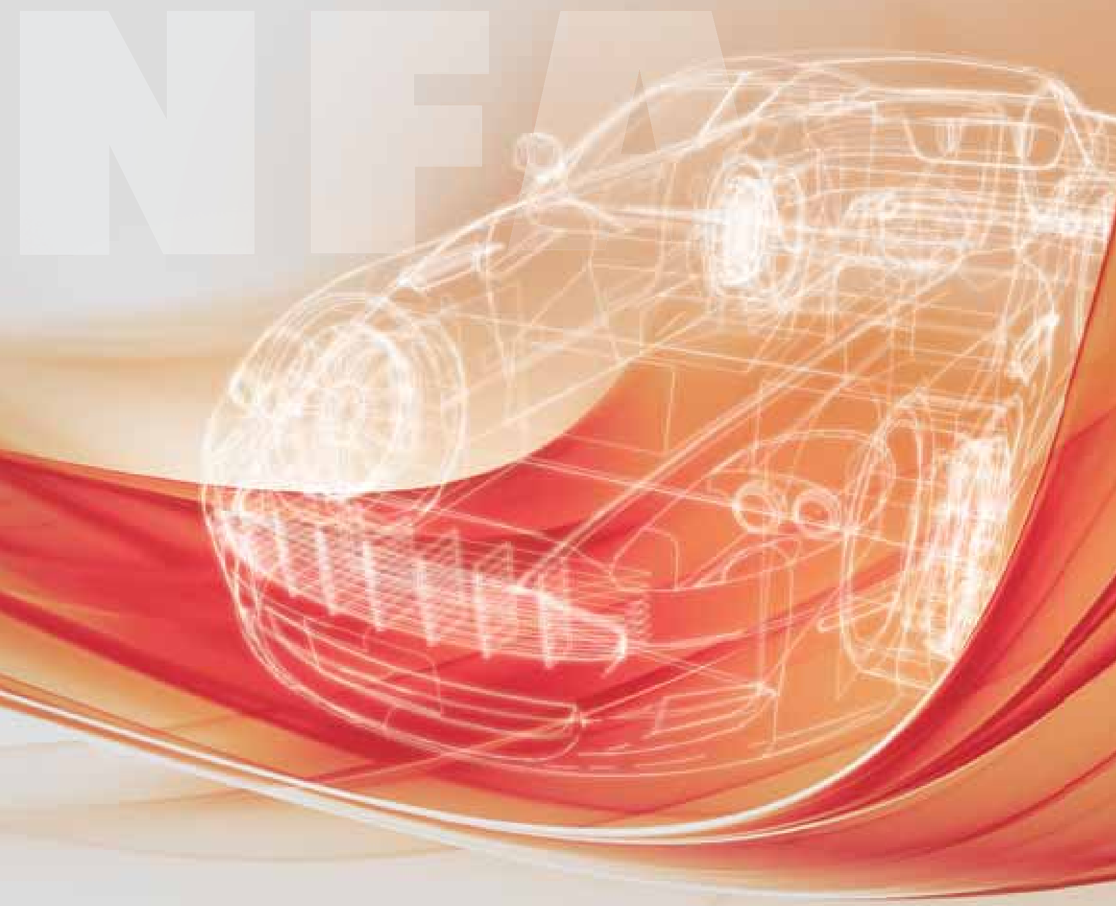
新焦點汽車技術控股有限公司*

New Focus Auto Tech Holdings Limited

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

INTERIM REPORT 2017



* For identification purpose only

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CORPORATE INFORMATION

Directors

Executive Directors

Zhang Jianxing
(Chairman and Chief Executive Officer)
Du Jinglei

Non-executive Directors

Ying Wei
Wang Zhenyu
Li Ngai (appointed on 21 August 2017)

Independent Non-executive Directors

Hu Yuming
Lin Lei
Zhang Xiaoya

Company Secretary

Liu Xiao Hua

Registered Office

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Cayman Islands

Principal Place of Business in Hong Kong

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Wan Chai
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Auditor

KPMG
Certified Public Accountants
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10 Chater Road Central
Hong Kong

Legal Advisers

Paul Hastings
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1 Garden Road
Hong Kong

Principal Share Registrar and Transfer Office

SMP Partner (Cayman) Limited
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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
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183 Queen's Road East
Wanchai
Hong Kong

Stock Code

360

Websites

http://www.nfa360.com

Unaudited Consolidated Statement Of Comprehensive Income

For the six months ended 30 June 2017

(Expressed in Renminbi)

	Note	**Six months ended 30 June**	
		2017	2016
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	**611,470**	649,214
Cost of sales and services		**(499,545)**	(518,423)
Gross profit		**111,925**	130,791
Other revenue and gains and losses		**43,305**	46,593
Distribution costs		**(82,697)**	(90,584)
Administrative expenses		**(66,802)**	(54,928)
Finance costs	5	**(22,064)**	(20,427)
Share of loss of an associate		**(1)**	(1,894)
(Loss)/profit before taxation		**(16,334)**	9,551
Income tax expenses	6	**387**	(1,664)
(Loss)/profit for the period		**(15,947)**	7,887
Other comprehensive income	7		
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**3,129**	(1,087)
Other comprehensive income for the period, net of tax		**3,129**	(1,087)
Total comprehensive income for the period		**(12,818)**	6,800

