

**NFA**<sup>®</sup> New Focus Auto Tech Holdings Limited  
新焦點汽車技術控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 360



INTERIM REPORT  
**2011**

\* For identification purpose only

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# CORPORATE INFORMATION

## **Directors**

### **Executive Directors**

Hung Wei-Pi, John (*Chairman*)

Wu Kwan-Hong

Hung Ying-Lien

Lu Yuan Cheng

Douglas Charles Stuart Fresco

Edward B. Matthew

### **Non-executive Directors**

Low Hsiao-Ping

Hsu Ming Chyuan

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

Du Haibo

Zhou Tai-Ming

Uang Chii-Maw

### **Company Secretary**

Liu Xiao Hua

### **Registered Office**

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Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

### **Principal Place of Business in Hong Kong**

Unit 1201

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610 Nathan Road

Kowloon

Hong Kong

### **Auditor**

BDO Limited

Certified Public Accountants

25/F., Wing On Centre

111 Connaught Road Central

Hong Kong

### **Legal Advisers**

Jones Day

29/F., Edinburgh Tower

The Landmark

15 Queen's Road Central

Hong Kong

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

Butterfield Bank (Cayman) Limited

Butterfield House

68 Fort Street

P.O. Box 705

George Town

Grand Cayman

Cayman Islands

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

Computershare Hong Kong Investor  
Services Limited

Shops 1712-1716

17/F, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

### **Stock Code**

360

### **Websites**

<http://www.nfa360.com>

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors (the “Directors”) of New Focus Auto Tech Holdings Limited (the “Company”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2011, together with the unaudited comparative figures for the corresponding period in 2010, as follows:

## **Unaudited Condensed Consolidated Statement of Comprehensive Income**

*For the six months ended 30 June 2011*

	<i>Notes</i>	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2011</b>	2010
		<b>RMB'000</b>	RMB'000
Turnover	3	<b>671,230</b>	421,838
Cost of sales and services		<b>(488,642)</b>	(296,233)
Gross profit		<b>182,588</b>	125,605
Other income and gains or losses	3	<b>16,113</b>	8,318
Distribution costs		<b>(89,069)</b>	(75,130)
Administrative expenses		<b>(59,042)</b>	(36,861)
Finance costs	4	<b>(5,985)</b>	(2,176)
<b>Profit before income tax expense</b>		<b>44,605</b>	19,756
Income tax expense	5	<b>(12,539)</b>	(3,530)
<b>Profit for the period</b>		<b>32,066</b>	16,226
Other comprehensive income, net of tax:			
Exchange differences arising on translating foreign operations		<b>261</b>	(408)
<b>Total comprehensive income for the period</b>		<b>32,327</b>	15,818

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## **Unaudited Condensed Consolidated Statement of Comprehensive Income** (Continued)

For the six months ended 30 June 2011

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2011</b>	2010
<i>Notes</i>		<b>RMB'000</b>	RMB'000
<b>Profit for the period attributable to:</b>			
	Owners of the Company	<b>15,677</b>	12,242
	Non-controlling interests	<b>16,389</b>	3,984
		<b>32,066</b>	16,226
<b>Total comprehensive income for the period</b>			
<b>attributable to:</b>			
	Owners of the Company	<b>15,775</b>	11,883
	Non-controlling interests	<b>16,552</b>	3,935
		<b>32,327</b>	15,818
Earnings per share:			
	– Basic	<b>RMB0.028</b>	RMB0.023
	– Diluted	<b>RMB0.028</b>	RMB0.022

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2011

	<i>Notes</i>	<b>As at 30 June 2011 RMB'000 (Unaudited)</b>	As at 31 December 2010 RMB'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>199,796</b>	201,176
Leasehold land and land use rights	8	<b>17,924</b>	18,182
Investment properties	8	<b>46,105</b>	46,105
Goodwill	8	<b>184,867</b>	184,883
Other intangible assets	8	<b>256,280</b>	256,252
Deferred tax assets		<b>97</b>	97
		<b>705,069</b>	706,695
<b>Current assets</b>			
Inventories	9	<b>263,873</b>	234,462
Trade receivables	10	<b>154,513</b>	125,082
Deposits, prepayments and other receivables		<b>120,458</b>	82,233
Amount due from a related company	11(a)	<b>290</b>	1,622
Trading securities		<b>282</b>	282
Pledged time deposits		<b>-</b>	120,826
Cash and cash equivalents		<b>93,827</b>	82,982
		<b>633,243</b>	647,489

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

As at 30 June 2011

	Notes	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
<b>Current liabilities</b>			
Bank borrowings, secured	13	216,358	250,514
Trade payables	12	235,998	163,324
Accruals and other payables		89,425	181,549
Amounts due to directors	11(b)	2	16
Amount due to a non-controlling holder of a subsidiary		1,000	7,000
Tax payable		18,084	6,639
		<b>560,867</b>	609,042
<b>Net current assets</b>		<b>72,376</b>	38,447
<b>Total assets less current liabilities</b>		<b>777,445</b>	745,142
<b>Non-current liabilities</b>			
Bank borrowings, secured	13	12,749	12,773
Deferred tax liabilities		65,754	65,754
		<b>78,503</b>	78,527
<b>Net assets</b>		<b>698,942</b>	666,615
<b>CAPITAL AND RESERVES</b>			
Share capital	14	55,317	55,317
Reserves		443,238	427,463
Equity attributable to owners of the Company		498,555	482,780
Non-controlling interests		200,387	183,835
<b>Total equity</b>		<b>698,942</b>	666,615

