



# 新焦點汽車技術控股有限公司\*

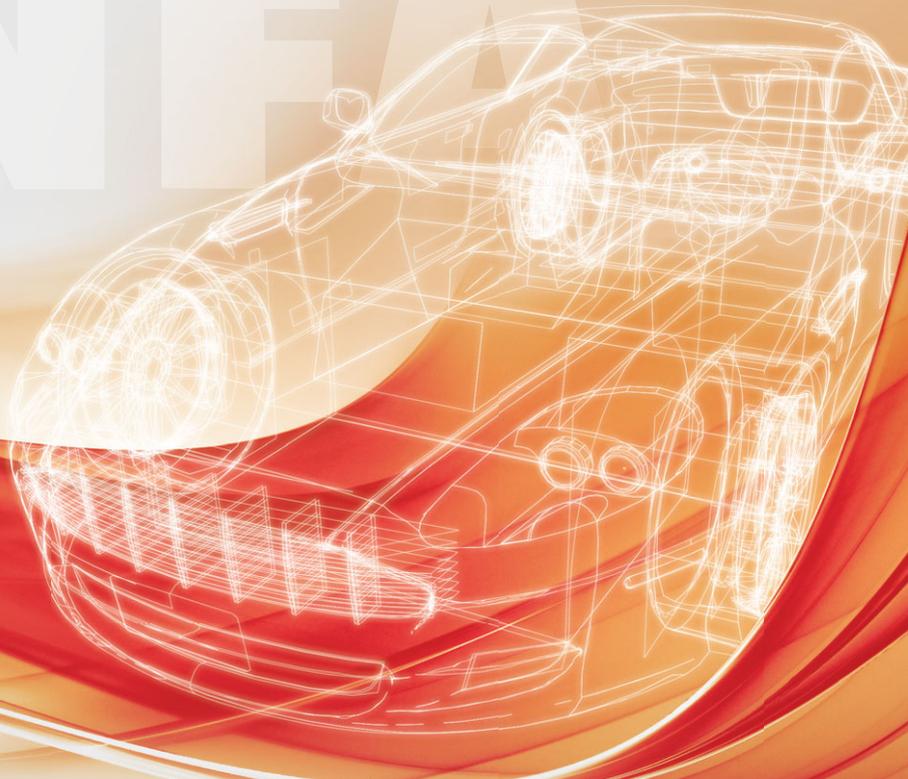
## New Focus Auto Tech Holdings Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 360

### INTERIM REPORT 2016



# NEFA



\* For identification purpose only

# CONTENTS

<b>Corporate Information</b>	<b>2</b>
<b>Interim Financial Report</b>	<b>3</b>
<b>Management Discussion and Analysis</b>	<b>26</b>
<b>Other Information</b>	<b>35</b>

# CORPORATE INFORMATION

## **Directors**

### **Executive Directors**

Zhang Jianxing

*(Chairman and Chief Executive Officer)*

Du Jinglei

### **Non-executive Directors**

Ying Wei

Wang Zhenyu

### **Independent Non-executive Directors**

Hu Yuming

Lin Lei

Zhang Xiaoya

### **Company Secretary**

Liu Xiao Hua

### **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

### **Auditor**

KPMG

Certified Public Accountants

8th Floor

Prince's Building

10 Chater Road Central

Hong Kong

### **Legal Advisers**

O'Melveny & Myers

31st Floor, AIA Central

1 Connaught Road Central

Hong Kong

### **Principal Share Registrar and Transfer Office**

Royal Bank of Canada Trust Company  
(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road

George Town

Grand Cayman KY1-1110

Cayman Islands

### **Branch Share Registrar and Transfer Office in Hong Kong**

Computershare Hong Kong Investor  
Services Limited

17M/F, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

### **Stock Code**

360

### **Websites**

<http://www.nfa360.com>

# INTERIM FINANCIAL REPORT

## **Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income**

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>649,214</b>	643,832
Cost of sales and services		<b>(518,423)</b>	(500,680)
<b>Gross profit</b>		<b>130,791</b>	143,152
Other revenue and gains and losses		<b>46,593</b>	9,881
Distribution costs		<b>(90,584)</b>	(86,441)
Administrative expenses		<b>(54,928)</b>	(63,076)
Finance costs	5	<b>(20,427)</b>	(11,151)
Share of loss of an associate		<b>(1,894)</b>	–
<b>Profit/(loss) before taxation</b>		<b>9,551</b>	(7,635)
Income tax expenses	6	<b>(1,664)</b>	(2,357)
<b>Profit/(loss) for the period</b>		<b>7,887</b>	(9,992)
<b>Other comprehensive income</b>	7		
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<b>(1,087)</b>	102
<b>Other comprehensive income for the period, net of tax</b>		<b>(1,087)</b>	102
<b>Total comprehensive income for the period</b>		<b>6,800</b>	(9,890)

The notes on pages 10 to 25 form part of this interim financial statement.

# INTERIM FINANCIAL REPORT

## **Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income** (Continued)

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Loss for the period attributable to</b>			
– Owners of the Company		(38)	(15,208)
– Non-controlling interests		7,925	5,216
		<b>7,887</b>	(9,992)
<b>Total comprehensive income attributable to</b>			
– Owners of the Company		(1,125)	(15,106)
– Non-controlling interests		7,925	5,216
		<b>6,800</b>	(9,890)
<b>Loss per share</b>	8		
Basic (RMB cents)		(0.001)	(0.400)
Diluted (RMB cents)		(0.001)	(0.400)

The notes on pages 10 to 25 form part of this interim financial statement.

# INTERIM FINANCIAL REPORT

## Unaudited Consolidated Statement of Financial Position

As at 30 June 2016

(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	195,243	177,380
Leasehold land and land use rights	10	31,209	31,289
Investment properties	10	42,775	42,775
Goodwill	10	125,616	118,253
Other intangible assets	10	58,697	47,923
Interest in an associate		202	6,121
Amounts due from related parties	19	–	6,991
Deferred tax assets		27,738	21,196
		<b>481,480</b>	451,928
<b>Current assets</b>			
Inventories	11	216,776	196,143
Tax recoverable		5	274
Trade receivables	12	176,857	130,742
Deposits, prepayments and other receivables		332,494	335,729
Amounts due from related parties	19	2,628	3,603
Pledged time deposits		3,134	6,903
Available-for-sale financial assets		49,847	53,383
Cash and cash equivalents		114,135	140,327
		<b>895,876</b>	867,104
<b>Current liabilities</b>			
Bank borrowings, secured	13	176,660	216,325
Trade payables	14	222,943	171,557
Accruals and other payables		181,961	158,241
Tax payable		1,448	4,009
Convertible bonds	15	164,434	156,319
		<b>747,446</b>	706,451
<b>Net current assets</b>		<b>148,430</b>	160,653
<b>Total assets less current liabilities</b>		<b>629,910</b>	612,581

The notes on pages 10 to 25 form part of this interim financial statement.

