Custom Accessories Sales”	the sales of Goods II from NFA Parts, NF Light and Power to Custom Accessories
“Custom Accessories Sales Agreement”	the sales agreement entered into between NFA Parts, NF Light and Power and Custom Accessories on 23 April 2008 in respect of the sales of Goods II to Custom Accessories
“Directors”	the directors of the Company
“Goods I”	certain automotive parts, including inverters, certain parts used in emergency power supply units (transformer units that convert direct current into alternate current), lamps and accessories
“Goods II”	various automotive parts and accessories manufactured by NFA Parts and NF Light and Power
“Goods III”	certain automotive parts and accessories, including wirings, cables and the power cables that used in the emergency power supply units
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, which is/are independent of the Company and its connected persons (as such term is defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Longsheng”	山東新焦點龍盛汽車配件有限公司 (Shangdong New Focus Longsheng Auto Parts Co., Ltd.)*, a limited liability company established in the PRC and an indirect non wholly-owned subsidiary of the Company

“Longsheng Purchase Agreement”	the purchase agreement entered into between NF Light and Power and Longsheng on 19 October 2006
“Longsheng Sales”	the sales of Goods I by NF Light and Power to Longsheng
“Longsheng Sales Agreement”	the sales agreement entered into between NF Light and Power and Longsheng on 23 April 2008 in respect of the sales of Goods I to Longsheng
“Mr. Fresco”	Mr. Douglas Charles Stuart Fresco, being an executive Director and a substantial Shareholder
“Mr. Matthew”	Mr. Norman L. Matthew, being an executive Director
“NFA Parts”	上海紐福克斯汽車配件有限公司 (Shanghai New Focus Auto Parts Co., Ltd.)*, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“NFA Parts Purchase”	the purchase of Goods III by NFA Parts from Longsheng
“NF Light and Power”	紐福克斯光電科技(上海)有限公司 (New Focus Light and Power Technology (Shanghai) Co., Limited)*, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“October 2006 Announcement”	the announcement of the Company dated 19 October 2006 in relation to the Longsheng Purchase Agreement
“PPI”	Perfect Progress Investments Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Custom Accessories Sales Agreement”	the sales agreement entered into between NFA Parts, NF Light and Power and Custom Accessories on 13 February 2005 in respect of the sales of Goods II to Custom Accessories
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

For the purpose of this announcement and for illustration purpose only, all amounts in RMB have been translated into HK\$ at a rate of RMB0.89 = HK\$1.00.

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

Hong Kong, 6 May 2008

As at the date of this announcement, the Board comprises: executive Directors – Hung Wei-Pi, John, Wu Kwan-Hong, Hung Ying-Lien, Lu Yuan Cheng, Douglas Charles Stuart Fresco and Norman L. Matthew; non-executive Directors – Low Hsiao-Ping, Li Jung Hsing and Irene Shih; and independent non-executive Directors – Du Haibo, Zhou Tai-Ming and Uang Chii-Maw.

* *For identification purpose only*