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## **Unaudited Condensed Consolidated Statement of Changes in Equity**

For the six months ended 30 June 2011

	Share premium and other reserves RMB'000 (Note 14)	Share capital RMB'000 (Note 15)	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total RMB'000
Balance at 1 January 2011	55,317	313,708	113,755	482,780	183,835	666,615
Total comprehensive income for the period	-	98	15,677	15,775	16,552	32,327
Balance at 30 June 2011	55,317	313,806	129,432	498,555	200,387	698,942



# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

For the six months ended 30 June 2010

	Share capital RMB'000 (Note 14)	Share premium and other reserves RMB'000 (Note 15)	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total RMB'000
Balance at 1 January 2010	55,003	252,222	87,061	394,286	50,475	444,761
Total comprehensive income for the period	–	(359)	12,242	11,883	3,935	15,818
Contribution from a non-controlling equity owner of a subsidiary	–	–	–	–	2,939	2,939
Repurchase and cancellation of shares	(395)	(6,349)	(395)	(7,139)	–	(7,139)
Issue of shares	709	11,907	–	12,616	–	12,616
Balance at 30 June 2010	55,317	257,421	98,908	411,646	57,349	468,995

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## **Unaudited Condensed Consolidated Statement of Cash Flows**

For the six months ended 30 June 2011

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2011</b>	2010
	<b>RMB'000</b>	RMB'000
Net cash used in operating activities	<b>(56,124)</b>	(62,107)
Net cash used in investing activities	<b>(13,725)</b>	(15,836)
Net cash generated from financing activities	<b>78,006</b>	69,083
Net increase/(decrease) in cash and cash equivalents	<b>8,157</b>	(8,860)
Cash and cash equivalents at the beginning of the period	<b>63,216</b>	82,560
Effect of foreign exchange rate change	<b>62</b>	(204)
Cash and cash equivalents at the end of the period	<b>71,435</b>	73,496
Analysis of cash and cash equivalents:		
Cash and bank balances	<b>93,827</b>	73,496
Bank overdrafts	<b>(22,392)</b>	–
	<b>71,435</b>	73,496

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## **Notes to the Consolidated Financial Statements**

### **1. Organisation**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

### **2. Basis of preparation and principal accounting policies**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of these financial statements are consistent with those used in the annual consolidated financial statements of the Group for the year ended 31 December 2010 except in relation to the new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued HKICPA that are adopted for the first time for the current period's financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated interim financial statements.

The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 3. Turnover, other income and gains or losses and segment information

The Group is 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. Revenues recognised during the period are as follows:

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Turnover	<b>671,230</b>	421,838
Other income and gains or losses:		
Bank interest income	<b>168</b>	166
Government subsidies	<b>926</b>	227
(Loss)/gain on disposal of property, plant and equipment	<b>(387)</b>	101
Rental income	<b>1,543</b>	1,541
Gain on sale of scrap materials	<b>195</b>	393
Imputed interest income from non-current earnest money deposit	-	56
Sampling income	<b>339</b>	26
Compensation income	<b>1,707</b>	1,592
Sponsorship income	<b>1,501</b>	1,099
Exchange gains, net	<b>2,465</b>	840
Rebates and discounts received	<b>2,694</b>	299
Handling fee income	<b>1,783</b>	9
Others	<b>3,179</b>	1,969
	<b>16,113</b>	8,318
	<b>687,343</b>	430,156

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. Turnover, other income and gains or losses and segment information *(Continued)*

### **(a) Reportable segments**

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 two reportable segments, (i) the manufacture and sale of automobile accessories, and (ii) the provision of automobile repair, maintenance and restyling services and trading of automobile accessories.

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

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. Turnover, other income and gains or losses and segment information *(Continued)*

### (a) *Reportable segments (Continued)*

Set out below is an analysis of information of these segments:

	<b>Unaudited</b>			
	<b>Six months ended 30 June 2011</b>			
	<b>Manufacture and sale of automobile accessories RMB'000</b>	<b>Provision of automobile repair, maintenance and restyling services and trading of automobile accessories RMB'000</b>	<b>Eliminations RMB'000</b>	<b>Consolidated RMB'000</b>
<b>RESULTS</b>				
External sales revenue	221,010	450,220	-	671,230
Inter-segment sales revenue	5,050	21,107	(26,157)	-
External other income and gains or losses	1,974	11,525	-	13,499
<b>Total</b>	<b>228,034</b>	<b>482,852</b>	<b>(26,157)</b>	<b>684,729</b>
Reportable segment profit	3,509	46,745		50,254
Interest income	161	7	-	168
Interest expense	(4,623)	(1,355)	-	(5,978)
Unallocated interest expense				(7)
<b>Total interest expense</b>				<b>(5,985)</b>
Depreciation and amortisation charges	(8,314)	(7,984)	-	(16,298)
Unallocated depreciation and amortisation charges				(15)
<b>Total depreciation and amortisation charges</b>				<b>(16,313)</b>
Income tax expense	(967)	(11,572)	-	(12,539)

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. Turnover, other income and gains or losses and segment information *(Continued)*