# INTERIM FINANCIAL REPORT

## **Unaudited Consolidated Statement of Financial Position** (Continued)

As at 30 June 2016

(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000 (Unaudited)	At 31 December 2015 RMB'000 (Audited)
<b>Non-current liabilities</b>			
Bank borrowings, secured	13	8,827	7,920
Deferred tax liabilities		22,652	19,948
		<b>31,479</b>	27,868
<b>NET ASSETS</b>			
		<b>598,431</b>	584,713
<b>CAPITAL AND RESERVES</b>			
Share capital	16	376,176	376,133
Reserves	17	105,059	100,784
Total equity attributable to owners of the Company		<b>481,235</b>	476,917
Non-controlling interests		<b>117,196</b>	107,796
<b>TOTAL EQUITY</b>		<b>598,431</b>	584,713

The notes on pages 10 to 25 form part of this interim financial statement.

# INTERIM FINANCIAL REPORT

## Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Share capital RMB'000 <i>(note 16)</i>	Share premium and other reserve RMB'000 <i>(note 17)</i>	Accumulated losses RMB'000	Attributable to owners of the company RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
Balance at 1 January 2016	376,133	932,800	(832,016)	476,917	107,796	584,713
(Loss)/profit for the period	-	-	(38)	(38)	7,925	7,887
Other comprehensive income for the period	-	(1,087)	-	(1,087)	-	(1,087)
Total comprehensive income for the period	-	(1,087)	(38)	(1,125)	7,925	6,800
Investment from non-controlling owners of subsidiaries	-	-	-	-	2,004	2,004
Shares issued under share option scheme	43	171	-	214	-	214
Recognition of equity-settled share-based payments	-	3,610	-	3,610	-	3,610
Transferred from convertible bonds	-	1,619	-	1,619	-	1,619
Arising from acquisitions of a subsidiary	-	-	-	-	(529)	(529)
Balance at 30 June 2016	376,176	937,113	(832,054)	481,235	117,196	598,431

The notes on pages 10 to 25 form part of this interim financial statement.

# INTERIM FINANCIAL REPORT

## **Unaudited Condensed Consolidated Statement of Changes in Equity** (Continued)

For the six months ended 30 June 2015

(Expressed in Renminbi)

	Share capital RMB'000 (note 16)	Share premium and other reserve RMB'000 (note 17)	Accumulated losses RMB'000	Attributable to owners of the company RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
Balance at 1 January 2015	307,931	840,277	(737,453)	410,755	129,542	540,297
(Loss)/profit for the period	-	-	(15,208)	(15,208)	5,216	(9,992)
Other comprehensive income for the period	-	102	-	102	-	102
Total comprehensive income for the period	-	102	(15,208)	(15,106)	5,216	(9,890)
Investment from non-controlling owners of subsidiaries	-	-	-	-	6,490	6,490
Dividends declared to non-controlling owners of subsidiaries	-	-	-	-	(1,105)	(1,105)
Recognition of equity-settled share-based payments	-	6,118	-	6,118	-	6,118
Balance at 30 June 2015	307,931	846,497	(752,661)	401,767	140,143	541,910

The notes on pages 10 to 25 form part of this interim financial statement.

# INTERIM FINANCIAL REPORT

## Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<b>Operating activities</b>		
Cash used in operations	<b>(27,208)</b>	(35,100)
Tax paid	<b>(1,973)</b>	(1,984)
<b>Net cash used in operating activities</b>	<b>(29,181)</b>	(37,084)
<b>Investing activities</b>		
Proceeds from sale of financial assets available for sale	<b>3,536</b>	–
Net cash outflow arising from acquisition of subsidiaries	<b>(889)</b>	(3,251)
Purchase of property, plant and equipment	<b>(21,091)</b>	(42,616)
Loans repaid by a third party	<b>60,000</b>	–
Other cash flows arising from investing activities	<b>8,821</b>	5,939
<b>Net cash generated from/(used in) investing activities</b>	<b>50,377</b>	(39,928)
<b>Financing activities</b>		
Net (decrease)/increase in bank borrowings, secured	<b>(38,758)</b>	44,041
Other cash flows arising from financing activities	<b>(8,630)</b>	(4,052)
<b>Net cash (used in)/generated from financing activities</b>	<b>(47,388)</b>	39,989
<b>Net decrease in cash and cash equivalents</b>	<b>(26,192)</b>	(37,023)
<b>Cash and cash equivalents, beginning of period</b>	<b>140,327</b>	163,511
<b>Effect of foreign exchange rate changes</b>	<b>–</b>	1
<b>Cash and cash equivalents, end of period</b>	<b>114,135</b>	126,489

The notes on pages 10 to 25 form part of this interim financial statement.

# INTERIM FINANCIAL REPORT

## **Notes to the Unaudited Interim Financial Report**

*(Expressed in Renminbi unless otherwise indicated)*

### **1. Organisation and principal activities**

New Focus Auto Tech Holdings Limited (the “Company”) was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands and its principal place of business is in Shanghai, the People’s Republic of China (the “PRC”).

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of electronic and power-related automotive parts and accessories; the provision of automobile repair, maintenance and restyling services; the retail distribution of merchandise goods through its service chain stores network in the Greater China Region; and the trading of automobile accessories. The Company and its subsidiaries are collectively referred to as the Group.

### **2. Basis of preparation**

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2016 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issuance on 30 August 2016.

The unaudited condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements.

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The financial information relating to the financial year ended 31 December 2015 that is included in the unaudited interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2015 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2016.

# INTERIM FINANCIAL REPORT

### 3. Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group.

- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IAS 1, "Disclosure initiative"
- Amendments to IAS 27, "Equity method in separate financial statements"

None of these developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. Revenue and segment information

Revenue represents the sales value of goods supplied and services provided to customers and is analysed as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Sale of goods	379,552	379,174
Service income	269,662	264,658
	<b>649,214</b>	643,832

#### (a) Reportable segment

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group operates in three reportable segments: (i) the provision of automobile repair, maintenance and restyling services (the "Retail Service Business"); (ii) trading of automobile accessories (the "Wholesale Business"); and (iii) the manufacture and sale of automobile accessories (the "Manufacturing Business").

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-makers for assessment of segment performance.

