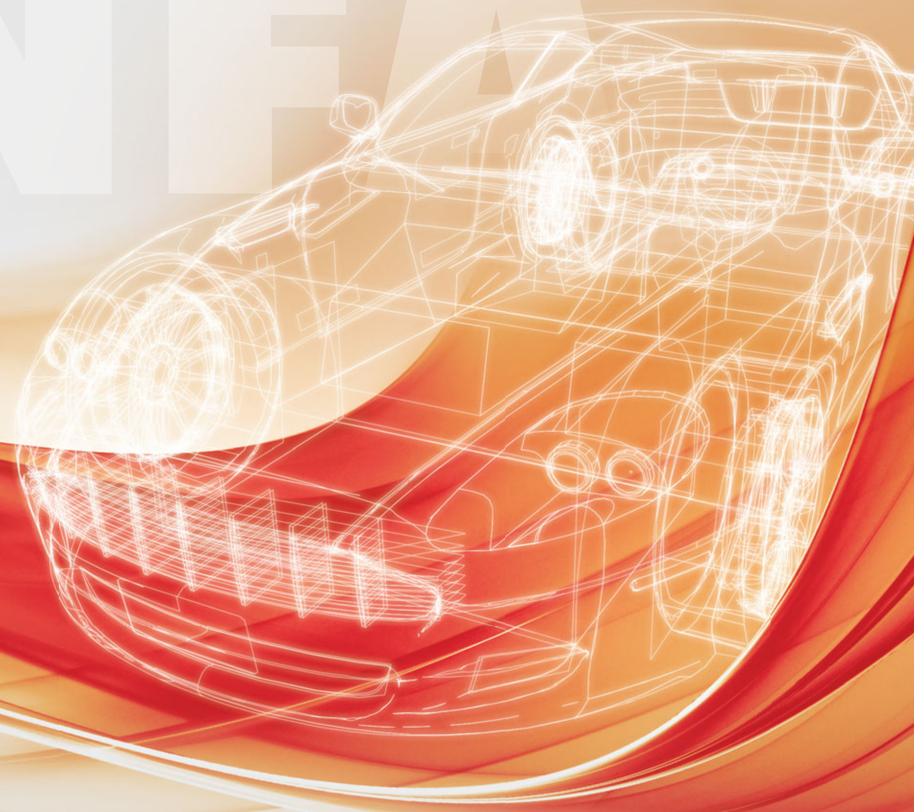
新焦點汽車技術控股有限公司*

New Focus Auto Tech Holdings Limited

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

INTERIM REPORT 2015



* For identification purpose only

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CORPORATE INFORMATION

Directors

Executive Director

Zhang Jianxing *(Chief Executive Officer)*

Non-executive Directors

Ying Wei *(Chairman)*
Wang Zhenyu
Du Jinglei

Independent Non-executive Directors

Hu Yuming
Lin Lei
Zhang Xiaoya

Company Secretary

Liu Xiao Hua

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Certified Public Accountants
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Stock Code

360

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INTERIM FINANCIAL REPORT

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	**2015** **RMB'000** **(Unaudited)**	2014 RMB'000 (Unaudited)
Turnover	*4*	**643,832**	687,369
Cost of sales and services		**(500,680)**	(534,873)
Gross profit		**143,152**	152,496
Other revenue and gains and losses		**9,881**	6,839
Distribution costs		**(86,441)**	(98,728)
Administrative expenses		**(63,076)**	(59,444)
Finance costs	*5*	**(11,151)**	(15,687)
Loss before taxation		**(7,635)**	(14,524)
Income tax expenses	*6*	**(2,357)**	(5,886)
Loss for the period		**(9,992)**	(20,410)
Other comprehensive income			
Item that will not be reclassified to profit of loss:			
Exchange differences on translation of foreign operations	*7*	**102**	(2,697)
Other comprehensive income for the period, net of tax		**102**	(2,697)
Total comprehensive income for the period		**(9,890)**	(23,107)

The notes on pages 10 to 24 form part of this interim financial statement.