### (a) Reportable segments *(Continued)*

	Unaudited Six months ended 30 June 2010			
	Manufacture and sale of automobile accessories RMB'000	Provision of automobile repair, maintenance and restyling services and trading of automobile accessories RMB'000	Eliminations RMB'000	Consolidated RMB'000
<b>RESULTS</b>				
External sales revenue	244,278	177,560	-	421,838
Inter-segment sales revenue	4,344	597	(4,941)	-
External other income and gains or losses	2,168	5,269	-	7,437
<b>Total</b>	<b>250,790</b>	<b>183,426</b>	<b>(4,941)</b>	<b>429,275</b>
<b>Reportable segment profit</b>	<b>12,935</b>	<b>10,238</b>		<b>23,173</b>
Interest income	118	45	-	163
Unallocated interest income				59
<b>Total interest income</b>				<b>222</b>
Interest expense	(2,039)	(137)	-	(2,176)
Depreciation and amortisation charges	(7,660)	(5,796)	-	(13,456)
Unallocated depreciation and amortisation charges				(9)
<b>Total depreciation and amortisation charges</b>				<b>(13,465)</b>
Income tax expense	(970)	(2,560)	-	(3,530)

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. Turnover, other income and gains or losses and segment information *(Continued)* (b) *Reconciliation of reportable segment profit or loss, and assets and liabilities*

	<b>Unaudited Six months ended 30 June</b>	
	<b>2011 RMB'000</b>	2010 RMB'000
<b>Profit before income tax expense</b>		
Reportable segment profit	<b>50,254</b>	23,173
Unallocated other income and net gains or losses	<b>2,614</b>	881
Unallocated corporate expenses	<b>(8,263)</b>	(4,298)
Consolidated profit before income tax expense	<b>44,605</b>	19,756
	<b>Unaudited as at 30 June 2011 RMB'000</b>	Audited as at 31 December 2010 RMB'000
<b>Assets</b>		
Reportable segment assets	<b>1,333,141</b>	1,350,036
Unallocated corporate assets	<b>5,171</b>	4,148
Consolidated total assets	<b>1,338,312</b>	1,354,184
<b>Liabilities</b>		
Reportable segment liabilities	<b>629,170</b>	679,906
Unallocated corporate liabilities	<b>10,200</b>	7,663
Consolidated total liabilities	<b>639,370</b>	687,569



# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. Turnover, other income and gains or losses and segment information *(Continued)*

### (c) *Geographical segments*

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

	Revenue from external customers		Specified non-current assets	
	Unaudited Six months ended 30 June	Unaudited	Unaudited	Audited
	2011 RMB'000	2010 RMB'000	As at 30 June 2011 RMB'000	As at 31 December 2010 RMB'000
North America	137,873	174,163	-	-
Europe	21,789	20,998	-	-
Asia Pacific	23,839	17,676	-	-
Greater China (including Taiwan)	487,729	209,001	704,972	706,598
	671,230	421,838	704,972	706,598

### (d) *Major customers*

During the period, the Group's customer base is diversified and there was no customer with whom transactions have exceeded 10% of the Group's revenues.

## 4. Finance costs

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Interest on bank borrowings wholly repayable:		
– within five years	5,985	2,176

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. Income tax expense

The amount of income tax expense charged to the condensed consolidated statement of comprehensive income represents:

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Current tax – the People's Republic of China (the "PRC") and Taiwan corporate income tax	12,539	3,530

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 2011 (2010: RMB Nil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

## 6. Earnings per share

### – Basic

The calculation of basis earnings per share is based on the profit for the period attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2011	2010
Profit attributable to owners of the Company (RMB thousands)	15,677	12,242
Weighted average number of ordinary shares in issue (thousands)	552,208	542,782

### – Diluted

The calculation of diluted earnings per share is based on the profit for the period attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 6. Earnings per share (Continued)

### – Diluted (Continued)

	Unaudited Six months ended 30 June	
	2011	2010
Profit attributable to owner of the Company and used to determine diluted earnings per share (RMB thousands)	<b>15,677</b>	12,242
Weighted average number of ordinary shares in issue as used in calculation in basic earnings per share (thousands)	<b>552,208</b>	542,782
Effect of dilution – weighted average number of ordinary shares for share options (thousands)	<b>6,657</b>	5,240
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<b>558,865</b>	548,022

## 7. Dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (30 June 2010: RMB Nil).

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 8. Capital expenditures

	<b>Property, plant and equipment</b>	<b>Leasehold land and land use rights</b>	<b>Investment properties</b>	<b>Goodwill</b>	<b>Other intangible assets</b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening net carrying amount as at 1 January 2010	169,656	18,676	40,698	70,461	21,719
Additions	52,165	–	–	–	2,738
Disposals	(2,391)	–	–	–	–
Depreciation/amortisation charge	(27,527)	(494)	–	–	(309)
Arising on acquisition of subsidiaries	7,265	–	–	116,321	231,673
Partial disposal of equity interests in subsidiaries	–	–	–	(630)	–
Exchange realignments	2,008	–	–	410	431
Change in fair value	–	–	5,407	–	–
Impairment	–	–	–	(1,679)	–
Closing net carrying amount as at 31 December 2010	201,176	18,182	46,105	184,883	256,252
Additions	15,934	–	–	–	150
Disposals	(1,433)	–	–	–	–
Depreciation/amortisation charge	(15,805)	(258)	–	–	(250)
Exchange realignments	(76)	–	–	(16)	128
Closing net carrying amount as at 30 June 2011 (unaudited)	199,796	17,924	46,105	184,867	256,280

Note:

*Leasehold land and land use rights, freehold land and certain buildings of the Group were pledged to secure the bank borrowings of the Group as at 30 June 2011 as detailed in Note 13.*