# INTERIM FINANCIAL REPORT

## 4. Revenue and segment information *(Continued)*

### (a) Reportable segment *(Continued)*

Set out below is an analysis of segment information:

<b>For the six months ended 30 June 2016</b>	<b>The Retail Service Business RMB'000</b>	<b>The Wholesale Business RMB'000</b>	<b>The Manufacture Business RMB'000</b>	<b>Total RMB'000</b>
Revenue				
External revenue	269,662	211,838	167,714	649,214
Inter-segment revenue	450	-	160	610
Segment revenue	<b>270,112</b>	<b>211,838</b>	<b>167,874</b>	<b>649,824</b>
Less: inter-segment revenue				<b>(610)</b>
Total revenue				<b>649,214</b>
Reportable segment results	<b>(8,372)</b>	<b>14,209</b>	<b>3,470</b>	<b>9,307</b>
Interest income	365	129	7	501
Unallocated interest income				<b>23,081</b>
Total interest income				<b>23,582</b>
Interest expenses	(2,870)	(115)	(439)	(3,424)
Unallocated interest expenses				<b>(17,003)</b>
Total interest expenses				<b>(20,427)</b>
Depreciation and amortisation charges	(9,503)	(1,643)	(6,378)	(17,524)
Unallocated depreciation and amortisation charges				<b>(1,872)</b>
Total depreciation and amortisation charges				<b>(19,396)</b>

# INTERIM FINANCIAL REPORT

## 4. Revenue and segment information (Continued)

### (a) Reportable segment (Continued)

For the six months ended 30 June 2015	The Retail Service Business RMB'000	The Wholesale Business RMB'000	The Manufacture Business RMB'000	Total RMB'000
Revenue				
External revenue	264,658	189,838	189,336	643,832
Inter-segment revenue	–	199	374	573
Segment revenue	264,658	190,037	189,710	644,405
Less: inter-segment revenue				(573)
Total revenue				643,832
Reportable segment results	10,192	2,097	3,230	15,519
Interest income	5,885	60	–	5,945
Unallocated interest income				171
Total interest income				6,116
Interest expenses	(1,027)	–	(585)	(1,612)
Unallocated interest expenses				(9,539)
Total interest expenses				(11,151)
Depreciation and amortisation charges	(9,225)	(1,476)	(4,130)	(14,831)
Unallocated depreciation and amortisation charges				(1,239)
Total depreciation and amortisation charges				(16,070)

# INTERIM FINANCIAL REPORT

## 4. Revenue and segment information *(Continued)*

### *(b) Reconciliation of reportable segment profit or loss, and assets and liabilities*

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
<b>Profit/(loss) before income tax expense</b>		
Reportable segment profit	9,307	15,519
Unallocated other revenue and gains or losses	28,958	420
Unallocated corporate expenses	(11,711)	(14,035)
Unallocated finance costs	(17,003)	(9,539)
Consolidated profit/(loss) before income tax expense	9,551	(7,635)
	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
<b>Assets:</b>		
Reportable segment assets	1,068,031	1,042,015
Unallocated corporate assets	309,325	277,017
Consolidated total assets	1,377,356	1,319,032
<b>Liabilities:</b>		
Reportable segment liabilities	602,323	586,091
Unallocated corporate liabilities	176,602	148,228
Consolidated total liabilities	778,925	734,319

# INTERIM FINANCIAL REPORT

## 4. Revenue and segment information *(Continued)*

### (c) *Geographical segments*

Segment revenue from external customers of the Group and non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets") by geographical locations is presented as below:

	Revenue from external customers		Specified non-current assets	
	At 30 June 2016 RMB'000	At 30 June 2015 RMB'000	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
PRC (Place of domicile)	447,981	418,231	423,704	403,695
America	99,795	126,387	–	–
Europe	17,911	22,848	–	–
Asia Pacific	15,366	8,826	–	–
Taiwan	68,161	67,540	30,038	27,037
	<b>649,214</b>	643,832	<b>453,742</b>	430,732

The revenue information is based on the locations of the customers.

### (d) *Major customers*

During the six months ended 30 June 2016, the Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenues.

## 5. Finance costs

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Interests on bank borrowings		
– wholly repayable within five years	4,880	4,436
Imputed interest on convertible bonds	15,547	6,715
	<b>20,427</b>	11,151

# INTERIM FINANCIAL REPORT

## 6. Income tax expenses

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current tax – PRC and Taiwan corporate income tax	1,664	2,376
Deferred taxation	–	(19)
	1,664	2,357

No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for the six months ended 30 June 2016 (30 June 2015: Nil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

## 7. Other comprehensive income, net of tax

For the six months ended 30 June 2016	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Exchange reserve			
Exchange differences on translating foreign operations	(1,087)	–	(1,087)

For the six months ended 30 June 2015	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Exchange reserve			
Exchange differences on translating foreign operations	102	–	102

# INTERIM FINANCIAL REPORT

## 8. Loss per share

The calculations of basic and diluted loss per share are based on:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Loss for the year attributable to the owners of the Company, used in the basic and diluted loss per share calculation	(38)	(15,208)
<b>Shares</b>		
Weighted average number of ordinary shares for the basic loss per share calculation	4,576,506	3,761,165
Effect of dilution – weighted average number of ordinary shares:		
– Share options <sup>#</sup>	–	–
– Convertible bonds <sup>*</sup>	–	–
Weighted average number of ordinary shares adjusted for the effect of all potential ordinary shares	4,576,506	3,761,165

<sup>#</sup> The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the conversion of the Company's outstanding share options since their exercise would result in a reduction in loss per share.

<sup>\*</sup> The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the conversion of the Company's convertible bonds issued to Haitong International Financial Products Limited as such conversion would result in a reduction in loss per share.

## 9. Dividend

The board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

# INTERIM FINANCIAL REPORT

## 10. Capital expenditure

	<b>Property, Plant and Equipment</b> RMB'000	<b>Leasehold land and land use rights</b> RMB'000	<b>Investment properties</b> RMB'000	<b>Goodwill</b> RMB'000	<b>Other intangible assets</b> RMB'000
Beginning net carrying amount as at 1 January 2016	<b>177,380</b>	<b>31,289</b>	<b>42,775</b>	<b>118,253</b>	<b>47,923</b>
Additions	<b>22,099</b>	-	-	-	-
Disposals	<b>(2,236)</b>	-	-	-	-
Depreciation charge for the period	<b>(19,274)</b>	<b>(80)</b>	-	-	<b>(42)</b>
Acquisition of a subsidiary	<b>16,471</b>	-	-	<b>7,363</b>	<b>10,816</b>
Exchange realignments	<b>803</b>	-	-	-	-
Ending net carrying amount as at 30 June 2016	<b>195,243</b>	<b>31,209</b>	<b>42,775</b>	<b>125,616</b>	<b>58,697</b>
Beginning net carrying amount as at 1 January 2015	185,696	32,324	42,033	146,256	47,919
Additions	19,881	-	-	-	-
Disposals	(1,529)	-	-	-	-
Depreciation charge for the period	(15,540)	(530)	-	-	-
Exchange realignments	609	-	-	-	-
Ending net carrying amount as at 30 June 2015	189,117	31,794	42,033	146,256	47,919

# INTERIM FINANCIAL REPORT

## 11. Inventories

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
Raw Material	<b>17,927</b>	19,387
Work in Progress	<b>12,284</b>	9,278
Finished Goods	<b>13,508</b>	15,189
Merchandise Goods	<b>173,057</b>	152,289
	<b>216,776</b>	196,143

## 12. Trade receivables

The ageing analysis of trade receivables at the end of reporting period by invoice date is as follows:

