NEW FOCUS AUTO TECH HOLDINGS LIMITED
新焦點汽車技術控股有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 360)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The board of directors (the "Board") of New Focus Auto Tech Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 (the "Year") together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015
(Expressed in Renminbi)

	Note	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*4*	**1,254,191**	1,397,498
Cost of sales and services		**(999,070)**	(1,100,379)
Gross profit		**255,121**	297,119
Other revenue and gains and losses	*5*	**55,124**	49,078
Distribution costs		**(198,621)**	(225,042)
Administrative expenses		**(143,331)**	(121,268)
Impairment loss on goodwill		**(28,003)**	–
Finance costs	*6*	**(37,713)**	(26,266)
Share of loss of an associate		**(5,879)**	–
Loss before taxation		**(103,302)**	(26,379)
Income tax expenses	*8*	**(645)**	(9,422)
Loss for the Year		**(103,947)**	(35,801)

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31 December 2015
(Expressed in Renminbi)

	Note	**2015** **RMB'000**	2014 *RMB'000*
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(17,136)**	(7,037)
Available-for-sale financial assets: net movement in the fair value reserve		**325**	–
Other comprehensive income for the year, net of tax		**(16,811)**	(7,037)
Total comprehensive income for the year		**(120,758)**	(42,838)
(Loss)/profit for the year attributable to			
– Owners of the Company		**(90,967)**	(43,223)
– Non-controlling interests		**(12,980)**	7,422
		(103,947)	(35,801)
Total comprehensive income attributable to			
– Owners of the Company		**(107,778)**	(50,260)
– Non-controlling interests		**(12,980)**	7,422
		(120,758)	(42,838)
Loss per share	*10*		
Basic (RMB cents)		**(2.41)**	(1.27)
Diluted (RMB cents)		**(2.41)**	(1.27)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015
(Expressed in Renminbi)

	Note	**31 December 2015** *RMB'000*	31 December 2014 *RMB'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**177,380**	185,696
Leasehold land and land use rights		**31,289**	32,324
Investment properties		**42,775**	42,033
Goodwill		**118,253**	146,256
Other intangible assets		**47,923**	47,919
Interest in an associate		**6,121**	–
Deferred tax assets		**21,196**	15,653
Amounts due from related parties		**6,991**	–
		451,928	469,881
Current assets			
Inventories		**196,143**	214,646
Tax recoverable		**274**	5
Trade receivables	*11(a)*	**130,742**	131,356
Deposits, prepayments and other receivables	*11(b)*	**335,729**	199,618
Amounts due from related parties		**3,603**	3,186
Pledged time deposits		**6,903**	6,212
Available-for-sale financial assets		**53,383**	–
Cash and cash equivalents		**140,327**	163,511
		867,104	718,534
Current liabilities			
Bank borrowings, secured		**216,325**	152,620
Trade payables	*12(a)*	**171,557**	190,445
Accruals and other payables	*12(b)*	**158,241**	134,639
Amounts due to non-controlling owners of subsidiaries		**–**	5,000
Tax payable		**4,009**	1,598
Convertible bonds		**156,319**	–
		706,451	484,302
Net current assets		**160,653**	234,232
Total assets less current liabilities		**612,581**	704,113

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 December 2015
(Expressed in Renminbi)

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Non-current liabilities		
Bank borrowings, secured	**7,920**	9,209
Deferred tax liabilities	**19,948**	19,852
Convertible bonds	**–**	134,755
	27,868	163,816
NET ASSETS	**584,713**	540,297
CAPITAL AND RESERVES		
Share capital	**376,133**	307,931
Reserves	**100,784**	102,824
Total equity attributable to owners of the Company	**476,917**	410,755
Non-controlling interests	**107,796**	129,542
TOTAL EQUITY	**584,713**	540,297

NOTES TO THE CONSOLIDATED 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") and its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. 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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, these financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

These consolidated financial statements were authorised for issue by the Board of Directors on 30 March 2016.

(b) Changes in accounting policies

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company.

Amendments to IAS 19, Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on the Group's consolidated financial statements as the defined benefit plans operated by the Group are wholly funded by contributions from the Group and do not involve contributions from employees or third parties.

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related Party Disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(a) Critical judgments in applying accounting policies

The following is the critical judgement that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect of the amounts recognised in financial statements.

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Other intangible assets and amortisation

The Group determines the estimated useful lives and related amortisation for the Group's other intangible assets. The useful lives of other intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Other intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

(b) Key sources of estimation uncertainty

Information about assumption and estimation uncertainties that has a significant risk of resulting in a material adjustment in the year ended 31 December 2015 is included in the follow:

(i) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

(ii) *Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash – generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) *Impairment of trade and other receivables*

The Group's management determines the allowance for impairment of trade and other receivables. This estimate is based on the credit history of its customers and debtors and the current market condition. Management will reassess the allowance at end of each reporting period.

(iv) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management will reassess the estimations at end of each reporting period.

4 REVENUE AND SEGMENT INFORMATION

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

	2015	2014
	RMB'000	*RMB'000*
Sale of goods	**838,260**	947,279
Services income	**415,931**	450,219
	1,254,191	1,397,498

(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 manufacture and sale of automobile accessories (the "Manufacturing Business"); (ii) trading of automobile accessories (the "Wholesale Business"); and (iii) the provision of automobile repair, maintenance and restyling services (the "Retail Service 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.