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 9. Inventories

	<b>Unaudited 30 June 2011 RMB'000</b>	Audited 31 December 2010 RMB'000
Raw materials	<b>37,378</b>	40,338
Work-in-progress	<b>20,259</b>	30,912
Finished goods	<b>44,164</b>	27,335
Merchandise goods	<b>162,072</b>	135,877
	<b>263,873</b>	234,462

## 10. Trade receivables

Details of the ageing analysis are as follows:

	<b>Unaudited 30 June 2011 RMB'000</b>	Audited 31 December 2010 RMB'000
Current to 30 days	<b>81,877</b>	68,290
31 to 60 days	<b>33,096</b>	33,661
61 to 90 days	<b>21,895</b>	12,402
Over 90 days	<b>19,950</b>	12,176
	<b>156,818</b>	126,529
Less: allowance for doubtful debts	<b>(2,305)</b>	(1,447)
	<b>154,513</b>	125,082

The average credit period to the Group's trade debtors is 30 days.

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 11. Amounts due from/(to) related parties

### (a) Amount due from a related party

The related party is Custom Accessories Asia Limited ("Custom Accessories"). Majority interests of Custom Accessories are mainly held by Mr Fresco, Mr Matthew and their close family members. Mr Fresco and Mr Matthew are directors of Custom Accessories and the Company and have beneficial interests in the Company. Details of the balance with Custom Accessories are as follows:

	<b>Unaudited 30 June 2011 RMB'000</b>	Audited 31 December 2010 RMB'000
Balance at beginning of period/year	<b>1,622</b>	34
Balance at end of period/year	<b>290</b>	1,622
Maximum amount outstanding during the period/year	<b>2,221</b>	1,622

Amount due from Custom Accessories arises from trading activities with ageing from current to 30 days. The amount due from a related party is unsecured, interest-free and repayable on trading terms.

There was no amount due but unpaid, nor any allowance for doubtful debts made against the principal amounts at 30 June 2011 and 31 December 2010.

### (b) Amounts due to directors

As at 30 June 2011 and 31 December 2010, the amounts due to directors were unsecured, interest-free and repayable on demand.

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12. Trade payables

Details of the ageing analysis are as follows:

	<b>Unaudited 30 June 2011 RMB'000</b>	Audited 31 December 2010 RMB'000
Current to 30 days	<b>149,335</b>	92,591
31 to 60 days	<b>57,275</b>	34,432
61 to 90 days	<b>13,785</b>	10,012
Over 90 days	<b>15,603</b>	26,289
	<b>235,998</b>	163,324

The average credit period for the Group's trade creditors is 60 days.

## 13. Bank borrowings, secured

At 30 June 2011 and 31 December 2010, bank borrowings were repayable as follows:

	<b>Unaudited 30 June 2011 RMB'000</b>	Audited 31 December 2010 RMB'000
On demand or within one year	<b>216,358</b>	250,514
After one year but within two years	<b>1,352</b>	1,309
After two years but within five years	<b>11,397</b>	2,433
After five years	<b>-</b>	9,031
	<b>229,107</b>	263,287
Amount due within one year included in current liabilities	<b>(216,358)</b>	(250,514)
Amount included in non-current liabilities	<b>12,749</b>	12,773

The banking facilities are secured by (i) the Group's freehold land and buildings; (ii) the Group's leasehold land and land use rights; (iii) the Group's investment properties; (iv) personal guarantees from a director of the Company, a director of a subsidiary and her husband; (v) pledged time deposits; and (vi) corporate guarantees of the Company.

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 14. Share capital

Details of the movements in issued share capital of the Company are as follows:

	Number of shares '000	Nominal Value	
		HK\$'000	RMB'000
At 1 January 2010	538,180	53,818	55,003
Consideration issue	8,050	805	709
Repurchases and cancellation of shares	(4,492)	(449)	(395)
At 31 December 2010 and 30 June 2011	541,738	54,174	55,317

Movements in the number of share options outstanding are as follows:

	Options (thousands)
At 1 January 2010	12,360
Lapsed	(2,320)
At 31 December 2010 and 30 June 2011	10,040

Share options outstanding (in thousands) at 30 June 2011 and 31 December 2010 have the following expiry dates and exercise prices:

Expiry date	Exercise prices HK\$ per share	Granted to Directors '000
12 February 2015	0.94	10,040

There was no new share option granted during the six months ended 30 June 2011.



# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 15. Share premium and other reserves

	Share premium	Statutory reserve fund	Re- organisation reserve	Enterprise expansion fund	Others	Capital Redemption reserve	Exchange reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	217,876	29,523	2,738	2,756	5,900	302	(6,873)	252,222
Other comprehensive income for the period	-	-	-	-	-	-	2,090	2,090
Lapse of share options	-	-	-	-	(274)	-	-	(274)
Transfer of reserves	-	3,627	-	-	-	-	-	3,627
Recognition of equity-settled- share based payments	-	-	-	-	204	-	-	204
Consideration issue	12,023	-	-	-	-	-	-	12,023
Repurchases and cancellation of shares	(6,744)	-	-	-	-	395	-	(6,349)
Arising from partial disposal of equity interest in subsidiaries	-	-	-	-	-	-	365	365
Consideration payables to be settled by issue of fixed number of the Company's shares	-	-	-	-	49,800	-	-	49,800
<b>At 31 December 2010</b>	<b>223,155</b>	<b>33,150</b>	<b>2,738</b>	<b>2,756</b>	<b>55,630</b>	<b>697</b>	<b>(4,418)</b>	<b>313,708</b>
Other comprehensive income for the period	-	-	-	-	-	-	98	98
<b>At 30 June 2011</b>	<b>223,155</b>	<b>33,150</b>	<b>2,738</b>	<b>2,756</b>	<b>55,630</b>	<b>697</b>	<b>(4,320)</b>	<b>313,806</b>