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
Current to 30 days	<b>85,660</b>	61,605
31 to 60 days	<b>37,470</b>	43,761
61 to 90 days	<b>16,636</b>	13,369
Over 90 days	<b>60,450</b>	35,822
	<b>200,216</b>	154,557
Less: allowance for doubtful debts	<b>(23,359)</b>	(23,815)
	<b>176,857</b>	130,742

# INTERIM FINANCIAL REPORT

## 13. Bank borrowings, secured

Bank borrowings are repayable as follows:

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
On demand or within one year	<b>176,660</b>	216,325
After one year but within two years	<b>1,704</b>	1,362
After two years but within five years	<b>2,467</b>	2,509
After five years	<b>4,656</b>	4,049
	<b>185,487</b>	224,245
Amount due within one year included in current liabilities	<b>(176,660)</b>	(216,325)
Amount included in non-current liabilities	<b>8,827</b>	7,920

## 14. Trade payables

The ageing analysis of trade payables of the Group at the end of reporting period by invoice date is as follows:

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
Current to 30 days	<b>91,222</b>	59,024
31 to 60 days	<b>47,566</b>	60,496
61 to 90 days	<b>23,588</b>	14,879
Over 90 days	<b>60,567</b>	37,158
	<b>222,943</b>	171,557

# INTERIM FINANCIAL REPORT

## 15. Convertible bonds

In July 2015, the Company issued redeemable convertible bonds (the "Haitong CBs") in the principal amount of US\$25,000,000 (equivalent to RMB152,832,500) to Haitong International Financial Products Limited. The net proceeds of the Haitong CBs available to the Group was RMB152,676,500, after net-off of issuance costs of RMB156,000. The coupon interest rate of Haitong CBs is 6%, payable semi-annually in arrears on 13 January and 13 July in each year. The maturity date of the Haitong CBs will be the second anniversary of the issue date (i.e. July 2017) and the Haitong CBs can be converted into ordinary shares of the Company at the holder's option at initial conversion price of HK\$3.00 per share, subject to certain adjustments.

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem the bond at the price equal to outstanding principal amount being redeemed plus premium compounded at 12% from the issue date to the redemption date, minus interests accrued and paid at the rate of 6% on the maturity date (the "Redemption Amount").

At any time after 13 January 2016 and prior to the maturity date, the bondholder will have the right, at such holder's option, to require the Company to redeem all or part of the convertible bond at the Redemption Amount.

If the shares are no longer listed or traded in Stock Exchange or there is a change of control, bondholders can redeem all Haitong CBs at the Redemption Amount.

The fair value of the conversion option of the Haitong CBs upon issuance is calculated by binominal model based on a professional valuation report issued by RHL Appraisal Limited, an independent firm of professionally qualified valuers, and is treated as a derivative financial liability. The residual amount, representing the value of the host contract, is classified as other financial liability. The initially recognised derivative and host contract of the Haitong CBs amounted to RMB23,723,000 and RMB128,954,000 respectively after net-off of the issuance costs.

# INTERIM FINANCIAL REPORT

## 15. Convertible bonds (Continued)

As at 27 January 2016, the relevant clauses pursuant to the convertible bond instrument agreement, which frustrate the application of the fix-for-fix condition, have been either modified or expired, therefore, the effective term of conversion option has been changed as a result of the passage of time. Accordingly, the conversion option, of which the fair value is RMB1,618,617, has been reclassified from liability to equity.

	Six months ended 30 June	
	2016 RMB'000 Haitong CBs	2015 RMB'000 CDH CBs
Movement of liability component	-	2,376
Beginning of period	156,319	134,755
Imputed interest expense	15,547	6,715
Paid interest expense	(4,910)	-
Transferred to equity	(1,619)	-
Fair value change of conversion option	(4,250)	-
Exchange realignment	3,347	(41)
End of period	164,434	141,429

## 16. Share capital

	Number of shares '000	Nominal Value	
		HK\$'000	RMB'000
Balance at 1 January 2015	3,761,165	376,117	307,931
Conversion of convertible bonds (note 15)	813,508	81,351	68,090
Share issued under share option scheme	1,333	133	112
Balance at 31 December 2015	4,576,006	457,601	376,133
Share issued under share option scheme	500	50	43
Balance at 30 June 2016	4,576,506	457,651	376,176

# INTERIM FINANCIAL REPORT

## 17. Reserves

	Share premium RMB'000	Statutory reserve fund RMB'000	Re- organisation reserve RMB'000	Enterprise expansion fund RMB'000	Convertible bonds reserve RMB'000	Others RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Total RMB'000
Balance at 1 January 2016	876,692	52,641	2,738	2,756	-	25,918	1,545	(29,490)	932,800
Other comprehensive income for the period	-	-	-	-	-	-	-	(1,087)	(1,087)
Shares issued under share option scheme	171	-	-	-	-	-	-	-	171
Recognition of equity-settled of share based payments	-	-	-	-	-	3,610	-	-	3,610
Transferred from convertible bonds	-	-	-	-	1,619	-	-	-	1,619
<b>Balance at 30 June 2016</b>	<b>876,863</b>	<b>52,641</b>	<b>2,738</b>	<b>2,756</b>	<b>1,619</b>	<b>29,528</b>	<b>1,545</b>	<b>(30,577)</b>	<b>937,113</b>
Balance at 1 January 2015	760,136	49,045	2,738	2,756	28,888	7,523	1,545	(12,354)	840,277
Other comprehensive income for the period	-	-	-	-	-	-	-	102	102
Recognition of equity-settled of share based payments	-	-	-	-	-	6,118	-	-	6,118
<b>Balance at 30 June 2015</b>	<b>760,136</b>	<b>49,045</b>	<b>2,738</b>	<b>2,756</b>	<b>28,888</b>	<b>13,641</b>	<b>1,545</b>	<b>(12,252)</b>	<b>846,497</b>

## 18. Commitments

### (a) Capital commitment

As at the end of the reporting period, capital commitments not provided for in the financial statements were as follow:

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
Authorised but not contracted for	<b>233,907</b>	62,144

# INTERIM FINANCIAL REPORT

## 18. Commitments (Continued)

### (b) Operating lease commitment

As lessee

As at the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payables as follows:

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
Within 1 year	<b>57,288</b>	53,116
Over 1 year but within 5 years	<b>109,082</b>	131,091
Over 5 years	<b>37,025</b>	43,824
	<b>203,395</b>	228,031

As lessor

As at 30 June 2016 and 31 December 2015, the Group leased out its investment property under operating leases.

As at the end of the reporting period, the total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
Within 1 year	<b>3,346</b>	2,667
Over 1 year but within 5 years	<b>8,006</b>	8,105
Over 5 years	<b>5,863</b>	9,378
	<b>17,215</b>	20,150

# INTERIM FINANCIAL REPORT

## 19. Related party transactions

### (a) Transactions with related parties

During the reporting period, transactions with related parties mainly refer to sales to Auto Make Co., Ltd. of RMB1,404,000 (30 June 2015: RMB3,857,000).