Set out below is an analysis of segment information:

	The Manufacturing Business *RMB'000*	The Wholesale Business *RMB'000*	The Retail Service Business *RMB'000*	Total *RMB'000*
For the year ended 31 December 2015				
Revenue				
External revenue	**416,219**	**356,062**	**481,910**	**1,254,191**
Inter-segment revenue	**827**	**428**	**4,121**	**5,376**
Segment revenue	**417,046**	**356,490**	**486,031**	**1,259,567**
Less: inter-segment revenue				**(5,376)**
Total revenue				**1,254,191**
Reportable segment results	**13,995**	**(8,971)**	**(75,094)**	**(70,070)**
Interest income	**263**	**603**	**131**	**997**
Unallocated interest income				**22,438**
Total interest income				**23,435**
Interest expenses	**(1,183)**	**–**	**(1,532)**	**(2,715)**
Unallocated interest expenses				**(34,998)**
Total interest expenses				**(37,713)**
Impairment loss on goodwill	**–**	**–**	**28,003**	**28,003**
Depreciation and amortisation charges	**(15,239)**	**(3,454)**	**(19,111)**	**(37,804)**
Unallocated depreciation and amortisation charges				**(2,475)**
Total depreciation and amortisation charges				**(40,279)**
Reportable segment assets	**384,161**	**151,809**	**506,045**	**1,042,015**
Total additions to non-current assets	**5,738**	**2,326**	**33,426**	**41,490**
Reportable segment liabilities	**274,128**	**66,596**	**245,367**	**586,091**

	The Manufacturing Business *RMB'000*	The Wholesale Business *RMB'000*	The Retail Service Business *RMB'000*	Total *RMB'000*
For the year ended 31 December 2014				
Revenue				
External revenue	437,343	443,257	516,898	1,397,498
Inter-segment revenue	1,072	2,949	3,866	7,887
Segment revenue	438,415	446,206	520,764	1,405,385
Less: inter-segment revenue				(7,887)
Total revenue				1,397,498
Reportable segment results	4,712	2,296	11,296	18,304
Interest income	3,285	70	1,080	4,435
Unallocated interest income				896
Total interest income				5,331
Interest expenses	(1,188)	(202)	(1,405)	(2,795)
Unallocated interest expenses				(23,471)
Total interest expenses				(26,266)
Depreciation and amortisation charges	(14,714)	(4,379)	(21,479)	(40,572)
Unallocated depreciation and amortisation charges				(2,508)
Total depreciation and amortisation charges				(43,080)
Reportable segment assets	482,534	159,752	520,678	1,162,964
Total additions to non-current assets	14,911	1,797	5,402	22,110
Reportable segment liabilities	269,542	62,710	190,544	522,796

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

	2015	2014
	RMB'000	*RMB'000*
Loss before income tax expense		
Reportable segment (loss)/profit	**(70,070)**	18,304
Unallocated other revenue and gains and losses	**40,600**	4,523
Unallocated corporate expenses	**(38,834)**	(25,735)
Unallocated finance costs	**(34,998)**	(23,471)
Consolidated loss before income tax expense	**(103,302)**	(26,379)

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Assets:		
Reportable segment assets	**1,042,015**	1,162,964
Unallocated corporate assets	**277,017**	25,451
Consolidated total assets	**1,319,032**	1,188,415
Liabilities:		
Reportable segment liabilities	**586,091**	522,796
Unallocated corporate liabilities	**148,228**	125,322
Consolidated total liabilities	**734,319**	648,118

(c) Geographical segments

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

	Revenue from external customers		**Specified non-current assets**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC (Place of domicile)	**772,787**	887,663	**403,695**	427,628
America	**288,452**	305,128	**–**	–
Europe	**36,239**	42,806	**–**	–
Asia Pacific	**25,210**	28,712	**–**	–
Taiwan	**131,503**	133,189	**27,037**	26,600
	1,254,191	1,397,498	**430,732**	454,228

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

(d) **Major customers**

During the year, the Group's customer base is diversified and there was no customer (2014: Nil) with whom transactions exceeded 10% of the Group's revenues.

5 OTHER REVENUE AND GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Gross rentals from investment properties and other rental income	**2,657**	3,097
Interest income from bank deposits	**1,837**	5,331
Interest income from entrusted loan	**21,598**	–
(Loss)/gain on disposal of property, plant and equipment, net	**(2,921)**	7,550
Valuation gains on investment properties	**742**	1,075
Fair value change for derivative financial liability	**19,330**	–
Sale of scrap inventories and sample income	**633**	1,112
Government subsidies	**107**	1,658
Sponsorship income	**98**	329
Exchange gain/(loss), net	**4,289**	(1,679)
Written-off of consideration payables and other payables	**394**	24,202
Available-for-sale financial assets: reclassified from equity on disposal	**898**	–
Gain on disposal of a subsidiary and trading securities	**–**	2,395
Others	**5,462**	4,008
	55,124	49,078