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 16. Commitments

### (a) Commitments under operating leases arrangements

*The Group as lessee*

The Group has future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Unaudited 30 June 2011 RMB'000</b>	Audited 31 December 2010 RMB'000
Within one year	40,241	40,110
After one year but within five years	90,729	100,020
After five years	23,253	43,784
	<b>154,223</b>	183,914

*The Group as lessor*

The Group has future aggregate minimum lease payments receivable under non-cancellable operating leases as follows:

	<b>Unaudited 30 June 2011 RMB'000</b>	Audited 31 December 2010 RMB'000
Within one year	2,170	3,218
After one year but within five years	3,844	7,004
After five years	5,516	7,004
	<b>11,530</b>	17,226

### (b) Capital commitments

	<b>Unaudited 30 June 2011 RMB'000</b>	Audited 31 December 2010 RMB'000
Construction of buildings, – Contracted but not provided for	6,375	3,959

# UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 17. Related party transactions

Apart from the transactions or balances as disclosed elsewhere in these financial statements, the Group had the following significant related party transactions:

	Unaudited Six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Sale of goods to Customs Accessories	3,383	2,621
Sale of goods to a related company	4,415	–

In the opinion of the Company's directors, the above sale of goods was made at the Group's usual list prices discounted to reflect the quantity of purchase and the relationships between the parties.

## 18. Significant events after the end of the reporting period

- (a) On 28 June 2011, the Group entered into an Equity Transfer Agreement with the independent third parties for the acquisition of 51% equity interest in Shanghai Astrace for an aggregate consideration of RMB64,260,000 (subject to adjustment) payable as to RMB36,757,000 by cash and RMB27,503,000 by the issue of consideration shares. On 4 July 2011, the acquisition was completed. Details of this transaction were disclosed in the Company's announcement dated 28 June 2011.

The valuation of the assets acquired and liabilities assumed as well as cost of acquisition is pending for finalisation and therefore, financial information in relation to this acquisition has not been disclosed in these financial statements.

- (b) On 17 August 2011, the Group issued RMB-denominated bonds with principle amount of RMB200,000,000 to certain international institution investors. The RMB-denominated bonds was interest bearing at 3.75% per annum, payable semi-annually in arrear and in two years after the date of the issuance. Details of this transaction were disclosed in the Company's announcements dated 9 August, 12 August and 17 August 2011, respectively.

## 19. Approval of financial statements

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 30 August 2011.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Overview**

The Group focuses on the operation of automotive chain services network in the Greater China region, adopting a unified vertical integrated business model, covering from innovative product research and development, production and manufacturing, brand building, to sales channel expansion and merchandise retail sales and service. The Group strives to take the market-leading position in the industry.

## **Results Highlights**

### **Revenue**

For the six months ended 30 June 2011 (the "Period"), the Group recorded a consolidated turnover of approximately RMB671,230,000, representing an increase of 59.12% compared to the corresponding period of 2010 (corresponding period of 2010: approximately RMB421,838,000). The increase was mainly attributable to the growth of the Group's service business.

### **Gross profit and gross margin**

Gross profit for the Period was approximately RMB182,588,000, up approximately 45.37% compared to the corresponding period of 2010 (corresponding period of 2010: approximately RMB125,605,000). The increase was mainly attributable to the growth of the Group's service business; gross margin was approximately 27.20%, representing an decrease of approximately 2.58 percentage point as compared to that of the corresponding period of 2010 (corresponding period of 2010: approximately 29.78%).

### **Expenses**

Distribution costs for the Period were approximately RMB89,069,000 (corresponding period of 2010: approximately RMB75,130,000), representing an increase of approximately 18.55%.

# MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses for the Period were approximately RMB59,042,000 (corresponding period of 2010: approximately RMB36,861,000), representing an increase of approximately 60.17% as compared to the corresponding period of 2010. The increase was mainly due to:

Firstly, an increase in related input brought by implementation of integration of the supply chain and IT;

Secondly, the consolidation of the administrative expenses incurred by Liaoning Xin Tian Cheng Industrial Co. Limited (“Liaoning Xin Tian Cheng”) and Zhejiang Autoboom Industrial Co., Limited (“Zhejiang Autoboom”) during the Period.

## **Operating profit**

Operating profit for the Period was approximately RMB50,590,000 (corresponding period of 2010: approximately RMB21,932,000), representing a surge of approximately 130.67% as compared to the corresponding period of last year. The increase was mainly attributable to the growth of the Group’s service business.

## **Finance costs**

Net finance costs amounted to approximately RMB5,985,000 (corresponding period of 2010: approximately RMB2,176,000), up approximately 175.05% as compared to the corresponding period of last year. The increase was mainly attributable to the increased bank loans and higher bank loan interest rates in Mainland China.

## **Taxation**

Income tax expenses were approximately RMB12,539,000 (corresponding period of 2010: approximately RMB3,530,000), representing an increase of approximately 255.21%, mainly due to the relatively significant increase in the profit of the Group compared to the corresponding period of 2010.

## **Profit attributable to shareholders**

Profit attributable to shareholders was approximately RMB15,677,000 (corresponding period of 2010: approximately RMB12,242,000), representing an increase of approximately 28.06% with earnings per share of approximately RMB2.8 cents (corresponding period of 2010: RMB2.3 cents).