The equity interests of Auto Make Co., Ltd. are held by Tong Yan and Li Hai Peng who are non-controlling owners of a subsidiary of the Group as at the end of reporting period.

At the end of 30 June 2016, a non-controlling owner of a subsidiary granted the Group collateral of creditor amounting to RMB2,628,000 (30 June 2015: RMB3,603,000) with his own properties.

### (b) Amounts due from related parties

As at the end of the reporting period, the group had the following material account receivable balance with its related parties:

	<b>At 30 June 2016 RMB'000</b>	At 31 December 2015 RMB'000
Auto Make Co., Ltd.	<b>2,628</b>	2,663
Hubei Aiyihang Auto Service Ltd.	-	6,991
Shenyang Xunchi Auto Service Ltd.	-	885
Others	-	55
	<b>2,628</b>	10,594

## 20. Subsequent events

Perfect Progress Investments Limited ("PPI"), a wholly-owned subsidiary of the Company, entered into the equity transfer agreement dated 19 July 2016 with Asia Centre Auto Service Holdings Limited (the "Purchaser"), and transferred 100% equity interest in each of the two wholly-owned subsidiaries of the Company, New Focus Richahaus Corporation Limited ("New Focus Richahaus") and Taiwan New Focus Auto Service Corporation Limited ("Taiwan New Focus"), to the Purchaser at the nominal consideration of NTD1 to be satisfied in cash (the "Transfer"). Upon the completion of the Transfer on 20 July 2016, New Focus Richahaus and Taiwan New Focus ceased to be subsidiaries of the Company. Further details are set out in the Company's announcement dated 19 July 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Overview**

The Group strives to become a leading enterprise in the automotive after-sales service market in China. The principal businesses of the Group are categorized into service business and manufacturing business. Our service business include the retail service business and wholesale service business which are committed to the establishment and improvement of physical chain service stores network and the professional business-to-business (B2B) distribution network and vertical e-commerce portal of automotive products (including electronic products and consumer goods), respectively, providing professional and convenient automotive aftermarket services at a low price-performance ratio to vehicle owners within the PRC. Our manufacturing business is mainly engaged in the research and development, manufacturing and sales of automotive electronic and power products, which are mainly sold to the markets of Mainland China, North America and Europe.

## **Results Highlights**

### **Revenue**

For the six months ended 30 June 2016 (the "Period"), the Group recorded a consolidated revenue of RMB649,214,000 (corresponding period of 2015: RMB643,832,000), representing an increase of 0.84%.

The consolidated revenue of the retail service business of the Group amounted to RMB269,662,000 (corresponding period of 2015: RMB264,658,000), representing an increase of 1.89%. The increase was mainly attributable to the network expansion of the Group's retail service business.

The consolidated revenue of the wholesale service business of the Group was RMB211,838,000 (corresponding period of 2015: RMB189,838,000), representing an increase of 11.59%. The increase was mainly attributable to the rapid development in e-commerce platform business conducted by Liaoning Xin Tian Cheng Industrial Co., Ltd (遼寧新天成實業有限公司) ("Liaoning XTC"), a subsidiary of the Group, since May 2015. The revenue of Liaoning XTC has increased by RMB21,900,000 as compared with that of the corresponding period of 2015, mainly through its e-commerce platform.

The consolidated revenue of the manufacturing business of the Group was RMB167,714,000 (corresponding period of 2015: RMB189,336,000), representing a decrease of 11.42%. The decrease was mainly attributable to the optimization of the product portfolio of the manufacturing business of the Group and the Group has taken an initiative to eliminate certain orders with low gross profits.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Gross Profit and Gross Margin**

The consolidated gross profit of the Group for the Period was RMB130,791,000 (corresponding period of 2015: 143,152,000), representing a decrease of 8.63%, while its gross margin decreased from 22.23% to 20.15%.

The gross profit of the Group's retail service business was RMB52,879,000 (corresponding period of 2015: RMB64,191,000), representing a decrease of 17.62%, while its gross margin decreased from 24.25% to 19.61%. The decrease in the aforesaid gross profit and gross margin was mainly attributable to the increased marketing efforts by the Group to promote sales and the decrease in the proportion of sales of products with high gross profit in the retail service business during the Period.

The gross profit of the Group's wholesale service business was RMB42,677,000 (corresponding period of 2015: RMB41,518,000), representing an increase of 2.79%, while its gross margin decreased from 21.87% to 20.15%. The decrease in gross margin was mainly attributable to the increased marketing efforts of the Group's wholesale service business to cope with the impact of e-commerce and the vigorous competition in the market.

The gross profit of the Group's manufacturing business was RMB35,234,000 (corresponding period of 2015: RMB37,443,000), representing a decrease of 5.90%, while its gross margin increased from 19.78% to 21.01%. The increase of gross margin was mainly attributable to the optimization of product portfolio in the Group's manufacturing business, leading to an increase in the proportion of sales of products with high gross margin.

## **Expenses**

Distribution costs for the Period were RMB90,584,000 (corresponding period of 2015: RMB86,441,000), representing an increase of 4.79%. The increase was mainly due to the increased marketing efforts on promoting sales of the Group's retail service business and the increased efforts on promoting the new products of the Group's manufacturing business.

Administrative expenses for the Period were RMB54,928,000 (corresponding period of 2015: RMB63,076,000), representing a decrease of 12.92%. The decrease was mainly due to the Group's strict control on various expenses during the Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Operating Profit**

Operating profit for the Period was RMB31,872,000 (corresponding period of 2015: RMB3,516,000), representing an increase of RMB28,356,000 as compared with the corresponding period of 2015. It was mainly attributable to the decrease in the Group's distribution costs and administrative expenses of RMB4,005,000 in aggregate during the Period, and the increase in interest income of RMB17,466,000.

## **Finance Costs**

Net finance costs for the Period amounted to RMB20,427,000 (corresponding period of 2015: RMB11,151,000), representing an increase of 83.19%. The increase was mainly due to the increase of RMB8,832,000 in the accrued interest of convertible bonds of the Company during the Period as compared with the corresponding period of 2015.

## **Taxation**

Income tax expenses for the Period were RMB1,664,000 (corresponding period of 2015: RMB2,357,000), representing a decrease of RMB693,000. The decrease was mainly due to the decrease in revenue and realized profit of the manufacturing business of the Group during the Period as compared with the corresponding period of 2015.

## **Loss Attributable to Owners of the Company**

Loss attributable to owners of the Company for the Period was RMB38,000 (corresponding period of 2015: loss of RMB15,208,000), representing a decrease of RMB15,170,000. The decrease was mainly due to the improvement in the Group's business performance. Loss per share was RMB0.001 cents (corresponding period of 2015: loss per share of RMB0.400 cents).

## ***Financial Position and Liquidity***

The Group continued to maintain a stable financial position and the liquidity of assets of the Group remained healthy. During the Period, the Group had a net cash outflow from operating activities of RMB29,181,000 (corresponding period of 2015: outflow of RMB37,084,000).