6 FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interests on bank borrowings repayable		
– within five years	**10,338**	8,519
– after five years	**180**	211
Interest on convertible bonds (including imputed interest)	**27,195**	17,536
	37,713	26,266

7 LOSS BEFORE INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
This is arrived at after charging:		
Cost of inventories*	**993,741**	1,094,658
Write-down of inventories	**5,329**	5,721
	999,070	1,100,379
Depreciation of property, plant and equipment	**39,244**	41,820
Amortisation of Leasehold land and land use rights	**1,035**	1,260
Total depreciation and amortisation charges	**40,279**	43,080
Additional allowance for doubtful debts on trade receivables and other receivables	**2,138**	1,872
Impairment loss on goodwill	**28,003**	–
	30,141	1,872
Auditors' remuneration		
– audit services	**6,500**	2,000
Operating lease charges	**58,074**	63,783
Employee benefit expenses (including directors' remuneration)		
Salaries and allowances	**244,617**	249,552
Pension fund contributions	**17,186**	16,601
Equity-settled share-based payments	**9,246**	2,246
Other benefits	**9,212**	8,080
Total employee benefit expenses	**280,261**	276,479

* Costs of inventories includes RMB191,104,000 (2014: RMB185,622,000) relating to employee benefit expenses, depreciation and amortisation charges, which are also included in the respective total amounts disclosed separately above.

8 INCOME TAX EXPENSES

(a) Amounts recognized in profit or loss

	2015	2014
	RMB'000	*RMB'000*
Current tax expense		
– Current year		
PRC	**6,211**	9,907
– Adjustment for prior years	**(76)**	1,038
– Land appreciation tax	**–**	1,570
	6,135	12,515
Deferred tax expense		
– Origination and reversal of temporary differences, net	**(5,490)**	(3,093)
	(5,490)	(3,093)
	645	9,422

(b) No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for the years ended 31 December 2015 and 2014. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

The applicable PRC and Taiwan income tax rate is 25% (2014: 25%) and 17% (2014: 17%) respectively for the year. One major PRC subsidiary of the Company, renewed the qualification of high and new technology enterprise in the PRC, is subject to an applicable national PRC income tax rate of 15% (2014: 15%) for three years from 1 January 2014.

(c) The income tax expense for the year can be reconciled to the loss before income tax expense per consolidated statement of comprehensive income as follows:

	2015	2014
	RMB'000	*RMB'000*
Loss before income tax expense	**(103,302)**	(26,379)
Tax calculated at applicable tax rate of 25% (2014: 25%)	**(25,826)**	(6,595)
Tax effect of non-deductible expenses	**8,914**	3,641
Utilisation of tax losses not previously recognised	**(1,377)**	(1,454)
Unrecognised tax losses	**13,584**	8,928
Effect of preferential tax treatments and tax exemptions	**(4,633)**	(2,551)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**9,926**	7,053
(Over-provision)/under-provision in respect of prior years	**(76)**	1,038
Land appreciation tax over-provided in respect of prior years	**–**	(979)
Land appreciation tax arising from the valuation on investment properties	**133**	341
Income tax expense	**645**	9,422

9 DIVIDEND

The board of directors did not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil). No interim dividend was declared in respect of the year ended 31 December 2015 (2014: Nil).

10 LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted loss per share is based on the loss for the year 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 after adjusting for the effect of all dilutive potential ordinary shares.

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

	2015	2014
	RMB'000	*RMB'000*
Loss		
Loss for the year attributable to the owners of the Company, used in the basic and diluted loss per share calculation	**(90,967)**	(43,223)

	2015	2014
Shares		
Weighted average number of ordinary shares for the basic loss per share calculation	**3,770,249,117**	3,400,101,211
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	**3,770,249,117**	3,400,101,211

The computation of diluted loss per share for the years ended 31 December 2015 and 2014 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 loss per share for the years ended 31 December 2015 and 2014 does not assume the conversion of the Company's convertible bonds issued to CDH Fast Two Limited ("CDH CBs") or Haitong International Financial Products limited ("Haitong CBs") since their exercises would result in a reduction in loss per share.

11 TRADE RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

(a) Trade receivables

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
Trade receivables	**154,557**	156,395
Less: allowance for doubtful debts	**(23,815)**	(25,039)
	130,742	131,356

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

(ii) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	31 December 2015	31 December 2014
	RMB'000	*RMB'000*
At beginning of year	**25,039**	23,167
Additional allowance for the year	**–**	1,872
Uncollectible amounts written off	**(1,224)**	–
At end of year	**23,815**	25,039

As at 31 December 2015, the Group's trade receivables of RMB33,831,000 (2014: RMB35,876,000) were individually determined to be fully or partially impaired. Such trade receivables related to customers that were in financial difficulties or had a prolonged delay in settlement, and management assessed that none or only a portion of the receivables is expected to be recovered. Consequently, an accumulated allowance for doubtful debts of RMB23,815,000 (2014: RMB25,039,000) is made as at 31 December 2015. The Group does not hold any collateral over these balances.

Except for the above, no allowance has been made for estimated irrecoverable amounts from the sale of goods and provision of services.