Unaudited Consolidated Statement Of Comprehensive Income *(Continued)*

For the six months ended 30 June 2017

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2017** **RMB'000** **(Unaudited)**	2016 RMB'000 (Unaudited)
(Loss)/profit for the period attributable to			
– Owners of the Company		**1,500**	(38)
– Non-controlling interests		**(17,447)**	7,925
		(15,947)	7,887
Total comprehensive income attributable to			
– Owners of the Company		**4,629**	(1,125)
– Non-controlling interests		**(17,447)**	7,925
		(12,818)	6,800
Earnings/(loss) per share	*8*		
Basic (RMB cents)		**0.033**	(0.001)
Diluted (RMB cents)		**0.033**	(0.001)

Unaudited Consolidated Statement of Financial Position

As at 30 June 2017

(Expressed in Renminbi)

	Note	**At 30 June 2017 RMB'000 (Unaudited)**	At 31 December 2016 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	**194,469**	182,450
Leasehold land and land use rights	10	**29,686**	30,221
Investment properties	10	**43,864**	43,864
Goodwill	10	**43,919**	43,919
Other intangible assets	10	**56,012**	56,038
Interest in an associate		**392**	393
Deferred tax assets		**31,166**	31,166
		399,508	388,051
Current assets			
Inventories	11	**178,275**	177,135
Tax recoverable		**1,337**	6
Trade receivables	12	**146,870**	161,590
Deposits, prepayments and other receivables		**280,470**	284,650
Amounts due from related companies	19	**18,493**	32,633
Pledged time deposits		**4,500**	4,500
Available-for-sale financial assets		**30,000**	–
Cash and cash equivalents		**177,366**	164,269
		837,311	824,783
Current liabilities			
Bank borrowings, secured	13	**195,659**	178,475
Trade payables	14	**184,321**	185,641
Accruals and other payables		**222,770**	208,662
Tax payable		**157**	4,423
Convertible bonds	15	**193,918**	183,834
		796,825	761,035
Net current assets		**40,486**	63,748
Total assets less current liabilities		**439,994**	451,799

Unaudited Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2017

(Expressed in Renminbi)

	Note	**At 30 June 2017 RMB'000 (Unaudited)**	At 31 December 2016 RMB'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		**22,632**	22,632
		22,632	22,632
NET ASSETS		**417,362**	429,167
CAPITAL AND RESERVES			
Share capital	*16*	**376,184**	376,184
Reserves	*17*	**(16,187)**	(21,897)
Total equity attributable to owners of the Company		**359,997**	354,287
Non-controlling interests		**57,365**	74,880
TOTAL EQUITY		**417,362**	429,167

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

(Expressed in Renminbi)

	Share capital RMB'000	Share premium and other reserve RMB'000	Retained profits/ (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 2017	376,184	936,088	(957,985)	354,287	74,880	429,167
Profit/(loss) for the period	–	–	1,500	1,500	(17,447)	(15,947)
Other comprehensive income for the period	–	3,129	–	3,129	–	3,129
Total comprehensive income for the period	–	3,129	1,500	4,629	(17,447)	(12,818)
Dividends declared to non-controlling owners of subsidiaries	–	–	–	–	(68)	(68)
Recognition of equity-settled share-based payments	–	1,081	–	1,081	–	1,081
Balance at 30 June 2017	376,184	940,298	(956,485)	359,997	57,365	417,362

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

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Share capital RMB'000	Share premium and other reserve RMB'000	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

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2017

(Expressed in Renminbi)

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash used in operations	**(6,717)**	(27,208)
Tax paid	**(5,210)**	(1,973)
Net cash used in operating activities	**(11,927)**	(29,181)
Investing activities		
Proceeds from sale of financial assets available for sale	**130**	3,536
Purchase of available-for-sale financial assets	**(30,000)**	–
Proceeds from disposal of subsidiaries	**14,326**	–
Net cash outflow arising from acquisition of subsidiaries	**–**	(889)
Purchase of property, plant and equipment	**(27,632)**	(21,091)
Loans repaid by a third party	**12,761**	60,000
Other cash flows arising from investing activities	**42,645**	8,821
Net cash generated from investing activities	**12,230**	50,377
Financing activities		
Net increase/(decrease) in bank borrowings, secured	**17,184**	(38,758)
Other cash flows arising from financing activities	**(4,390)**	(8,630)
Net cash generated from/(used in) financing activities	**12,794**	(47,388)
Net increase/(decrease) in cash and cash equivalents	**13,097**	(26,192)
Cash and cash equivalents, beginning of period	**164,269**	140,327
Cash and cash equivalents, end of period	**177,366**	114,135

Notes To The Unaudited Condensed Consolidated Interim Financial Statements

(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; and the provision of automobile repair, maintenance and restyling services and retail distribution of merchandise goods through its service chain stores network in the Greater China Region and 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 2017 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 2017.

The unaudited condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 2016 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 2016 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 2016 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 2017.

3. Changes in accounting policies

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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	
	2017	2016
	RMB'000	RMB'000
Sale of goods	**431,869**	379,552
Service income	**179,601**	269,662
	611,470	649,214

(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.