The net current assets of the Group were RMB148,430,000 as at 30 June 2016 (31 December 2015: RMB160,653,000), with a current ratio of 1.20 (31 December 2015: 1.23).

# MANAGEMENT DISCUSSION AND ANALYSIS

Gearing ratio calculated by dividing total liabilities by total assets was 56.55% as at 30 June 2016 (31 December 2015: 55.67%).

The total bank borrowings of the Group were RMB185,487,000 as at 30 June 2016 (31 December 2015: RMB224,245,000).

The operating and capital expenditure of the Group is funded by cash flow from operations, internal liquidity and financing agreements with banks. The Group has adequate financial resources to meet all contractual obligations and operating requirements, including the redemption obligations under the Haitong CBs.

## ***Capital Structure***

On 5 July 2015, the Company entered into a subscription agreement with Haitong International Financial Products Limited (“Haitong”) pursuant to which the Company has conditionally agreed to issue, and Haitong has conditionally agreed to subscribe for the Haitong CBs. The issue and subscription of the Haitong CBs was completed on 13 July 2015. Details of the transaction above are set out in the announcements of the Company dated 6 July 2015, 7 July 2015, 13 July 2015 and 9 August 2016. As at the date of this report, the Company has not been notified by Haitong on its intention to convert the Haitong CBs. For illustration purpose, assuming full conversion of the Haitong CBs at the initial conversion price of HK\$3.00 per share took place on 30 June 2016, the Haitong CBs would be converted into approximately 64,833,333 conversion shares, and the total number of issued shares of the Company as at 30 June 2016 would increase from 4,576,506,290 to 4,641,339,623.

As at 30 June 2016, the Group’s total assets were RMB1,377,356,000 (31 December 2015: RMB1,319,032,000), comprising: (1) share capital of RMB376,176,000 (31 December 2015: RMB376,133,000), (2) reserves and non-controlling interests of RMB222,255,000 (31 December 2015: RMB208,580,000), and (3) debts of RMB778,925,000 (31 December 2015: RMB734,319,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## ***Financial Guarantees and Pledge of Assets***

As at 30 June 2016, the net book values of property, plant and equipment, leasehold land and land use rights and time deposits pledged as securities for the Group's bank borrowings totaled at RMB125,533,000 (31 December 2015: RMB128,528,000).

## ***Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures***

During the Period, the Group had no material acquisition or disposal of subsidiary, associate and joint venture. For disposal of subsidiaries of the Group after the Period, please refer to the section titled "Material Events after the End of the Period" in this report.

## ***Significant Investments***

During the Period, the Group had no significant investment. The Group had no specific future plans for material investments.

## ***Exchange Risk***

The Group's retail and wholesale service businesses were mainly conducted in mainland China and their settlement currency was RMB, so there was no exchange risk. The settlement currency of the Group's manufacturing business was mainly US dollar. The Group reduced the exposure of US dollar assets by US dollar borrowings to minimize exchange risk.

## ***Contingent Liabilities***

As at 30 June 2016, the Group had no significant contingent liability.

## ***Employees and Remuneration Policy***

As at 30 June 2016, the Group employed a total of 4,428 (30 June 2015: 4,122) full-time employees, of which 628 (30 June 2015: 573) were managerial staff. The Group is committed to the recruitment of talented staff to enrich its expertise. In order to attract and retain outstanding employees, the Group also provides benefits such as medical insurance and housing allowances in addition to the various pension schemes stipulated by the government. Outstanding employees may also be granted discretionary bonuses and share options by the Group as incentive.

## ***Dividends***

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (corresponding period of 2015: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## ***Material Events after the End of the Period***

Perfect Progress Investments Limited (“PPI”), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement dated 19 July 2016 (the “Equity Transfer Agreement”) with Asia Centre Auto Service Holdings Limited (the “Purchaser”). Pursuant to the Equity Transfer Agreement, the Purchaser has agreed to acquire, and PPI has agreed to sell, 100% equity interests in each of the two wholly-owned subsidiaries of the Company, New Focus Richahaus Corporation Limited\* (新焦點麗車坊股份有限公司) (“New Focus Richahaus”) and Taiwan New Focus Auto Service Corporation Limited\* (台灣新焦點汽車服務股份有限公司) (“Taiwan New Focus”), at the nominal consideration of New Taiwan Dollar 1 to be satisfied in cash (the “Disposal”). Upon the completion of the Disposal on 20 July 2016, New Focus Richahaus and Taiwan New Focus ceased to be subsidiaries of the Company. Further details are set out in the Company’s announcement dated 19 July 2016.

## ***Industry Development and Business Review***

During the Period, the sales volume of passenger vehicles in the PRC was approximately 11 million, with a year-on-year increase of approximately 9.2%. The sales of passenger vehicles in the PRC market continued to grow steadily, promoting a constant increase of retention of passenger vehicle. It is expected that the scale of the China automobile after-sales market will reach RMB800 billion in 2016, which provides a decent macro environment for the Group’s subsequent development. In the past two years, the Online-to-Offline (“O2O”) drop-in car wash and repair and maintenance services model had been proven by the market as a business model which was unable to increase social efficiency, and plenty of competitors had withdrawn from the market; meanwhile, the physical after-sales services network established within gas stations and communities were proven to be more efficient and valuable. With the decrease in the market disruptions caused by the O2O model, it becomes more certain that the model of independent after-sales service network of the Group will become the major development direction of the market, and that the network expansion pace as well as the growth of network value will further accelerate.

As at 30 June 2016, excluding 22 stores owned by New Focus Richahaus and Taiwan New Focus, the Group had a total of 135 retail service stores, 10 automotive accessories distribution and exhibition centers and 2 manufacturing factories.

\* For identification purpose only

# MANAGEMENT DISCUSSION AND ANALYSIS

## ***The Group's Service Business***

The following aspects of business progress were achieved during the Period:

First, the Group steadily expanded its retail service network. Based on the strategic cooperation agreement between the Group and Hubei Oil Products Branch of Sinopec Chemical Products Sales Company ("Sinopec"), the Group and Sinopec Hubei cooperated to establish automotive retail service stores at the gas stations within the Sinopec Hubei network. As at 30 June 2016, the number of automotive retail service stores jointly established by both parties reached 56, resulting in a significant increase of the Group's market share and brand recognition in the automotive after-sales market in Central China. Afterwards, the Group has also entered into the strategic cooperation agreements with Sinopec Tianjin, Sinopec Jiangxi, Gansu Sales Branch Company of PetroChina Company Limited ("PetroChina"), and Beijing Sales Branch Company of PetroChina, and will gradually expand the scope of strategic cooperation with Sinopec and PetroChina. As a result of these strategic cooperation agreements, the Group will be able to substantially increase its pace in establishing retail service stores. As at 30 June 2016, the number of stores established by the Group in Tianjin, Jiangxi and Gansu was 4, 1, and 10, respectively. Besides, the Group continued to implement urban strategies, which led to an in-depth development of the markets that were already well-developed with stable profits, emphasized on increasing branding impacts by standardized services and enhanced service experience, and steadily increased the market shares in regions under our current market coverage.