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Current to 30 days	**61,605**	61,909
31 to 60 days	**43,761**	43,228
61 to 90 days	**13,369**	12,579
Over 90 days	**35,822**	38,679
	154,557	156,395
Less: allowance for doubtful debts	**(23,815)**	(25,039)
	130,742	131,356

(iv) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Neither past due nor impaired	**93,091**	96,054
Less than 1 month past due	**23,865**	18,027
1 to 2 months past due	**3,770**	6,438
	27,635	24,465
	120,726	120,519

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) Deposits, prepayments and other receivables

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Deposits and prepayments	**49,178**	49,064
Advances to employees	**9,510**	11,055
Value-added tax recoverable	**7,068**	10,724
Loans to and interest receivable from Shenzhen Jiahong	**259,765**	100,000
Receivables from disposal of property, plant and equipment	**–**	17,038
Others	**15,758**	15,149
	341,279	203,030
Less: allowance for doubtful debts	**(5,550)**	(3,412)
	335,729	199,618

Included in the Group's deposits, prepayments and other receivables is loans to Shenzhen Jiahong Trading Development Co., Ltd. ("Shenzhen Jiahong") of RMB250,000,000 and interest receivable of RMB9,765,000 as at 31 December 2015 (2014: RMB100,000,000).

Following the entrusted loan of RMB100,000,000 provided to Shenzhen Jiahong on 29 December 2014 (the "First Entrusted Loan"), the Company, through its subsidiary, New Focus Lighting & Power Technology (Shanghai) Co., Ltd., provided further loans of RMB190,000,000 to Shenzhen Jiahong during 2015, among which RMB30,000,000 was treated as performance security to Shenzhen Jiahong in connection with a master purchase agreement. All the loans and security are subject to an annual interest of 12% and due on or before 31 December 2015, except the performance security which is expected to be due in April 2016. Such loans are:

- guaranteed by each of the two shareholders of Shenzhen Jiahong as sureties who collectively own 85% equity interest in Shenzhen Jiahong as at 31 December 2015;
- guaranteed by a subsidiary wholly owned by Shenzhen Jiahong as surety;
- pledged by 100% of shares in each of the two subsidiaries wholly owned by Shenzhen Jiahong; and
- pledged by 30% of shares in a mineral company which was indirectly owned as to 80% by one of the two shareholders of Shenzhen Jiahong.

On 31 December 2015, Shenzhen Jiahong partially repaid RMB40,000,000 of the First Entrusted Loan, the term of the remaining outstanding amount of RMB60,000,000 of the First Entrusted Loan has been extended to 31 March 2016.

Shenzhen Jiahong used to be a potential acquisition target of the Company, as at the date of this announcement, the subscription has not been completed and the Directors has not decided whether to proceed with the subscription.

The Directors expect that all the loans and interest receivable will be collected before the end of August 2016.

12 TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

(a) Trade payables

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

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Current to 30 days	**59,024**	74,669
31 to 60 days	**60,496**	63,987
61 to 90 days	**14,879**	18,552
Over 90 days	**37,158**	33,237
	171,557	190,445

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

(b) Accruals and other payables

	31 December 2015 *RMB'000*	31 December 2014 *RMB'000*
Receipts in advance	**69,816**	59,533
Payroll payable	**28,929**	24,844
Other taxation payable	**5,367**	8,899
Others	**54,129**	41,363
	158,241	134,639

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2015, the Group focused on the automotive aftermarket chain service in the Greater China region to satisfy the comprehensive needs of numerous automotive users, taking the market-leading position in the industry.

Results Highlights

Revenue

For the year ended 31 December 2015, the Group recorded a consolidated revenue of approximately RMB1,254,191,000 (2014: RMB1,397,498,000), representing a decrease of approximately 10.3%.

The consolidated revenue of the Group's retail service business amounted to approximately RMB481,910,000 (2014: RMB516,898,000), representing a decrease of approximately 6.8%. The decrease was mainly due to the irrational expansion in e-commerce resulting in challenges to the industry. Meanwhile, the revenue from public service cars dropped due to the impact of reform on public service cars.

The consolidated revenue of wholesale service business of the Group was approximately RMB356,062,000 (2014: RMB443,257,000), representing a decrease of approximately 19.7%. The Company disposed of its 51% equity interest in Hubei Autoboom Auto Accessories Supermarket Co., Ltd. (湖北歐特隆汽車用品超市有限公司) ("Hubei Autoboom") in the end of 2014, and the revenue of approximately RMB57,308,000 from Hubei Autoboom was consolidated into the Group's financial statements in 2014. Excluding such factor, the consolidated revenue of wholesale service business of the Group recorded a year-on-year decrease of approximately RMB29,887,000. This was mainly attributable to the impact of e-commerce and the vigorous competition in the industry.

The consolidated revenue of the manufacturing business of the Group was approximately RMB416,219,000 (2014: RMB437,343,000), representing a decrease of approximately 4.8%. The decrease was mainly attributable to the decrease in orders from overseas customers.

Gross profit and gross margin

The consolidated gross profit of the Group was approximately RMB255,121,000 in 2015 (2014: RMB297,119,000), representing a decrease of approximately 14.1%. Gross margin decreased from approximately 21.3% in 2014 to approximately 20.3% in 2015.