4. Revenue and segment information *(Continued)*

(a) Reportable segment *(Continued)*

Set out below is an analysis of segment information:

For the six months ended 30 June 2017	The Retail Service Business RMB'000	The Wholesale Business RMB'000	The Manufacturing Business RMB'000	Total RMB'000
Revenue				
External revenue	179,601	175,933	255,936	611,470
Inter-segment revenue	–	–	127	127
Segment revenue	179,601	175,933	256,063	611,597
Less: inter-segment revenue				(127)
Total revenue				611,470
Reportable segment results	(24,616)	(12,985)	4,967	(32,634)
Interest income	65	75	130	270
Unallocated interest income				41,666
Total interest income				41,936
Interest expenses	(1,431)	(656)	(472)	(2,559)
Unallocated interest expenses				(19,505)
Total interest expenses				(22,064)
Depreciation and amortisation charges	(10,744)	(850)	(5,186)	(16,780)
Unallocated depreciation and amortisation charges				(677)
Total depreciation and amortisation charges				(17,457)

4. Revenue and segment information *(Continued)*

(a) Reportable segment *(Continued)*

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

4. Revenue and segment information *(Continued)*

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
(Loss)/profit before income tax expense		
Reportable segment (loss)/profit	**(32,634)**	9,307
Unallocated other revenue and gains or losses	**43,006**	28,958
Unallocated corporate expenses	**(7,201)**	(11,711)
Unallocated finance costs	**(19,505)**	(17,003)
Consolidated (loss)/profit before income tax expense	**(16,334)**	9,551

	At 30 June 2017	At 31 December 2016
	RMB'000	RMB'000
Assets:		
Reportable segment assets	**990,260**	968,806
Unallocated corporate assets	**246,559**	244,028
Consolidated total assets	**1,236,819**	1,212,834
Liabilities:		
Reportable segment liabilities	**630,832**	612,583
Unallocated corporate liabilities	**188,625**	171,084
Consolidated total liabilities	**819,457**	783,667

4. Revenue and segment information *(Continued)*

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, leasehold land and land use rights, other intangible assets, goodwill and interest in an associate ("specified non-current assets"):

	Revenue from external customers		**Specified non-current assets**	
	At 30 June 2017 RMB'000	At 30 June 2016 RMB'000	**At 30 June 2017 RMB'000**	At 31 December 2016 RMB'000
PRC (Place of domicile)	**440,316**	447,981	**368,342**	356,885
America	**148,317**	99,795	**–**	–
Europe	**9,141**	17,911	**–**	–
Asia Pacific	**13,696**	15,366	**–**	–
Taiwan	**–**	68,161	**–**	–
	611,470	649,214	**368,342**	356,885

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

(d) Major customers

During the six months ended 30 June 2017, 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	
	2017 RMB'000	2016 RMB'000
Interests on bank borrowings		
– wholly repayable within five years	**4,135**	4,880
Imputed interest on convertible bonds	**17,929**	15,547
	22,064	20,427

6. Income tax expenses

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Current tax – PRC and Taiwan corporate income tax	**(387)**	1,664
	(387)	1,664

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 2017 (30 June 2016: 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 2017	**Before tax amount RMB'000**	**Tax expense RMB'000**	**Net of tax amount RMB'000**
Exchange reserve			
Exchange differences on translating foreign operations	**3,129**	**–**	**3,129**

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)

8. Earnings/(loss) per share

The calculations of basic and diluted earnings/(loss) per share are based on:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Profit/(loss) for the year attributable to the owners of the Company, used in the basic and diluted earnings/(loss) per share calculation	**1,500**	(38)
Shares		
Weighted average number of ordinary shares for the basic earnings/(loss) per share calculation	**4,576,606**	4,576,506
Effect of dilution – weighted average number of ordinary shares:		
– Share options#	**–**	–
– Convertible bonds*	**–**	–
Weighted average number of ordinary shares adjusted for the effect of all potential ordinary shares	**4,576,606**	4,576,506

The computation of diluted earnings per share for the six months ended 30 June 2017 does not assume the conversion of the Company's outstanding share options since the exercise price of those share options is higher than the average market price during the first half of 2017.

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

* The computation of diluted earnings per share for the six months ended 30 June 2017 does not assume the conversion of the Company's convertible bonds issued to Haitong International Financial Products Limited, since its exercise would result in an increase in earnings per share.

The computation of diluted loss per share for the six months ended 30 June 2016 does not assume the conversion of the Company's convertible bonds issued to Haitong International Financial Products Limited, since its exercise 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 2017 (30 June 2016: Nil).