Unaudited Consolidated Statement of Comprehensive Income *(Continued)*

For the six months ended 30 June 2015

(Expressed in Renminbi)

	Note	**Six months ended 30 June** **2015** **RMB'000** **(Unaudited)**	2014 RMB'000 (Unaudited)
Loss for the period attributable to			
– Owners of the Company		**(15,208)**	(26,665)
– Non-controlling interests		**5,216**	6,255
		(9,992)	(20,410)
Total comprehensive income attributable to			
– Owners of the Company		**(15,106)**	(29,362)
– Non-controlling interests		**5,216**	6,255
		(9,890)	(23,107)
Loss per share	*8*		
Basic (RMB)		**(0.004)**	(0.009)
Diluted (RMB)		**(0.004)**	(0.009)

The notes on pages 10 to 24 form part of this interim financial statement.

Unaudited Consolidated Statement of Financial Position

As at 30 June 2015

(Expressed in Renminbi)

	Note	**At 30 June 2015 RMB'000 (Unaudited)**	At 31 December 2014 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**189,117**	185,696
Leasehold land and land use rights	*10*	**31,794**	32,324
Investment properties	*10*	**42,033**	42,033
Goodwill	*10*	**146,256**	146,256
Other intangible assets	*10*	**47,919**	47,919
Deferred tax assets		**15,676**	15,653
		472,795	469,881
Current assets			
Inventories	*11*	**231,399**	214,646
Tax recoverable		**1**	5
Trade receivables	*12*	**151,730**	131,356
Deposits, prepayments and other receivables		**217,705**	199,618
Amounts due from related companies	*19*	**2,437**	3,186
Pledged time deposits		**1,995**	6,212
Cash and cash equivalents		**126,489**	163,511
		731,756	718,534
Current liabilities			
Bank borrowings, secured	*13*	**197,203**	152,620
Trade payables	*14*	**170,324**	190,445
Accruals and other payables		**123,191**	134,639
Amounts due to non-controlling owners of subsidiaries		**–**	5,000
Tax payable		**1,971**	1,598
		492,689	484,302
Net current assets		**239,067**	234,232
Total assets less current liabilities		**711,862**	704,113

The notes on pages 10 to 24 form part of this interim financial statement.

Unaudited Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2015

(Expressed in Renminbi)

	Note	**At 30 June 2015 RMB'000 (Unaudited)**	At 31 December 2014 RMB'000 (Audited)
Non-current liabilities			
Bank borrowings, secured	*13*	**8,668**	9,209
Convertible bonds	*15*	**141,429**	134,755
Deferred tax liabilities		**19,855**	19,852
		169,952	163,816
NET ASSETS		**541,910**	540,297
CAPITAL AND RESERVES			
Share capital	*16*	**307,931**	307,931
Reserves	*17*	**93,836**	102,824
Total equity attributable to owners of the Company		**401,767**	410,755
Non-controlling interests		**140,143**	129,542
TOTAL EQUITY		**541,910**	540,297

The notes on pages 10 to 24 form part of this interim financial statement.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

(Expressed in Renminbi)

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

The notes on pages 10 to 24 form part of this interim financial statement.

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

For the six months ended 30 June 2014

(Expressed in Renminbi)

	Share capital RMB'000 *(note 16)*	Share premium and other reserve RMB'000 *(note 17)*	Accumulated losses RMB'000	Attributable to owners of the company RMB'000	Non controlling interest RMB'000	Total equity RMB'000
Balance at 1 January 2014	242,704	779,160	(690,956)	330,908	162,767	493,675
(Loss)/profit for the period	–	–	(26,665)	(26,665)	6,255	(20,410)
Other comprehensive income for the period	–	(2,697)	–	(2,697)	–	(2,697)
Total comprehensive income for the period	–	(2,697)	(26,665)	(29,362)	6,255	(23,107)
Disposal of investment properties	–	(1,006)	1,340	334	–	334
Conversion of convertible bonds	65,227	62,300	–	127,527	–	127,527
Dividends declared to non-controlling owners of subsidiaries	–	–	–	–	(18,785)	(18,785)
Balance at 30 June 2014	307,931	837,757	(716,281)	429,407	150,237	579,644

The notes on pages 10 to 24 form part of this interim financial statement.