Secondly, the wholesale business of the Group was integrated and the e-commerce business platform for the wholesale business was improved. The Group integrated the wholesale businesses of Liaoning XTC and Zhejiang Autoboom Industrial Co., Limited to exert the synergy of wholesale businesses in aspects including products, channels and human resources for the purpose of increasing operation efficiency. The Group also invested more resources to improve the e-commerce platform "Auto Make," and obtained significant result. Targeting small-scale and chain automotive after-sales service retail stores, the e-commerce platform provides customers with purchase, delivery and warehouse storage services of repair and maintenance products and automotive accessories, and it also attracts relevant manufacturers and large-scale wholesalers to establish stores on the Auto Make platform for the purpose of providing services such as sales, collection of payment and delivery; through these functions, an e-commerce platform combining a self-operated wholesale with third-party sales of automotive products as a whole has been set up. In July 2016, the sales amount in respect of self-operated business generated from the transactions of "Auto Make" e-commerce platform by the Group reached approximately RMB25,090,000, while the turnover generated from the transactions of the e-commerce platform by the third parties reached approximately RMB40,530,000, with a sum of total transactions amounted to approximately RMB65,620,000, representing an increase of approximately 32% as compared to June 2016. It is expected the e-commerce platform will continue to increase the Group's sales amount substantially and enhance the Group's operation efficiency. The coverage of the e-commerce business platform has expanded to the three provinces in Northeast China, Eastern Mongolia Region, Zhejiang Province and Jiangsu Province, and it is expected to further expand to Beijing, Shanghai, and Guangdong.

# MANAGEMENT DISCUSSION AND ANALYSIS

## *The Group's Manufacturing Business*

Based on the effective and remarkable operation and management approaches in 2015, the Group has continually reviewed information regarding our target markets, customers and products, leading to an understanding of the customers' demand for products and the development trend of similar products in the international market. The Shenzhen R&D center, which is part of the Group's manufacturing business sector, focused on the field of power convertor for new energy vehicles, development of ancillary in-vehicle charging unit, DC converter and inverter unit for domestic mainstream new energy automotive manufacturers. Significant progress has been seen in the research and development for the relevant new products, amongst which the charger for new energy vehicle performs remarkably better than similar products manufactured by our competitors, and the mass production for the charger is expected to begin within this year. The launch of these new products is expected to further facilitate the business growth for the Group's manufacturing business.

## *Prospects*

The Group will continue to adopt the following operational strategies for its service business:

First, the Group will expand the scope of cooperation with Sinopec and PetroChina. Leveraging on the demonstrative effects of retail service stores established at the gas stations within the Sinopec Hubei network, the Group will promote the cooperation model of the Group and Sinopec in the markets of other regions in order to strive for a breakthrough in mega cities, and expand the scope of cooperation to the nationwide gas station network of Sinopec eventually. The Group will also further implement the cooperation agreements with PetroChina Gansu and PetroChina Beijing by duplicating its partnership store set-up model with Sinopec in order to further expand and improve the retail service chain network of the Group.

Secondly, the Group will actively adjust the product portfolio of the Group's wholesale business; focus on automotive repair and maintenance products with rigid demand; improve logistics efficiency and service quality; enhance the proportion of e-commerce sales; and continue to improve its unified e-commerce platform, thereby enabling the Group to become an indispensable comprehensive supplier that provides integrated repair and maintenance products for automotive after-sales service stores in target markets.

# MANAGEMENT DISCUSSION AND ANALYSIS

Thirdly, the Group will continue to actively search for and negotiate with potential acquisition targets which will help achieve the strategic objectives of the Group; consider acquisitions in due course and explore opportunities to introduce new related business scopes, such as professional automotive repair, automotive insurance and automotive finance, so as to provide vehicle owners with more comprehensive automotive after-sales services and to improve the Group's competitive advantages.

The Group will continue to put efforts into the marketing strategies of its manufacturing business based on product orientation and driven by innovation; enhance research and development investment in areas including power management of new energy vehicle; raise the core competitiveness and advancement of the products, and effectively expand its domestic market share. Meanwhile, the Group will conduct market expansion on its self-owned brands in the Asia-Pacific market, especially the PRC market, and boost the continuing innovation of its business model and products.

# OTHER INFORMATION

## **Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations**

As at 30 June 2016, to the best knowledge of the Directors and chief executives of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules.

## **Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company**

So far as the Directors and chief executives of the Company are aware, as at 30 June 2016, the interests and short positions of the persons, other than Directors and chief executives of the Company, in the shares and underlying shares of the Company, as notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

<b>Name of substantial shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares interested (other than under equity derivatives)</b> <i>(Note 1)</i>	<b>Number of shares interested under equity derivatives</b>	<b>Total number of shares</b>	<b>Approximate percentage of issued shares</b>
CDH Fast Two Limited	Beneficial owner <i>(Note 2)</i>	2,889,580,226 (L)	–	2,889,580,226 (L)	63.14% <i>(Note 3)</i>
CDH Fast One Limited	Interest in a controlled corporation <i>(Note 2)</i>	2,889,580,226 (L)	–	2,889,580,226 (L)	63.14% <i>(Note 3)</i>
CDH Fund IV, L.P.	Interest in a controlled corporation <i>(Note 2)</i>	2,889,580,226 (L)	–	2,889,580,226 (L)	63.14% <i>(Note 3)</i>
CDH IV Holdings Company Limited	Interest in a controlled corporation <i>(Note 2)</i>	2,889,580,226 (L)	–	2,889,580,226 (L)	63.14% <i>(Note 3)</i>
China Diamond Holdings IV, L.P.	Interest in a controlled corporation <i>(Note 2)</i>	2,889,580,226 (L)	–	2,889,580,226 (L)	63.14% <i>(Note 3)</i>
China Diamond Holdings Company Limited	Interest in a controlled corporation <i>(Note 2)</i>	2,889,580,226 (L)	–	2,889,580,226 (L)	63.14% <i>(Note 3)</i>