The gross profit of the Group's retail service business was approximately RMB99,253,000 (2014: RMB122,934,000), representing a decrease of approximately 19.3%, while its gross margin decreased from approximately 23.8% to approximately 20.6%. The decrease of gross profit was mainly attributable to the challenges from e-commerce to the automobile detailing and cleaning business.

The gross profit of the Group's wholesale service business was approximately RMB70,285,000 (2014: RMB98,318,000), representing a decrease of approximately 28.5%, while its gross margin decreased from approximately 22.2% to approximately 19.7%, among which the disposal of 51% equity interest in Hubei Autoboom in the end of 2014 led to a decrease of approximately RMB13,347,000 in gross profit as compared with the corresponding period. Excluding such factor, the gross profit decreased by approximately RMB14,686,000 as compared with the corresponding period. This was mainly attributable to the decrease in income arising from the impact of e-commerce business on the wholesale business of automobile products under the Group's wholesale service business.

The gross profit of the Group's manufacturing business was approximately RMB85,583,000 (2014: RMB75,867,000), representing an increase of approximately 12.8%, while its gross margin was approximately 20.6% (2014: 17.3%). The increase in gross profit was mainly attributable to an increase in the proportion of sales of products with high gross profit and the appreciation of United States dollar ("USD") in 2015.

Other revenue and gains and losses

Other revenue and gains and losses for the Year were approximately RMB55,124,000 (2014: RMB49,078,000), representing an increase of approximately RMB6,046,000. It was mainly attributable to the gain on fair value change in embedded derivative financial instruments in relation to the Haitong CBs in a principal amount of US$25,000,000 which was issued by the Company to Haitong International Financial Products Limited ("Haitong") on 13 July 2015 and the increase in interest income during the Year.

Expenses

Sales and marketing expenses for the Year were approximately RMB198,621,000 (2014: RMB225,042,000), representing a decrease of approximately 11.7%, among which the disposal of 51% equity interest in Hubei Autoboom led to a decrease of approximately RMB8,056,000 in sales and marketing expenses. Excluding such factor, sales and marketing expenses decreased by approximately RMB18,365,000. It was mainly due to tightened expenses and the decrease in sales commission of manufacturing business.

The administrative expenses for the Year were approximately RMB143,331,000 (2014: RMB121,268,000), representing an increase of approximately 18.2%, among which the disposal of 51% equity interest in Hubei Autoboom led to a decrease of approximately of RMB5,256,000 in administrative expense. Excluding such factor, administrative expense increased by approximately RMB27,319,000, among which the intermediary expenses in relation to the proposed subscription for 50% equity interest in Shenzhen Jiahong were approximately RMB11,800,000, while the amortization of share options expenses increased by approximately RMB7,000,000. The remaining increase of approximately RMB8,519,000 was mainly due to administrative expenses arising from the expansion of the Group's retail service business.

Operating loss

The operating loss of the Group was approximately RMB65,589,000 (2014: operating loss of RMB113,000). The operating loss increased by approximately RMB65,476,000, of which approximately RMB28,003,000 arose from the impairment loss on goodwill allocated to Changchun Guangda Automobile Trading Co., Ltd. ("Changchun Guangda"), a subsidiary of the Company due to its failure to meet anticipated business performance for the Year, while the remaining approximately RMB37,473,000 was attributable to the initial loss from newly established stores and the impact on the Group's retail service business and wholesale service business arising from the irrational expansion of e-commerce.

Finance costs

Net finance costs amounted to approximately RMB37,713,000 (2014: RMB26,266,000), representing an increase of approximately 43.6%. It was mainly attributable to the issue of the Haitong CBs, leading to an increase of finance costs during the Year.

Taxation

Income tax expenses were approximately RMB645,000 (2014: RMB9,422,000). The decrease of income tax expenses was mainly attributable to the decrease of profit before tax of certain profitable subsidiaries of the Group.

Loss attributable to owners of the Company

Loss attributable to owners of the Company was approximately RMB90,967,000 (2014: loss of RMB43,223,000). Compared with 2014, the loss attributable to the owners of the Company increased by RMB47,744,000. After deducting an amount of approximately RMB28,003,000 of impairment loss on goodwill of the Company accounted for loss attributable to owners of the Company, the loss attributable to owners of the Company increased by RMB19,741,000. It was mainly attributable to the decrease in income from retail service business and wholesale service business as well as increase in administrative expenses and finance costs. Loss per share was approximately RMB2.41 cents (2014: loss per share of RMB1.27 cents).

Financial Position and Liquidity

For the year ended 31 December 2015, the Group continued to maintain a stable financial position and the liquidity of assets of the Group remained healthy. The Group had a net cash outflow from operating activities of approximately RMB6,160,000 (2014: inflow of RMB64,321,000).

The non-current assets were approximately RMB451,928,000 as at 31 December 2015 (31 December 2014: RMB469,881,000).

The net current assets were approximately RMB160,653,000 as at 31 December 2015 (31 December 2014: RMB234,232,000), with a current ratio of approximately 1.23 (31 December 2014: 1.48).