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2015

(Expressed in Renminbi)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash (used in)/generated from operations	**(35,100)**	16,588
Tax paid	**(1,984)**	(7,733)
Net cash (used in)/ generated from operating activities	**(37,084)**	8,855
Investing activities		
Proceeds from sale of financial assets available for sale	**–**	26,215
Purchase of financial assets available for sale	**–**	(106,099)
Net cash outflow arising from acquisition of subsidiaries	**(3,251)**	(48,820)
Purchase of property, plant and equipment	**(42,616)**	(10,622)
Other cash flows arising from investing activities	**5,939**	(1,026)
Net cash used in investing activities	**(39,928)**	(140,352)
Financing activities		
Net increase in bank borrowings, secured	**44,041**	16,687
Other cash flows arising from financing activities	**(4,052)**	(15,283)
Net cash generated from financing activities	**39,989**	1,404
Net decrease in cash and cash equivalents	**(37,023)**	(130,093)
Cash and cash equivalents, beginning of period	**163,511**	234,865
Effect of foreign exchange rate changes	**1**	285
Cash and cash equivalents, end of period	**126,489**	105,057

The notes on pages 10 to 24 form part of this interim financial statement.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1. Organisation and principal activities

New Focus Auto Tech Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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; 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 the trading of automobile accessories. The Company and its subsidiaries are collectively referred to as the Group.

2. Basis of preparation

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2015 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", issued by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 21 August 2015.

The unaudited condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial information relating to the financial year ended 31 December 2014 that is included in the unaudited interim financial report as being previously reported information does not constitute the company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 19 March 2015.

3. Changes in accounting policies

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

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

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

4. Turnover and segment information

Turnover, also known as revenue, represents the sales value of goods supplied and services provided to customers and is analysed as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Sale of goods	**379,174**	426,811
Service income	**264,658**	260,558
	643,832	687,369

(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) the 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.

4. Turnover and segment information *(Continued)*

(a) Reportable segment *(Continued)*

Set out below is an analysis of segment information:

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

4. Turnover and segment information *(Continued)*

(a) Reportable segment *(Continued)*

For the six months ended 30 June 2014	The Manufacture Business RMB'000	The Wholesale Business RMB'000	The Retail Service Business RMB'000	Total RMB'000
Revenue				
External revenue	202,930	223,881	260,558	687,369
Inter-segment revenue	505	1,069	–	1,574
Segment revenue	203,435	224,950	260,558	688,943
Less: inter-segment revenue				(1,574)
Total revenue				687,369
Reportable segment results	1,955	6,024	1,498	9,477
Interest income	263	51	411	725
Unallocated interest income				526
Total interest income				1,251
Interest expenses	(595)	(263)	(717)	(1,575)
Unallocated interest expenses				(14,112)
Total interest expenses				(15,687)
Depreciation and amortisation charges	(9,243)	(2,101)	(9,175)	(20,519)
Unallocated depreciation and amortisation charges				(1,258)
Total depreciation and amortisation charges				(21,777)

4. Turnover and segment information *(Continued)*

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Loss before income tax expense		
Reportable segment profit	**15,519**	9,477
Unallocated other revenue and gains or losses	**420**	642
Unallocated corporate expenses	**(14,035)**	(10,531)
Unallocated finance costs	**(9,539)**	(14,112)
Consolidated loss before income tax expense	**(7,635)**	(14,524)

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Assets:		
Reportable segment assets	**1,190,977**	1,162,964
Unallocated corporate assets	**13,574**	25,451
Consolidated total assets	**1,204,551**	1,188,415
Liabilities:		
Reportable segment liabilities	**531,706**	522,796
Unallocated corporate liabilities	**130,935**	125,322
Consolidated total liabilities	**662,641**	648,118

4. Turnover and segment information *(Continued)*

(c) Geographical segments

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

	Revenue from extemal customers		Specified non-current assets	
	At 30 June 2015 RMB'000	At 30 June 2014 RMB'000	**At 30 June 2015 RMB'000**	At 31 December 2014 RMB'000
PRC (Place of domicile)	**418,231**	441,987	**431,633**	427,628
America	**126,387**	146,958	**–**	–
Europe	**22,848**	12,275	**–**	–
Asia Pacific	**8,826**	17,729	**–**	–
Taiwan	**67,540**	68,420	**25,487**	26,600
	643,832	687,369	**457,120**	454,228

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

(d) Major customers

During the six months ended 30 June 2015, the Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenues.