# OTHER INFORMATION

## Notes:

1. The letter "L" denotes a long position in the shares.
2. CDH Fast Two Limited entered into an investment agreement (the "Investment Agreement") with the Company on 25 June 2013 pursuant to which CDH Fast Two Limited agreed to subscribe for 1,262,564,333 new shares and convertible bonds in principal amount of US\$48,685,000 (the "Convertible Bonds") issued by the Company. Each of CDH Fast One Limited (as the sole shareholder of CDH Fast Two Limited); CDH Fund IV, L.P. (as the sole shareholder of CDH Fast One Limited); CDH IV Holdings Company Limited (as the general partner of CDH Fund IV, L.P.); China Diamond Holdings IV, L.P. (as the controlling shareholder of CDH IV Holdings Company Limited); and China Diamond Holdings Company Limited (as the general partner of China Diamond Holdings IV, L.P.) is deemed to be interested in the shares of the Company. Transactions contemplated under the Investment Agreement were completed on 28 August 2013. Upon the receipt of a conversion notice on 11 June 2014 from CDH Fast Two Limited for partial conversion of the Convertible Bonds in the principal amount of US\$24,342,500, the Company allotted and issued a total of 813,507,946 Conversion Shares to CDH Fast Two Limited at the Conversion Price of HK\$0.2328 per Conversion Share on 12 June 2014. Upon the receipt of a conversion notice on 25 December 2015 from CDH Fast Two Limited for full conversion of the remaining Convertible Bonds in the principal amount of US\$24,342,500 (approximately HK\$189,384,650), the Company allotted and issued a total of 813,507,947 Conversion Shares to CDH Fast Two Limited at the Conversion Price of HK\$0.2328 per Conversion Share on 28 December 2015.
3. For illustration purpose, assuming full conversion of the Haitong CBs at the initial conversion price of HK\$3.00 per share took place on 30 June 2016, such percentage of issued shares would decrease to approximately 62.26%.

Save as disclosed above, the Directors are not aware of any person, other than the Directors or chief executives of the Company, who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30 June 2016.

## **Share Option Scheme**

The Company adopted a new share option scheme ("Existing Scheme") by a resolution of the Shareholders passed on 25 June 2014 and terminated on the same date the share option scheme ("Old Scheme") adopted by the Company by a resolution of the then Shareholders passed on 13 February 2005. The principal purpose of the Existing Scheme is to provide incentives and rewards to eligible participants for their contribution or potential contribution to the Group. Detailed terms of the Existing Scheme were disclosed in the circular of the Company dated 30 April 2014 and, since the adoption of the Existing Scheme, there have been no changes in the terms of the Existing Scheme.

# OTHER INFORMATION

The total number of shares available for issue under the Existing Scheme is 376,116,501 shares, representing approximately 10% of the total issued share capital of the Company as at the date of approval of the Existing Scheme. As at 30 June 2016, options had been granted by the Company under the Existing Scheme which, if exercised in full, would entitle the grantees to subscribe for 129,455,868 shares. The total number of shares available for issue under the Existing Scheme (excluding share options already granted) is 244,827,302 shares, representing approximately 5.35% of the total issued share capital of the Company as at that date.

Details of the share options granted under the Existing Scheme as at 30 June 2016 are as follows:

Name of option holder	Date of grant	Exercise period	Exercise price (per share)	Closing price on date of grant (per share)	Number of underlying shares subject to options as at 1 January 2016	Number of underlying shares subject to options granted since 1 January 2016	Number of underlying shares subject to options exercised/ cancelled since 1 January 2016	Number of underlying shares subject to options as at 30 June 2016
Ms. Hung Ying-Lien (Note 1)	14 October 2014	15 October 2014 to 14 October 2019	HK\$0.50	HK\$0.50	12,092,768	-	-	12,092,768
Continuous contractual employees (in aggregate)	14 October 2014	15 October 2014 to 14 October 2019	HK\$0.50	HK\$0.50	125,990,564	-	8,627,464	117,363,100
Total					138,083,332	-	8,627,464 (Note 2)	129,455,868 (Note 3)

## Notes:

1. Ms. Hung Ying-Lien resigned as an executive Director and the chief financial officer of the Company effective from 28 August 2013. Ms. Hung Ying-Lien has been appointed as vice president of the Group on the same date.
2. Among 8,627,464 share options which were exercised, lapsed or cancelled during the period from 1 January 2016 to 30 June 2016, 499,999 share options were exercised by continuous contractual employees and 8,127,465 share options were cancelled.
3. 129,455,868 share options shall be vested and are exercisable during the period from 1 July 2016 to 14 October 2019, subject to the fulfilment of certain performance targets and other vesting conditions as described in the grant letter issued by the Company to each Grantee.

# OTHER INFORMATION

## **Arrangements to Purchase Shares or Debentures**

Save as disclosed in the section headed “Share Option Scheme”, at no time during the Period were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were there any such rights exercised by them; or was the Company, any of its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## **Purchase, Sale and Redemption of the Company's Listed Securities**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Period.

## **Changes in Information of Directors**

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2015 Annual Report are set out below:

<b>Name of Director</b>	<b>Details of Changes</b>
Mr. Zhang Jianxing	– Appointed as chairman of the Board and chairman of the Nomination Committee effective from 31 March 2016.
Mr. Ying Wei	– Resigned as chairman of the Board and chairman of the Nomination Committee effective from 31 March 2016. – Remained as non-executive director of the Company and appointed as a member of the Audit Committee to replace Mr. Du Jingle effective from 31 March 2016. – Appointed as a non-executive director of China Health Group Limited (stock code: 673), a company listed on the Main Board of the Stock Exchange, effective from 5 June 2016.
Mr. Du Jinglei	– Re-designated from non-executive director to executive director and ceased to be a member of the Audit Committee effective from 31 March 2016.

# OTHER INFORMATION

## **Corporate Governance**

Save as disclosed below, in the opinion of the Directors, the Company has complied with the Corporate Governance Code (“Code”) as set out in Appendix 14 of the Listing Rules during the Period:

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhang Jianxing acted as both the chairman and chief executive officer of the Company since 31 March 2016. Such deviation is due to the fact that the day-to-day management of the Group was led by Mr. Zhang Jianxing. The Board considers that such arrangement provided the Group with strong and consistent leadership, allowed for effective and efficient planning and implementation of business strategies and decisions.

At present, the Company has four Board committees. The membership information of these committees is set out below:

1. Audit Committee:  
Mr. Hu Yuming (chairman), Mr. Lin Lei and Mr. Ying Wei
2. Remuneration Committee:  
Mr. Hu Yuming (chairman), Mr. Zhang Xiaoya and Mr. Ying Wei
3. Nomination Committee:  
Mr. Zhang Jianxing (chairman), Mr. Lin Lei and Mr. Zhang Xiaoya
4. Strategy Committee:  
Mr. Lin Lei (chairman), Mr. Zhang Xiaoya and Mr. Wang Zhenyu

# OTHER INFORMATION

## **Directors' Securities Transactions**

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors or relevant employees as defined in the Model Code. Having made specific enquiry to all Directors by the Company, all Directors confirmed that they had complied with the requirements set out in the Model Code during the six months ended 30 June 2016.

## **Audit Committee**

At present, the Audit Committee comprises Mr. Hu Yuming, Mr. Lin Lei and Mr. Ying Wei. Mr. Hu Yuming and Mr. Lin Lei are independent non-executive directors of the Company, and Mr. Ying Wei is a non-executive director of the Company. Mr. Hu Yuming is the chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters, including the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2016. The accounting information given in this interim report has not been audited but has been reviewed by the Audit Committee.

By Order of the Board

**New Focus Auto Tech Holdings Limited**

**Zhang Jianxing**

*Chairman*

Hong Kong, 30 August 2016