Gearing ratio calculated by dividing total liabilities by total assets was approximately 55.67% as at 31 December 2015 (31 December 2014: 54.54%). As at 31 December 2015, the total bank borrowings of the Group were approximately RMB224,245,000 (31 December 2014: RMB161,829,000).

The Group maintains strong and sufficient operating cash flow, bank deposits and banking facilities to finance its daily operation, capital expenditure, merger and acquisition activities and future investment opportunities for further expansion in the domestic market of the Greater China region.

Capital Structure

On 5 July 2015, the Company entered into a subscription agreement with Haitong pursuant to which the Company has conditionally agreed to issue, and Haitong has conditionally agreed to subscribe for the Haitong CBs in an aggregate principal amount of US$25,000,000 (equivalent to HK$194,500,000) due in 2017. Assuming full conversion of the Haitong CBs at the initial conversion price of HK$3.00 per share, the Haitong CBs will be converted into approximately 64,833,333 conversion shares. The net proceeds from the issue of the Haitong CBs, after deducting all related fees and expenses are approximately HK$192,500,000. The issue of Haitong CBs to Haitong was completed on 13 July 2015. Details of the transaction above are set out in the announcements of the Company dated 6 July 2015, 7 July 2015 and 13 July 2015.

Upon the receipt of a conversion notice on 25 December 2015 from CDH Fast Two Limited for conversion of all remaining CDH CBs in the principal amount of US$24,342,500, 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.

As at 31 December 2015, the Group's total assets were RMB1,319,032,000 (31 December 2014: RMB1,188,415,000), comprising: (1) share capital of RMB376,133,000 (31 December 2014: RMB307,931,000), (2) reserves of RMB208,580,000 (31 December 2014: RMB232,366,000), and (3) debts of RMB734,319,000 (31 December 2014: RMB648,118,000).

Financial Guarantees and Pledge of Assets

As at 31 December 2015, the net book values of investment properties, property, plant and equipment and leasehold land and land use rights pledged as security for the Group's bank borrowings amounted to approximately RMB128,528,000 (31 December 2014: RMB130,971,000).

Material Acquisitions, Proposed Placing and Increase in Authorized Share Capital

Acquisitions, Proposed Placing and Increase in Authorized Share Capital

On 27 March 2015, Perfect Progress Investments Limited (the "Subscriber"), a wholly-owned subsidiary of the Company, Shenzhen Jiahong, Mr. Zhou Jian Ming and Ms. Qiu Ping (collectively, the "Existing Shareholders") entered into a subscription agreement, pursuant to which Shenzhen Jiahong and the Existing Shareholders have agreed to conduct the capital increase, such that the registered capital of Shenzhen Jiahong will be increased from RMB300,000,000 to RMB600,000,000, and the Subscriber has conditionally agreed to subscribe for the additional registered capital of RMB300,000,000 at a consideration of RMB300,000,000 (the "Subscription").

In light of the Subscription, the Company intends to place not more than 1,500,000,000 new Shares (the "Proposed Placing") prior to the completion of the Subscription and the proceeds from the Proposed Placing will be primarily used to settle the consideration for the Subscription and the remaining balance will be used as financial assistance to Shenzhen Jiahong and its subsidiaries, the commission for the placing agent and/or any other expenses in relation to the Proposed Placing.

In order to accommodate the Proposed Placing and the future expansion and growth of the Company, the Company proposed to increase its authorized share capital from HK$600,000,000 to HK$1,000,000,000 by the creation of an additional 4,000,000,000 unissued Shares (the "Increase in Authorized Share Capital").

The resolutions regarding the Subscription, Proposed Placing and Increase in Authorized Share Capital were officially passed by the Shareholders by way of poll at the extraordinary general meeting held on 21 July 2015.

Details regarding the Subscription, Proposed Placing and Increase in Authorized Share Capital are set out in the announcements of the Company dated 29 December 2014, 26 March 2015, 30 March 2015, 17 April 2015, 22 April 2015, 22 May 2015, 8 June 2015 and 22 June 2015, as well as the circular dated 30 June 2015 and the announcement dated 21 July 2015.

As at the date of this announcement, the Subscription has not been completed and the Board of Directors has not decided whether to proceed with the Subscription.

Performance of Supplemental Agreement to Equity Transfer Agreement Regarding Acquisition of 51% Equity Interest in Changchun Guangda

As for the supplemental agreement to equity transfer agreement regarding acquisition of 51% equity interest in Changchun Guangda, as the audited net profit after taxation of Changchun Guangda for 2015 was less than RMB26,000,000, the Company were not required to pay the consideration of RMB4,780,000 and obtained the Equity Interest as Collateral (as defined in the announcement of the Company dated 29 January 2014) at no consideration. Please refer to the announcement of the Company dated 29 January 2014 for more details.

Significant investments

For the year ended 31 December 2015, the Group had no significant investments. The Group has no specific future plans for material investments.

Exchange Risk

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

Contingent Liabilities

As at 31 December 2015, the Group had no significant contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2015, the Group employed a total of 3,815 (31 December 2014: 4,135) full-time employees, of which 543 (31 December 2014: 573) were managerial staff. The remuneration package for the Group's employees includes wages, incentives (such as performance-based bonus) and allowances. The Group also provides social security insurance and benefits to its employees.