# MANAGEMENT DISCUSSION AND ANALYSIS

## ***Financial status and liquidity***

As at 30 June 2011, net current assets of the Group amounted to approximately RMB72,376,000 (31 December 2010: approximately RMB38,447,000) and current ratio was approximately 1.13 (31 December 2010: approximately 1.06). Gearing ratio, calculated by dividing total liabilities by total assets, was approximately 47.77% (31 December 2010: approximately 50.77%). Total bank borrowings of the Company were approximately RMB229,107,000 (31 December 2010: approximately RMB263,287,000). Most bank borrowings are denominated in Renminbi (“RMB”) and New Taiwan Dollar (“NTD”) with floating interest rate.

The Group maintained healthy and adequate operating cash flow, bank deposits and banking facilities to finance its daily operation. Additional funds will be obtained through appropriate financing channels for the merger and acquisition and investment opportunities for expansion into the domestic market of the Greater China region in the future.

## ***Financial guarantees and pledge of assets***

As at 30 June 2011, the net book values of property, plant and equipment and leasehold land and land use rights pledged as securities for the Group’s bank borrowings totalled approximately RMB117,395,000 (31 December 2010: approximately RMB119,921,000).

## ***Material acquisitions and disposals of subsidiaries and associated companies***

On 28 June 2011, the Company entered into the Equity Transfer Agreement with the shareholders of the Shanghai Astrace Trade Development Company Limited\* (上海追得貿易發展有限公司) (“Shanghai Astrace”) pursuant to which the Company acquired 51% equity interest in Shanghai Astrace at a consideration of RMB64,260,000 (subject to adjustment), of which RMB36,757,000 is payable in cash and RMB27,503,000 by the issue of consideration shares. The acquisition was completed on 4 July 2011.

## ***Significant investments***

During the Period, the Group has no material investments.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ***Exchange risk***

During the Period, the settlement currency of the Group was mainly USD. In order to minimise foreign exchange risk, the Group fixed its exchange rate with procurement contracts and adjusted its quotation policy, enabling the transfer of costs to both up and down streams, thus reducing the effects of fluctuations in exchange rate. The Directors consider that the Group has no significant exchange risk.

## ***Contingent liabilities***

As at 30 June 2011, the Group has no significant contingent liabilities.

## ***Employees and remuneration policy***

As at 30 June 2011, the Group employed a total of 3,870 (30 June 2010: 3,691) full-time employees, of which 470 (30 June 2010: 631) 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 provides benefits such as medical insurance and housing allowances in addition to the various mandatory pension schemes stipulated by the municipal government. Outstanding employees will also be granted discretionary bonuses and share options as incentives.

## ***Dividends***

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: nil).

## ***Significant events after the end of the reporting period***

On 17 August 2011, the Group issued RMB-denominated bonds with principle amount of RMB200,000,000 to certain international institution investors. The RMB-denominated bonds was interest bearing at 3.75% per annum, payable semi-annually in arrear and in two years after the date of the issuance. Details of this transaction were disclosed in the Company's announcements dated 9 August, 12 August and 17 August 2011, respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Business progress**

To the end of June 2011, AUTOLIFE (representing the Group's service business) had made the following progress:

- Integration of resources by the metropolitan area management team and uniform branding

The metropolitan area refers to the 3 major sections of Beijing, Shanghai and Chengdu. With the management integration of the Group, together with the more significant profit model Beijing Aiyihang (北京愛義行) and its advantage in quality management team, retail system (service centre) of the 3 places is under systemic effective performance management to optimize profitability and improve overall profit of the Group.

- Acquisition of Shanghai Astrace, a strong filming brand in the PRC

Shanghai Astrace currently is the strongest operator and promoter in the PRC automobile heat insulating film market, and has won the title of best supplier, outstanding brand etc.. Its own existing brands comprise: 大師貼膜, SUNSAINT (天幕), APEX (歐帕斯), etc.. Upon completion of the acquisition, Shanghai Astrace will obtain strong support from the Group in the aspects of funds and operation so as to realize the goal in network layout of franchise stores and stores in department stores, and strive for consolidating its Top 1 market share in the PRC automobile heat insulating film market.

- Capitalizing the operation advantages in various regions

The Group is the industry leader in the automotive aftermarket sector. In the first half of 2011, the service centers in the Greater China region operated steadily, which improved the automotive service environment in the Greater China automotive aftermarket sector and further satisfied the basic needs of numerous automotive users while fully leveraging on the unique advantage of each region:

1. Taiwan region: leadership position in Taiwan region in terms of customer retention and brand recognition.



# MANAGEMENT DISCUSSION AND ANALYSIS

2. Beijing, Chengdu and Shanghai regions: the actual operation of Chengdu and Shanghai has been handed to the operation team in Beijing. It is expected the profitability of Beijing service centre will be duplicated in Chengdu and Shanghai region. In addition, the Chengdu service centre has introduced the advanced automotive service technology, and has become the regional leader in the automotive aftermarket service provider with the only mechanized car-washing tunnel in the region.
  3. Shenzhen region: Yonglonghang in Shenzhen has become the customer maintenance and service provider recommended by insurance companies in Shenzhen, ranking top amongst industry peers in terms of number of members and public recognition.
- Large-scale promotion of its own brands

At the same time of establishing an extended retail system, by joint purchase on the Group level, the Group has launched the NFA all-in-one machine to be sold in chain stores of the Group, in order to gradually enhance the market share of its own brands.