5. Finance costs

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interests on bank borrowings		
– wholly repayable within five years	**4,436**	4,545
Imputed interest on convertible bonds	**6,715**	11,142
	11,151	15,687

6. Income tax expenses

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current tax – PRC and Taiwan corporate income tax	**2,376**	8,226
Deferred taxation	**(19)**	(2,340)
	2,357	5,886

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 2015 (30 June 2014: Nil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

7. Other comprehensive income, net of tax

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

For the six months ended 30 June 2014	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
(a) Financial assets available for sale			
Changes in fair value recognised during the period	734	–	734
Reclassification adjustments for amounts transferred to profit or loss	(734)	–	(734)
	–	–	–
(b) Exchange reserve			
Exchange differences on translating foreign operations	(2,697)	–	(2,697)

8. Loss per share

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Loss for the year attributable to the owners of the Company, used in the basic and diluted loss per share calculation	**(15,208)**	(26,665)
Shares		
Weighted average number of ordinary shares for the basic loss per share calculation	**3,761,165**	3,029,008
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	**3,761,165**	3,029,008

\# The computation of diluted loss per share for the six months ended 30 June 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 six months ended 30 June 2015 and 2014 does not assume the conversion of the Company's convertible bonds issued to CDH Fast Two Limited, as described in note 15, since their exercise would result in a reduction in loss per share.

9. Dividend

The board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

10. Capital expenditure

	Property, plant and equipment RMB'000	Leasehold land and land use rights RMB'000	Investment properties RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
Beginning net carrying amount as at 1 January 2015	**185,696**	**32,324**	**42,033**	**146,256**	**47,919**
Additions	**19,881**	**–**	**–**	**–**	**–**
Disposals	**(1,529)**	**–**	**–**	**–**	**–**
Depreciation charge for the period	**(15,540)**	**(530)**	**–**	**–**	**–**
Exchange realignments	**609**	**–**	**–**	**–**	**–**
Ending net carrying amount as at 30 June 2015	**189,117**	**31,794**	**42,033**	**146,256**	**47,919**
Beginning net carrying amount as at 1 January 2014	220,848	41,793	47,958	146,256	49,003
Additions	8,129	–	–	–	–
Disposals	(392)	–	(7,000)	–	–
Depreciation charge for the period	(20,900)	(242)	–	–	(635)
Exchange realignments	538	–	–	–	–
Ending net carrying amount as at 30 June 2014	208,223	41,551	40,958	146,256	48,368

11. Inventories

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Raw materials	**20,727**	31,087
Work in progress	**17,114**	14,225
Finished goods	**29,020**	14,763
Merchandise goods	**164,538**	154,571
	231,399	214,646

12. Trade receivables

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current to 30 days	**77,382**	61,909
31 to 60 days	**29,737**	43,228
61 to 90 days	**19,629**	12,579
Over 90 days	**50,021**	38,679
	176,769	156,395
Less: allowance for doubtful debts	**(25,039)**	(25,039)
	151,730	131,356

13. Bank borrowings, secured

Bank borrowings are repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
On demand or within one year	**197,643**	152,620
After one year but within two years	**1,416**	1,482
After two years but within five years	**2,812**	2,944
After five years	**4,000**	4,783
	205,871	161,829
Amount due within one year included in current liabilities	**(197,203)**	(152,620)
Amount included in non-current liabilities	**8,668**	9,209

14. Trade payables

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current to 30 days	**93,555**	74,669
31 to 60 days	**30,467**	63,987
61 to 90 days	**12,516**	18,552
Over 90 days	**33,786**	33,237
	170,324	190,445

15. Convertible bonds

In August 2013, the Company issued redeemable convertible bonds (the "CDH CBs") in the principal amount of US$48,685,000 (equivalent to RMB300,226,000) to CDH Fast Two Limited. The net proceeds of the CDH CBs available to the Group was RMB292,720,000, after net-off of issue costs of RMB7,506,000. The coupon interest rate of CDH CBs is 5%.The maturity date of the CDH CBs will be the date falling on the fifth anniversary of the issue date (i.e. August 2018) and the CDH CBs can be converted into ordinary shares of the Company at the holder's option at initial conversion price of HK$0.2328 per shares, subject to certain anti-dilutive adjustments.

Unless there was redemption, cancellation or conversion, the CDH CBs can be redeemed on the maturity date only by the Company at the price equal to principal amount plus premium compounded at 5% from each anniversary of the issue date to the maturity date.