Industry Development and Business Review

In 2015, the scale of the China automotive after-sales services market to which the Group has long been devoted reached RMB700 billion. It is expected that the market will maintain growth at a high pace, which provides the Group with a huge room for industry development on an on-going basis. In order to improve the network of the Group's retailing business and highlight the value of the chain network, the chain store network of the Group expanded remarkably in 2015.

In 2015, the Group recorded an increase in losses as compared with 2014. The factors contributed to such increase in losses include the impact on the Group's business by unfavorable macro-economic environment and the temporarily irrational expansion of the e-commerce operators, inevitable initial losses incurred by the newly-established stores incurred, increase of financial costs arising from the capitals raised to expand chain network and the failure to optimize relevant fees due to delay in completion of the financing plans resulting from sudden changes in the capital market during 2015. However, the management has full confidence in the future development of the Group. The management believes that the operating position of the Group will be enhanced in a steady manner as long as we adhere to the operating strategies proven to be sound and effective and endeavor to overcome the adverse impact arising from unfavorable external environment.

As at 31 December 2015, the Group had a total of 138 retail service stores, 11 wholesale service stores and 2 manufacturing business factories.

The Group's Service Business

Based on the industry knowledge that terminal service is irreplaceable, in 2015, the operational management team of the Group tracked the changes in the industry and continued to integrate and allocate internal resources for exploring the mode of operation which fits the demand in the industry and the existing condition of the Group. The operating strategies implemented during the year of 2015 mainly include the following aspects:

(i) We implemented urban strategies, which led to an in-depth development of the markets that were already well-developed with stable profits. We emphasized on increasing branding impacts by standardized services and enhanced service experience, and steadily increased the market shares in regions under our current market coverage. The Group continued to set up new stores by a combined portfolio of large comprehensive stores or maintenance and sheet metal painting centers supported by small community stores. Leveraging the advantages of low set-up cost, easy location identification and good accessibility of the small community stores, the Group could explore potential customers and enhance the loyalty of its customers through convenient automotive after-sales services such as car washing, beauty, maintenance and quick repair. The large comprehensive stores or maintenance and sheet metal painting centers provide customers transferred by the small community stores with services requiring higher level of techniques such as complex repair and sheet metal painting. Such store expansion model enabled the Group to better satisfy the needs of the automotive users on the basis of control of store set-up cost and time-saving for store establishment so as to increase the operating gains of the Group's retail service chain network. In 2015, counting in the automotive service stores jointly established by the Group, Sinopec Chemical Products Sales Company (中國石化銷售有限公司) ("Sinopec") and PetroChina Company Limited (中國石油天然氣股份有限公司) ("PetroChina") respectively, the Group's total number of stores in mainland China and Taiwan increased by 65, which improved the chain network of the Group.

(ii) Based on the strategic cooperation agreement between the Group and relevant subsidiaries of Sinopec, we attempted to extend our reach and penetrate into the markets in Central China. As at 31 December 2015, we have established 59 automotive service stores in total at the gas stations within the Sinopec Tianjin and Hubei network and the gas stations within the Petro Gansu network. The Group plans to build 200 automotive service stores at the gas stations of Sinopec in Hubei Province in the next two years. Our management anticipates that the plan can greatly increase the market share of our service business in Central China.

(iii) Pilot entrepreneurship plans were carried out in Shanghai and Shenzhen. In order to satisfy the needs of fast expansion of stores and support outstanding and capable staff with entrepreneurial mindset to start their business, the Group gradually promoted entrepreneurship plans in the area of retail service in 2015. The Group and staff jointly contributed to the establishment of partnership stores in which the Group provided support to its entrepreneurial staff and the partnership stores in respect of capital, technology, procurement, marketing, sales and IT system, such that the Group's retail service chain network could be rapidly expanded based on the mutually beneficial business plans and a complete standardization system. The entrepreneurship plans largely motivated the subjective initiative of the management staff of the partnership stores, providing incentive for them to fully dedicate their own ability and wisdom to maximize the operating gains of the partnership stores. Furthermore, the Group not only benefited from the distribution of operating profit directly obtained from partnership stores, but also from centralized procurement and brand promotion.

(iv) The Group gradually improved and integrated its e-commerce business, including the introduction of mobile internet sales in order to create an "ecosystem of vehicle owners" providing vehicle owners with more comprehensive and convenient automotive after-sales services, and meanwhile improved the marketing network of the Group. To cope with the weakened consumption sentiment among the vehicle owners due to economic downturn, the Group strengthened the expansion and promotion of business with rigid demand and gradually raised the proportion of sales of products and services with rigid demand.

(v) In hope of raising the awareness of the vehicle owners towards automotive after-sales chain stores through a standardized store image with high quality and enhancing the brand recognition of the Group, the Group materially promoted the uniformity of the signboard and image design of stores within the retail service chain network.

(vi) The subsidiaries of the Group engaging in the wholesale business have also continuously increased their product types related to vehicle repair and maintenance with rigid demand, and enhanced the added-value of products and services by improving logistics service and network coverage, which increased the loyalty of downstream retail customers and the on-going demand for orders. Besides, an unified e-commerce platform of auto accessories has been established at initial stage within the wholesale business of the Group.