## **Outlook**

In 2010, automotive sales in China surpassed 18 million, a leap of more than 30% compared to last year; the automotive ownership surpassed 90 million, ranking No. 2 in the world. The trend of the industrial development has provided a sound macro environment for the development of service business of the Group. In order to fully grasp the development opportunities, the key operating strategies of the Group for the second half of 2011 comprise:

- 1 Fully integration of resources among the Group and subsidiaries: by updating, integration and performance improvement of the quality IT system, the Group can be in real-time control of necessary business and financial statistics. Besides improving efficiency in leadership decision-making, the measure also facilitates the joint purchase of relevant products, increases bargaining power, reduces purchase cost, and thus improving the profits of the Group on real terms.
- 2 Brand promotion of its own brands and obtaining the agency right in the PRC of renowned brands home and abroad: by joint purchase and integration of supply chains of the subsidiaries, the Group not only promotes the market presence of its own brands, but also introduces necessary products produced at home and abroad for automotive aftermarket in order to diversify the product line of its service business and enhance the profitability of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS

- 3 Integration of resources by the management team and uniform service branding: in the first half of 2011, the chain retail system of Beijing, Shanghai and Chengdu has been handed to Beijing Aiyihang team for unified operation. Operating interests can be clearly seen. It is expected in the second half of 2011, integration will be implemented on the wholesale sector of service business (Mega Stores) of the Group in the aspects of business operation and use of service brands to integrate and optimize the resources, in order to enhance the operational efficiency of the wholesale sector.
- 4 Sustained expansion of chain stores: in order to consolidate the current leading position in the market, the Group will continue to open new stores in Beijing, Shanghai, Chengdu, Shenzhen and Taiwan to significantly increase the business coverage in the key regions. In addition, the Group will pursue quality acquisition targets to rapidly increase the number of chain stores and the market coverage. We are convinced that based on prudent assessment and with the successful operating strategy of its service business, all newly-opened stores and merger and acquisition will significantly contribute to the operating profits of the Group.
- 5 Increase in customers' satisfaction: by capitalising on its advantages such as its professional technologies, diversified range of premium products and hospitality service, the Group aims to further strengthen customer's reliance and trust on us, and strives to promote the sustainable increase in the same store growth rate in terms of the number of incoming customers and price per transaction for customers in service business, in order to ensure that operating revenue and profit of the service business will see a stable growth.
- 6 Sustainable growth in manufacturing business. Research and development team of manufacturing business of the Group will continue to capture the market trend, and continuously launch new products to meet the demand for products from overseas and domestic customers, in order to boost the overall operating revenue and profit of the Group.

In the first half of 2011, the Group seized the opportunities in automotive aftermarket industry in the PRC. With high efficiency in its operation and management, the Group persistently consolidated its leadership position in automotive aftermarket chain retail service in the Greater China region and Asian Pacific region. The Group is confident that, with the aforesaid six operational strategies, the Group can ensure a rapid and sustainable growth in its future operating revenue and profit.

# 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 2011, the interests and short positions of each of the directors of the Company (the "Directors") and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which the Directors and chief executives of the Company were taken or deemed to have under such provisions 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 (the "Listing Rules"), were as follows:

### (a) Interests in shares of the Company

Name	Capacity/ Nature of interest	Number of shares interested (other than under equity derivatives) <i>(Note 1)</i>	Number of shares interested under equity derivatives	Total number of shares	Approximate percentage of issued shares
Mr. Hung Wei-Pi, John	Interest in a controlled corporation <i>(Note 2)</i>	177,256,120 (L)	Nil	177,256,120 (L)	31.11%
Mr. Douglas Charles Stuart Fresco	Interest in a controlled corporation <i>(Note 3)</i>	53,590,690 (L)	Nil	53,590,690 (L)	9.41%
	Beneficial Owner	3,665,115 (L)	Nil	3,665,115 (L)	0.64%
Mr. Lu Yuan Cheng	Beneficial Owner	805,035 (L)	3,240,000 (L) <i>(Note 4)</i>	4,045,035 (L)	0.71%
Ms. Hung Ying-Lien	Beneficial Owner	383,145 (L)	3,400,000 (L) <i>(Note 4)</i>	3,783,145 (L)	0.66%
Mr. Wu Kwan-Hong	Beneficial Owner	513,935 (L)	3,400,000 (L) <i>(Note 4)</i>	3,913,935 (L)	0.69%

# OTHER INFORMATION

*Notes:*

1. *The letter "L" denotes a long position in the shares.*
2. *These shares were registered in the name of and beneficially owned by Sharp Concept Industrial Limited, the entire issued share capital of which was registered in the name of and beneficially owned by Mr. Hung Wei-Pi, John. Under the SFO, Mr. Hung Wei-Pi, John is deemed to be interested in all the shares of the Company held by Sharp Concept Industrial Limited.*
3. *These shares were registered in the name of and beneficially owned by Golden Century Industrial Limited, the entire issued share capital of which was registered in the name of and beneficially owned by Mr. Douglas Charles Stuart Fresco. Under the SFO, Mr. Douglas Charles Stuart Fresco is deemed to be interested in all the shares of the Company held by Golden Century Industrial Limited.*
4. *Details of these equity derivatives are set out in sub-section (b) below.*

**(b) Interests in the underlying shares of the Company through unlisted and physically settled equity derivatives (as defined in the SFO)**

Certain Directors were granted share options under the share option scheme adopted by the Company on 13 February 2005. Share options granted to the Directors by the Group to subscribe for shares of the Company which were outstanding as at 30 June 2011 are as follows:

<b>Name</b>	<b>Number of options granted but not exercised as at 30 June 2011</b>	<b>Exercise period</b>	<b>Grant price</b>	<b>Exercise price</b>
Ms. Hung Ying-Lien	3,400,000 (L)	1 January 2006 to	HK\$10.00 (all)	HK\$0.94 (per share)
		12 February 2015		
Mr. Wu Kwan-Hong	3,400,000 (L)	1 January 2006 to	HK\$10.00 (all)	HK\$0.94 (per share)
		12 February 2015		
Mr. Lu Yuan-Cheng	3,240,000 (L)	1 January 2006 to	HK\$10.00 (all)	HK\$0.94 (per share)
		12 February 2015		

*The letter "L" denotes a long position in underlying shares of the Company.*

# OTHER INFORMATION

Save as disclosed above, as at 30 June 2011, to the 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 and 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 2011, 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:

Name of Substantial shareholder	Capacity/ Nature of interest	Number of	Number of	Total number of shares	Approximate percentage of issued shares
		shares interested (other than under equity derivatives)	shares interested under equity derivatives		
		<i>(Note 1)</i>			
Sharp Concept Industrial Limited	Beneficial owner	177,256,120 (L)	Nil	177,256,120	31.11%
Ms. Jin Xiao-Yan	Family interest <i>(Note 2)</i>	177,256,120 (L)	Nil	177,256,120	31.11%
Golden Century Industrial Limited	Beneficial owner	53,590,690 (L)	Nil	53,590,690	9.41%

Notes:

1. The letter "L" denotes a long position in the shares.
2. Ms. Jin Xiao-Yan is the wife of Mr. Hung Wei-Pi, John, an executive Director. Under the SFO, she is deemed to be interested in all the shares of the Company held by Sharp Concept Industrial Limited which is wholly and beneficially owned by Mr. Hung Wei-Pi, John.

## OTHER INFORMATION

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 2011.

### ***Share Option Scheme***

The Company conditionally adopted a share option scheme (the "Scheme") on 13 February 2005 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

There have been no changes in the terms of the Scheme during the six months ended 30 June 2011. Detailed terms of the Scheme were disclosed in the 2005 annual report of the Company.

As at 30 June 2011, options had been granted by the Company under the Scheme which, if exercised in full, would entitle the grantees to subscribe for 10,040,000 shares. The total number of shares available for issue under the Scheme (excluding options already granted) is 17,580,000 shares, representing approximately 3.09% of the total issued share capital of the Company as at that date.

# OTHER INFORMATION

Details of the share options granted under the Scheme as at 30 June 2011 are as follows:

Name of option holder	Date of grant of share option	Exercise period of share option	Exercise price of share option (per share)	Closing price on date of grant (per share)	Number of underlying shares subject to options outstanding as at 1 January 2011	Number of underlying shares subject to options		Number of underlying shares subject to options outstanding as at 30 June 2011
						exercised since 1 January 2011	Lapsed/cancelled since 1 January 2011	
Ms. Hung Ying-Lien Executive Director	28/2/2005	1/1/2006– 12/2/2015 <i>(Note 1)</i>	HK\$0.94	HK\$0.94	3,400,000	–	–	3,400,000
Mr. Wu Kwan-Hong Executive Director	28/2/2005	1/1/2006– 12/2/2015 <i>(Note 1)</i>	HK\$0.94	HK\$0.94	3,400,000	–	–	3,400,000
Mr. Lu Yuan-Cheng Executive Director	28/2/2005	1/1/2006– 12/2/2015 <i>(Note 1)</i>	HK\$0.94	HK\$0.94	3,240,000	–	–	3,240,000
Total					10,040,000	–	–	10,040,000

Note:

- Those outstanding share options are exercisable during the period from 1 January 2006 to 12 February 2015 subject to such performance targets or conditions as determined by the Board.

# OTHER INFORMATION

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

Save as disclosed above and 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.

## ***Corporate Governance***

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

Under A.2.1 of the Code, “the roles of chairman and chief executive officer should be separated and should not be performed by the same individual”. Mr. Hung Wei-Pi, John concurrently takes up the posts of chairman and chief executive officer of the Company. Such deviation is due to the fact that the day-to-day management of the Group is led by Mr. Hung. The Board considers that this arrangement provides the Group with strong and consistent leadership and allows for effective and efficient planning and implementation of business strategies and decisions.



# OTHER INFORMATION

## ***Directors' Securities Transactions***

The Company has adopted a code of conduct regarding securities transactions of Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules (the "Model Code"). To ensure the Directors' dealings in the securities of the Company are conducted in accordance with the Model Code, a committee (the "Securities Committee") of the Board comprising Mr. Hung Wei-Pi, John as chairman and Ms. Hung Ying-Lien was set up to deal with such transactions. Prior to any dealing in the securities of the Company, a Director is required to notify the chairman of the Securities Committee or in the case of dealings by Mr. Hung Wei-Pi, John himself, notify Ms. Hung Ying-Lien in writing and obtain a written acknowledgement from the Securities Committee. Having made specific enquiry of all Directors by the Securities Committee of the Company, all Directors confirmed that they had complied with the Model Code regarding Directors' securities transactions throughout the Period.

## ***Audit Committee***

The accounting information given in this interim report has not been audited but has been reviewed by the Audit Committee of the Company.

By Order of the Board

**New Focus Auto Tech Holdings Limited**

**Hung Wei-Pi, John**

*Chairman*

Hong Kong, 30 August 2011