10. Capital expenditure

	Property, Plant and Equipment RMB'000	**Leasehold land and land use rights RMB'000**	**Investment properties RMB'000**	**Goodwill RMB'000**	**Other intangible assets RMB'000**
Beginning net carrying amount as at 1 January 2017	**182,450**	**30,221**	**43,864**	**43,919**	**56,038**
Additions	**31,031**	**–**	**–**	**–**	**–**
Disposals	**(2,116)**	**–**	**–**	**–**	**–**
Depreciation charge for the period	**(16,896)**	**(535)**	**–**	**–**	**(26)**
Ending net carrying amount as at 30 June 2017	**194,469**	**29,686**	**43,864**	**43,919**	**56,012**

	Property, Plant and Equipment RMB'000	Leasehold land and land use rights RMB'000	Investment properties RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
Beginning net carrying amount as at 1 January 2016	177,380	31,289	42,775	118,253	47,923
Additions	22,099	–	–	–	–
Disposals	(2,236)	–	–	–	–
Depreciation charge for the period	(19,274)	(80)	–	–	(42)
Acquisition of a subsidiary	16,471	–	–	7,363	10,816
Exchange realignments	803	–	–	–	–
Ending net carrying amount as at 30 June 2016	195,243	31,209	42,775	125,616	58,697

11. Inventories

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Raw material	**26,169**	28,117
Work in Progress	**21,197**	14,182
Finished Goods	**14,249**	20,474
Merchandise Goods	**116,660**	114,362
	178,275	177,135

12. Trade receivables

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Current to 30 days	**89,125**	91,609
31 to 60 days	**30,319**	42,381
61 to 90 days	**10,019**	13,850
Over 90 days	**23,244**	20,335
	152,707	168,175
Less: allowance for doubtful debts	**(5,837)**	(6,585)
	146,870	161,590

13. Bank borrowings, secured

Bank borrowings are repayable as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
On demand or within one year	**195,659**	178,475
	195,659	178,475

14. Trade payables

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Current to 30 days	**91,142**	82,437
31 to 60 days	**25,853**	33,336
61 to 90 days	**20,375**	19,253
Over 90 days	**46,951**	50,615
	184,321	185,641

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.

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	
	2017	2016
	RMB'000	RMB'000
	Haitong CBs	Haitong CBs
Beginning of the period	**183,834**	156,319
Imputed interest expense	**17,929**	15,547
Paid interest expense	**(5,186)**	(4,910)
Fair value change of conversion option	**–**	(4,250)
Transferred to equity	**–**	(1,619)
Exchange realignment	**(2,659)**	3,347
End of period	**193,918**	164,434

16. Share capital

	Number of shares	**Nominal value**	
	'000	HK$'000	RMB'000
Balance at 1 January 2016	4,576,006	457,601	376,133
Share issued under share option scheme	600	60	51
Balance at 31 December 2016	4,576,606	457,661	376,184
Balance at 30 June 2017	4,576,606	457,661	376,184

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 2017	**876,899**	**55,151**	**4,643**	**2,756**	**1,619**	**31,368**	**1,545**	**(37,893)**	**936,088**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,129**	**3,129**
Recognition of equity-settled of share based payments	**–**	**–**	**–**	**–**	**–**	**1,081**	**–**	**–**	**1,081**
Balance at 30 June 2017	**876,899**	**55,151**	**4,643**	**2,756**	**1,619**	**32,449**	**1,545**	**(34,764)**	**940,298**

	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
Balance at 30 June 2016	876,863	52,641	2,738	2,756	1,619	29,528	1,545	(30,577)	937,113

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:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Contracted for	**18,438**	12,687
Authorised but not contracted for	**104,683**	140,064
End of period	**123,121**	152,751

(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:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 year	**47,602**	45,425
Over 1 year but within 5 years	**91,948**	107,037
Over 5 years	**18,272**	21,551
	157,822	174,013

18. Commitments *(Continued)*

(b) Operating lease commitment *(Continued)*

As lessor

As at 30 June 2017 and 31 December 2016, 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:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 year	**1,175**	1,659
Over 1 year but within 5 years	**3,024**	3,024
Over 5 years	**1,512**	1,890
	5,711	6,573

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 RMB1,074,000 (30 June 2016: RMB1,404,000).

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

As at 30 June 2017, a non-controlling owner of a subsidiary granted the subsidiary collateral of creditor amounting to RMB15,183,000 (30 June 2016: RMB2,628,000) with his own properties.

As at 30 June 2017, a senior management member of the Company who is also a non-controlling owner of a subsidiary provided a guarantee, together with other guarantees, to a bank loan of RMB15,000,000 to the subsidiary.

19. Related party transactions *(Continued)*

(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:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Auto Make Co., Ltd.	**889**	3,265
Shenyang Xunchi Auto Service Ltd.	**–**	711
New Focus Richahaus	**17,397**	23,624
Others	**207**	5,033
	18,493	32,633

20. Subsequent events

On 21 August 2017, the Company entered into a convertible note purchase agreement with High Inspiring Limited, an indirect wholly-owned subsidiary of China Construction Bank Corporation (the "Investor"), pursuant to which the Company has conditionally agreed to issue and the Investor has conditionally agreed to purchase the convertible notes in an aggregate principal amount of US$35,000,000 (equivalent to approximately HK$271,250,000) due in 2019 ("CCB CNs"). Assuming full conversion of the CCB CNs at the initial conversion price of HK$0.306085 per Share, the CCB CNs will be convertible into approximately 886,191,744 Shares. The net proceeds from the issuance of the CCB CNs, after deducting all related fees and expenses, are estimated to be approximately US$34,500,000 (equivalent to approximately HK$267,375,000). The issuance of CCB CNs was completed on 1 September 2017. Details of the transaction above are set out in the announcements of the Company dated 21 August 2017 and 8 September 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Results Highlights

Revenue

For the six months ended 30 June 2017 (the "**Period**"), the Group recorded a consolidated revenue of RMB611,470,000 (corresponding period of 2016: RMB649,214,000), representing a decrease of 5.81%.