The Group's Manufacturing Business

During the Year, our target markets, customers and products underwent a comprehensive adjustment within the manufacturing business, leading to a further understanding of the customers' demand for products and the development trend of similar products in the international market. In order to continue with our efforts in terms of products design and research and development, we have established Shenzhen R&D center in which systematic and standardized arrangement on existing products were conducted so as to raise the competitiveness of the products. Meanwhile, the Group's manufacturing business focused on strengthening the development of the domestic market by developing products that are suitable for sales in the domestic market and e-commerce network. Moreover, measures including supplier optimization, production line integration, logistics improvement and internal control enhancement were adopted so as to lower the operating costs and administrative expenses.

During the Year, the above measures were proven to be effective and remarkable. Under the backdrop of downturn of the entire industry, the operating profit in the manufacturing business experienced a significant growth as compared with 2014.

Prospects

In 2016, increasing the number of automotive service stores and improving our operation model will remain to be the main focus of the Group, thus we will continue to adopt the following operational strategies:

(i) The Group will continue to carry out the urban strategies, further increase the number of terminal stores in central cities, adhere to the expansion model of setting up new stores by a combined portfolio of large comprehensive stores or maintenance and sheet metal painting centers supported by small community stores, and speed up the progress of setting up new stores in order to dominate the community portal channel of the automotive after-sales services. The Group will fully facilitate the joint entrepreneurship plans to attract outstanding key staff and aspiring teams to participate.

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

(iii) The Group will select bulk commodities such as the repair and maintenance products, directly cooperate with manufacturers and carry out purchase by way of original equipment manufacturer (OEM) with our own brands so as to reduce costs and improve the influence of the Group's products.

(iv) To meet the rapid development needs of the terminal stores and enhance management efficiency, the Group will comprehensively upgrade its ERP management system and go for a mobile extension.

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

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

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

CORPORATE GOVERNANCE

The Board believes that good corporate governance practice is the key to business growth and management of the Group.

The Company has applied the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the Year.

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code throughout the Year, save and except for the deviation from code provisions A.5.1 and A.6.7.

Code provision A.5.1 stipulates that the Nomination Committee should be chaired by the chairman of the board or an independent non-executive director. As disclosed in the announcement of the Company dated 29 August 2014, Mr. Wang Zhenyu resigned as chairman of the Board but remained as a non-executive director of the Company and the chairman of the Nomination Committee with effect from 30 August 2014. Considering that there was no other suitable candidate to replace Mr. Wang Zhenyu as the chairman of the Nomination Committee at that time and Mr. Wang Zhenyu had accumulated appropriate experience to serve as the chairman of the Nomination Committee, the Board was of the view that such code provision deviation would not affect the performance of the Nomination Committee. To re-comply with code provision A.5.1, the Company appointed Mr. Ying Wei (chairman of the Board) as the chairman of the Nomination Committee to replace Mr. Wang Zhenyu with effect from 20 March 2015. For details, please refer to the announcement of the Company dated 19 March 2015.

Code provision A.6.7 stipulates that non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, only Mr. Ying Wei, being a non-executive Director, the chairman of the Board and chairman of the Nomination Committee, Mr. Hu Yuming, being an independent non-executive Director and the chairman of Audit Committee and Remuneration Committee, and Mr. Zhang Jianxing, being an executive Director and the chief executive officer of the Company attended the extraordinary general meeting of the Company held on 21 July 2015. Other four non-executive Directors failed to attend such extraordinary general meeting due to their other business engagement. The Company is of the view that the Directors participated in the extraordinary general meeting were able to answer questions from the shareholders at the extraordinary general meeting and to develop a balanced understanding of the shareholders' view.

SECURITIES TRANSACTIONS OF DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee comprises a total of three members, being two independent non-executive Directors, namely, Mr. Hu Yuming and Mr. Lin Lei, and one non-executive Director, namely, Mr. Du Jinglei. The chairman of the Audit Committee is Mr. Hu Yuming who possesses the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2015 in conjunction with the Company's external auditors, KPMG, Certified Public Accountants ("KPMG"). The financial information set out in this announcement represents an extract from these consolidated financial statements.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2014: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Year, the Company did not repurchase any ordinary shares of the Company on the Stock Exchange under the general mandate granted at the annual general meeting held on 25 June 2015, and there were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on 24 June 2016 and the notice of annual general meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 22 June 2016 to 24 June 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to be entitled to attend the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 21 June 2016.

SCOPE OF WORK OF KPMG

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by KPMG, to the amounts set out in the Group's audited financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.nfa360.com). The annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be despatched to shareholders and made available on the above websites in due course.

By order of the Board
New Focus Auto Tech Holdings Limited
Ying Wei
Chairman

Hong Kong, 30 March 2016

As at the date hereof, the Directors of the Company are: executive Director – ZHANG Jianxing; non-executive Directors – YING Wei, WANG Zhenyu, and DU Jinglei; and independent non-executive Directors – HU Yuming, LIN Lei and ZHANG Xiaoya.