The consolidated revenue of the retail service business of the Group amounted to RMB179,601,000 (corresponding period of 2016: RMB269,662,000), representing a decrease of 33.40%, which was mainly because the Company disposed of its 100% equity interests held in New Focus Richahaus Co., Ltd., Taiwan New Focus Auto Service Corporation Limited, Shenzhen Yonglonghang Auto Service Ltd. and Shanghai New Focus Auto Service Co., Ltd. in the second half of 2016 (the "**Disposal of Certain Retail Service Business**"). Excluding such factor, the consolidated revenue of the Group's retail service business recorded an increase of 11.85% as compared to the corresponding period of 2016, which was mainly attributable to the expansion of the stores of Beijing Aiyihang Auto Service Ltd., a subsidiary of the Company.

The consolidated revenue of the wholesale service business of the Group was RMB175,933,000 (corresponding period of 2016: RMB211,838,000), representing a decrease of 16.95%. The decrease was mainly attributable to the Company's disposal of the 100% equity interests held in Shanghai Astrace Trade Development Company Limited in December 2016 (the "**Disposal of Equity Interest in Shanghai Astrace**"). Excluding such factor, the consolidated revenue of the wholesale service business of the Group recorded an increase of 5.59% as compared to the corresponding period of 2016, which was mainly attributable to the development of e-commerce platform business commenced by the subsidiaries of the Company, namely, Liaoning Xin Tian Cheng Industrial Co., Ltd. and Zhejiang Autoboom Industrial Co., Ltd. since May 2015 and July 2016 respectively.

The consolidated revenue of the manufacturing business of the Group was RMB255,936,000 (corresponding period of 2016: RMB167,714,000), representing an increase of 52.60%, which was mainly attributable to the sales of newly developed products and the revenue contributed by new customers.

Gross profit and gross margin

The consolidated gross profit of the Group for the Period was RMB111,925,000 (corresponding period of 2016: RMB130,791,000), representing a decrease of 14.42%. Gross margin decreased from 20.15% to 18.30%.

The gross profit of the Group's retail service business was RMB48,124,000 (corresponding period of 2016: RMB52,879,000), representing a decrease of 8.99%, and its gross margin increased from 19.61% to 26.80%. The decrease in gross profit was mainly attributable to the Disposal of Certain Retail Service Business resulting in a decrease in revenue during the Period as compared to that in the corresponding period of 2016; the increase in gross margin was mainly due to the higher proportion of sales of products with high gross profit.

The gross profit of the Group's wholesale service business was RMB15,949,000 (corresponding period of 2016: RMB42,677,000), representing a decrease of 62.63%, and its gross margin decreased from 20.15% to 9.07%. The decrease in gross profit was mainly attributable to the Disposal of Equity Interest in Shanghai Astrace resulting in a decrease in revenue during the Period as compared to that in the corresponding period of 2016; the decrease in gross margin was mainly due to the effect of e-commerce and intense market competition that caused the Group to strengthen the promotion of its wholesale service business.

The gross profit of the Group's manufacturing business was RMB55,397,000 (corresponding period of 2016: RMB35,234,000), representing an increase of 57.23%, and its gross margin increased from 21.01% to 21.64%. The increase in gross profit was mainly attributable to the increase in revenue during the Period as compared to that in the corresponding period of 2016.

Expenses

The distribution costs for the Period were RMB82,697,000 (corresponding period of 2016: RMB90,584,000), representing a decrease of 8.71%, which was mainly attributable to the Disposal of Certain Retail Service Business and the Disposal of Equity Interest in Shanghai Astrace.

The administrative expenses for the Period were RMB66,802,000 (corresponding period of 2016: RMB54,928,000), representing an increase of 21.62%, which was mainly attributable to greater research and development in the manufacturing business and the significant increase in the number of stores and staff in the retail service business resulting in the corresponding increase in administrative expenses.

Operating profit

The operating profit for the Period was RMB5,730,000 (corresponding period of 2016: RMB31,872,000), representing a decrease in operating profit of RMB26,142,000 as compared to that in the corresponding period of 2016, which was mainly because the Group's gross profit for the Period decreased by RMB18,866,000, the aggregate of distribution costs and administrative expenses increased by RMB3,987,000, and other revenue and gains and losses decreased by RMB3,288,000.

Finance costs

Net finance costs for the Period amounted to RMB22,064,000 (corresponding period of 2016: RMB20,427,000), representing an increase of 8.01%. It was mainly attributable to the increase of RMB2,382,000 in interests from the convertible bonds provided by the Company during the Period as compared to the corresponding period in 2016.

Taxation

Income tax expenses for the Period were RMB(387,000) (corresponding period of 2016: RMB1,664,000), representing a decrease of RMB2,051,000, which was mainly attributable to the receipt of tax refund for income tax filling of RMB1,295,000 by the manufacturing business during the Period.

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company for the Period was RMB1,500,000 (corresponding period of 2016: RMB38,000 of attributable loss), representing an increase of RMB1,538,000, which was mainly owing to the better performance of the Group's businesses. Earnings per share amounted to RMB0.033 cent (corresponding period of 2016: RMB0.001 cent of loss per share).

Financial Position and Liquidity

The Group continued to maintain a stable financial position and healthy liquidity of assets. During the Period, the Group's net cash outflow from operating activities amounted to RMB11,927,000 (corresponding period of 2016: outflow of RMB29,181,000).

The Group's net current assets were RMB40,486,000 as at 30 June 2017 (31 December 2016: RMB63,748,000), with a current ratio of 1.05 (31 December 2016: 1.08).

Gearing ratio (calculated by dividing total liabilities by total assets) was 66.26% as at 30 June 2017 (31 December 2016: 64.61%).

As at 30 June 2017, the total bank borrowings of the Group were RMB195,659,000 (31 December 2016: RMB178,475,000), approximately 13.87% of which was denominated in USD and approximately 86.13% was denominated in RMB. All the bank borrowings are repayable within one year and at fixed interest rates.

The operation and capital expenses of the Group were funded by the cash flow generated from the Group's business, internal liquid funds and the financial agreements entered into with banks. The Group had sufficient financial resources to satisfy all its contractual responsibilities and operation needs.

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 conditionally agreed to issue and Haitong conditionally agreed to subscribe for Haitong Convertible Bonds ("**Haitong CB**"). The issue and subscription of Haitong CB were completed on 13 July 2015. More details of the above transaction were 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 received any notice from Haitong on its intention to convert Haitong CBs. For illustrative purposes, assuming Haitong CBs had been fully converted at an initial conversion price of HK$3.00 per share as at 30 June 2017, Haitong CBs could have been converted into approximately 64,833,333 conversion shares, and the total issued shares of the Company as at 30 June 2017 would have increased from 4,576,606,289 shares to 4,641,439,622 shares.

As at 30 June 2017, the Group's total assets were RMB1,236,819,000 (31 December 2016: RMB1,212,834,000), comprising: (1) share capital of RMB376,184,000 (31 December 2016: RMB376,184,000), (2) reserves and non-controlling interests of RMB41,178,000 (31 December 2016: RMB52,983,000), and (3) debts of RMB819,457,000 (31 December 2016: RMB783,667,000).

Financial Guarantees and Pledge of Assets

As at 30 June 2017, the net book values of properties, plants, equipment, leasehold land, land use rights and time deposits pledged to secure the Group's bank borrowings totaled RMB105,308,000 (31 December 2016: RMB107,516,000).

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had no material acquisition or disposal of subsidiaries, associates and joint ventures during the Period.

Significant Investments

The Group had no significant investments during the Period. The Group had no specific future plans for material investments or acquisition of business.

Exchange Risk

The Group's retail and wholesale service businesses mainly took place in Mainland China and their settlement currency was RMB. Hence, there was no exchange risk. Approximately 80% of the revenue of the Group's manufacturing business was generated from the export of its products which was settled in USD, whereas most of the raw materials used to produce these exports were purchased in RMB. Hence, in general, the depreciation of USD against RMB would adversely affect the profitability of the Group's manufacturing business. The Group reduced its exposure to the foreign currency risk from USD by making USD borrowings, so as to lower such exchange risks. As at 30 June 2017, the Group's USD borrowings were approximately USD4,000,000 (31 December 2016: USD 6,000,000).

Contingent Liabilities

As at 30 June 2017, the Group had no significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2017, the Group employed a total of 4,308 (30 June 2016: 4,428) full-time employees, of which 592 (30 June 2016: 628) were managerial staff. The remuneration package for the Group's employees included wages, incentives (such as performance-based bonus) and allowances. The Group also provided social security insurance and benefits for its employees, and formulates and implements share option schemes as the Group's long-term incentive scheme. Details of the share option scheme are disclosed in "Other Information" of this interim report. The Group stresses staff development and provides training programmes on an ongoing basis with reference to its strategic objectives and the performance of its staff.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (corresponding period of 2016: nil).

Major Events After the Period

On 21 August 2017, the Company entered into a convertible note purchase agreement with High Inspiring Limited (the "**Investor**"), an indirect wholly-owned subsidiary of China Construction Bank Corporation, pursuant to which, the Company conditionally agreed to issue and the Investor conditionally agreed to purchase the convertible notes in an aggregate principal amount of US$35,000,000 (equivalent to approximately HK$271,250,000) due in 2019 ("**CCB CNs**"). Assuming full conversion of the CCB CNs at the initial conversion price of HK$0.306085 per share, the CCB CNs will be convertible into approximately 886,191,744 shares. The net proceeds from the issuance of the CCB CNs, net of all related fees and expenses, are estimated to be approximately US$34,500,000 (equivalent to approximately HK$267,375,000). The issuance of CCB CNs was completed on 1 September 2017. Details of the transaction above are set out in the announcements of the Company dated 21 August 2017 and 8 September 2017.

Industry Development and Business Progress

During the Period, the sales volume of passenger vehicles in the PRC was approximately 11.25 million, with a year-on-year increase of approximately 2.27%. The sales of passenger vehicles in the PRC market continued to grow steadily, driving a constant increase in the retention of passenger vehicles. It is expected that the scale of the PRC automobile after-sales market will exceed RMB1,000 billion in 2017, which is both a historic opportunity and a severe challenge in light of a fragmented automobile service industry.

Along with the increasing average age of passenger vehicles in the PRC, the proportion of vehicles with expired warranties which are in the peak of need for replacement of naturally ageing accessories (normally 5-10 years after sales) has been increasing. More and more vehicle owners have shifted to individual automotive after-sales service chain networks and e-commerce platforms for alternative maintenance and repair solutions that are more economical, reliable and secure. Currently, other than the large-scale 4S dealership groups and small-scale individual stores, the number of large-scale urban economical automotive after-sales chain networks are rare. The strong demand for such economic chain networks in the market is materially similar to the consumption demand for budget chain hotels in the hospitality industry and the demand for fast-food chain consumption in the beverage industry in the PRC market.

In mature markets, such as the U.S. and Japan, their development history of large-scale individual after-sales chain networks has also proven this development trend. The Group will continue to maintain our position of developing reasonably priced products and our principles of chain and branding operation and standardized and customized servicing, to gradually increase the number of our individual after-sales service chain stores and branding influence of the Group. It is expected that the scale and revenue of after-sales service chain system of the Group will grow steadily.

In the meantime, there are more than 300,000 individual small-scale after-sales stores in the PRC market, of which the parts and accessories required in the maintenance and repair business has still relied on the traditional dealership system and the distribution model in automotive parts malls, and the efficiency of supply chain is relatively low. For regular maintenance parts and accessories and modification products, there is a significant need for comprehensive one-stop suppliers for these small-scale after-sales stores to address the low efficiency of scattered supply chains at the current stage. We consider that internet-based product search and ordering, integrated categories of products and optimized one-stop storage and delivery are the main development directions to the problems in the supply of automotive parts and accessories to those small-scale individual stores. In the B2B field, the Group will provide one-stop parts and accessories wholesale and delivery service to those small-scale individual stores, through ordering via computers and mobile devices on the “Auto Make” e-commerce platform. The Group’s business model is expected to replace the traditional model of dealerships and distribution by automotive parts malls at a quick pace while the scale and revenue of the business will also grow rapidly.

As at 30 June 2017, the Group had a total of 216 retail service stores, 10 wholesale service stores and 2 manufacturing factories.

The Group’s Service Business

Based on the analysis of automobile after-sales market by the management, the Group focused on the expansion of individual automobiles service chain networks in urban areas in the B2C field and the construction and expansion of the automotive products e-commerce platform “Auto Make” in the B2B field.

The Group's operating strategies implemented during the Period mainly include the following aspects:

Firstly, the Group steadily expanded its retail service network and optimized its operating model and efficiency. The integrated service chain business of the Group will focus the resource investment on gas station stores. Pursuant to the strategic cooperation agreement between the Group and the related branch companies of Sinopec Chemical Products Sales Company ("**Sinopec**") and PetroChina Company Limited ("**PetroChina**"), the Group continued to expand the scope of cooperation with Sinopec and PetroChina.

With more than 50,000 gas stations set up in China by Sinopec and PetroChina, the Group has broken through the bottleneck of site selection of new retail stores, which is normally faced by automotive after-sales chain corporations. In this regard, the Group will be able to substantially increase its pace in setting up retail service stores and level of standardization and gradually implement and optimize the layout of the Group's gas station stores in China. As of 30 June 2017, the number of stores established by the Group in Hubei, Guangdong, Gansu, Jiangxi, Tianjin, Anhui, Sichuan and other provinces reached 177 in total.

Secondly, the Group invested more resources to improve the e-commerce platform "Auto Make", which operates the wholesale business, and obtained significant result. Targeting small retail service stores, the e-commerce platform provides customers with product repair and maintenance and the purchase, delivery and warehouse storage services of automotive products; and it also attracts relevant manufacturers and large-scale wholesalers to set up stores on the "Auto Make" platform for the purpose of providing the services of sales, collection of payment and delivery. Through these functions, the Group has set up an e-commerce platform combining a self-operated wholesale platform of the Group and third-party sales of automotive products.

The results of the e-commerce platform "Auto Make" during the Period grew at a fast pace. During the Period, the sales amount generated from the self-operated business exceeded RMB165 million, representing an increase of approximately 42% as compared to the same period of 2016.

The e-commerce platform is expected to continue to increase the sales amount of the Group significantly and enhance the Group's operation efficiency. At present, the e-commerce business platform provides service for the three provinces in Northeast China, eastern Inner Mongolia, Zhejiang Province and Jiangsu Province, and it is expected to further expand to Beijing, Shanghai and Guangdong.

The Group's Manufacturing Business

The Group has continuously reviewed the information regarding the Group's target markets, customers and products to further optimize of the structure of products and expand market channels. As for the international market, we focused on the increase of products with intelligent control and the Internet functions, efficiently promoting the products' competitiveness. As for the domestic market, the Group developed a series of chargers and inverters with regard to the rapid growth of the market of truck and car modification, which led to an effective breakthrough in the market. As for the domestic OEM market, the Group focused on the solutions to the power of new energy vehicles. The Group's capability of technological research and development and manufacturing have come top in the industry, which has laid the foundation for forming new growth points for our manufacturing business.

Prospects

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

Firstly, the Group will expand the scope of cooperation with Sinopec and PetroChina. Based on the demonstrative effect of retail service stores established at the gas stations within the Sinopec's network in Hubei, the Group will promote the cooperation model of the Group and Sinopec in other regional markets, and ultimately expand the scope of cooperation to the nationwide gas station network.

Secondly, the Group will actively adjust the product portfolio of its wholesale business, emphasize automotive repair and maintenance products with rigid demand, improve logistics efficiency and service quality, raise the proportion of e-commerce sales and continue to improve its e-commerce platform "Auto Make", so as to enable the Group to become an indispensable comprehensive supplier that provides integrated repair and maintenance products for automotive after-sales service stores in target markets.

Thirdly, the Group will continue to actively search for and negotiate with potential acquisition targets and cooperation partners, which will help achieve the strategic objectives of the Group.

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 of 30 June 2017, to the best knowledge of the directors (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 underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which had been 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2017, the interests and short positions of the following persons, other than the 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:

Name of substantial shareholder	Capacity/ Nature of interest	Number of shares interested (other than under equity derivatives) *(Note 1)*	Number of shares interested under equity derivatives	Total number of shares	Approximate percentage of issued shares
CDH Fast Two Limited	Beneficial owner *(Note 2)*	2,889,580,226 (L)	–	2,889,580,226 (L)	63.14% *(Note 3)*
CDH Fast One Limited	Interest in a controlled corporation *(Note 2)*	2,889,580,226 (L)	–	2,889,580,226 (L)	63.14% *(Note 3)*

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

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 the convertible bonds in a 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 on 30 June 2017, the percentage of issued shares would have decreased 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 were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO as at 30 June 2017.

OTHER INFORMATION

Share Option Scheme

The Company terminated the old share option scheme and adopted a new share option scheme (the "**Scheme**") pursuant to a shareholders' resolution passed on 25 June 2014 for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operation. Eligible participants of the Scheme include the Directors, employees, suppliers, customers and business or strategic alliance partners of the Group. The Scheme became effective on 25 June 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. A summary of the principle terms of the Scheme was included in the circular dispatched to the shareholders on 30 April 2014.

The total number of shares available for issue under the Scheme is 376,116,501, representing approximately 10% of the total issued share capital of the Company as at the date of approval of the Scheme. As at 30 June 2017, options had been granted by the Company under the Scheme which, if exercised in full, would entitle the grantees to subscribe for 114,611,116 shares. The total number of shares available for issue under the Scheme (excluding share options already granted) is 259,572,055, representing approximately 5.67% of the total issued share capital of the Company as at that date.

As of 30 June 2017, details of the share options granted under the Scheme 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 outstanding options as at 1 January 2017	Number of underlying shares subject to options granted since 1 January 2017	Number of underlying shares subject to options exercised/ lapsed/ cancelled since 1 January 2017	Number of underlying shares subject to outstanding options as at 30 June 2017
Ms. Hung Ying-Lien *(Note 1)*	14 October 2014	15 October 2014 to 14 October 2019	HK$0.50	HK$0.50	12,059,435	–	–	12,059,435
Continuous contractual employees (in aggregate)	14 October 2014	15 October 2014 to 14 October 2019	HK$0.50	HK$0.50	107,551,681	–	5,000,000	102,551,681
Total					119,611,116	–	5,000,000 *(Note 2)*	114,611,116 *(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 the vice president and chief operating officer of the Group on the same date. Ms. Hung Ying-Lien is the sister of Mr. Hung Wei-Pi, John, a non-executive Director of the Company who resigned on 20 May 2015.

2. Among 5,000,000 share options which were exercised, lapsed or cancelled during the period from 1 January 2017 to 30 June 2017, all 5,000,000 share options were lapsed.

3. 114,611,116 share options were exercisable during the period from 1 July 2017 to 14 October 2019, subject to the fulfillment of certain performance targets and other vesting conditions as described in the grant letter issued by the Company to each grantee.

Arrangements to Purchase Shares or Debentures

Save as disclosed under 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, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, any of its holding companies, or any of its subsidiaries or fellow subsidiaries were a party that would 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 listed shares of the Company 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 2016 Annual Report are set out below:

Name of Director	Details of Changes
Mr. Lin Lei	— Appointed as a non-independent director of Lepu Medical Technology (Beijing) Co., Ltd. (stock code: 300003), a company listed on the Shenzhen Stock Exchange, effective from 21 April 2017.
Mr. Li Ngai	— Appointed as a non-executive Director, effective from 21 August 2017.

OTHER INFORMATION

Corporate Governance

In the opinion of the Directors, the Company complied with the code provisions in the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Listing Rules during the Period.

As at the date of this interim report, the Company had four Board committees. The information of the members 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

Securities Transactions by Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**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. With specific enquiries made to all the Directors by the Company, all the Directors confirmed that they had complied with the requirements set out in the Model Code during the six months ended 30 June 2017.

Audit Committee

As at the date of this interim report, the Audit Committee comprised Mr. Hu Yuming, Mr. Lin Lei and Mr. Ying Wei. Mr. Hu Yuming and Mr. Lin Lei are independent non-executive Directors, and Mr. Ying Wei is a non-executive Director. Mr. Hu Yuming is the chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting standards and practice guidelines 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 2017. The accounting information 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 2017