If the shares are no longer listed or traded on the Stock Exchange, bondholders can redeem all CDH CBs at early redemption amount, which is the outstanding principal amount plus the amount of interest representing 30% of the internal rate of return of the principal amount of the bond from the issuance date to the payment date, on the twentieth business day after the Company has issued the relevant redemption rules.

The fair value of the liability component of the CDH CBs upon issuance is calculated by computing the present value of all future cash flows discounted by the prevailing market rate of interest for non-convertible borrowing of 9.72% per annum based on a professional valuation report issued by RHL Appraisal Limited, an independent firm of professionally qualified valuers. The residual amount, representing the value of the equity component, is included in convertible bonds reserve net of deferred income tax (where applicable) under shareholders' equity. The initially recognised liability component and equity component of the CDH CBs amounted to RMB234,945,000 and RMB57,775,000 respectively after net-off of the issue costs on a pro-rata basis.

15. Convertible bonds *(Continued)*

On 12 June 2014, the Group partially converted the CDH CBs in the principal amount of US$24,342,500. The Group allotted and issued a total of 813,507,946 shares to CDH Fast Two Limited at the conversion price of HK$0.2328. Upon the conversion, the Company derecognised the liability component of RMB127,527,000 and transferred this amount with equity component (convertible bonds reserve) of RMB28,887,000 into share capital and share premium with the amount of RMB65,227,000 and RMB91,187,000 respectively, using the method in consistency with that used initially to allocate the net proceeds on the CDH CBs issuance date.

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	CDH CBs	STIC CBs
Movement of liability component	**2,376**	8,226
Beginning of period	**134,755**	239,526
Imputed interest expense	**6,715**	11,142
Transferred to equity	**–**	(127,527)
Exchange realignment	**(41)**	5,054
End of period	**141,429**	128,195

16. Share capital

	Number of shares	**Nominal value**	
	'000	HK$'000	RMB'000
Balance at 1 January 2014	2,947,657	294,766	242,704
Conversion of convertible bonds *(note 15)*	813,508	81,351	65,227
Balance at 31 December 2014	3,761,165	376,117	307,931
Balance at 30 June 2015	3,761,165	376,117	307,931

17. Reserves

	Share premium RMB'000	Statutory reserve fund RMB'000	Re-organisation reserve RMB'000	Enterprise expansion fund RMB'000	Convertible bonds reserve RMB'000	Others RMB'000	Capital redemption reserve RMB'000	Exchange reserve RMB'000	Total RMB'000
Balance at 1 January 2015	**760,136**	**49,045**	**2,738**	**2,756**	**28,888**	**7,523**	**1,545**	**(12,354)**	**840,277**
Other comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**102**	**102**
Recognition of equity-settled of share based payments	**–**	**–**	**–**	**–**	**–**	**6,118**	**–**	**–**	**6,118**
Balance at 30 June 2015	**760,136**	**49,045**	**2,738**	**2,756**	**28,888**	**13,641**	**1,545**	**(12,252)**	**846,497**
Balance at 1 January 2014	668,949	44,431	2,738	2,756	57,775	6,283	1,545	(5,317)	779,160
Other comprehensive income for the period	–	–	–	–	–	–	–	(2,697)	(2,697)
Convertible bonds converted *(note 15)*	91,187	–	–	–	(28,887)	–	–	–	62,300
Disposal of investment properties	–	–	–	–	–	(1,006)	–	–	(1,006)
Balance at 30 June 2014	760,136	44,431	2,738	2,756	28,888	5,277	1,545	(8,014)	837,757

18. Operating lease commitments

The Group as lessee

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year	**50,871**	51,868
Over 1 year but within 5 years	**105,883**	134,604
Over 5 years	**36,963**	29,828
	193,717	216,300

18. Operating lease commitments *(Continued)*

The Group as lessor

As at 30 June 2015 and 31 December 2014, the Group leased out its investment property under operating leases.

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year	**2,114**	2,454
Over 1 year but within 5 years	**4,281**	4,044
Over 5 years	**3,024**	3,550
	9,419	10,048

19. Related party transactions

(a) Transactions with related parties

During the reporting period, transactions with related parties mainly refer to sales to Auto Make Co., Ltd. ("Auto Make") of RMB3,857,000 (30 June 2014: RMB2,779,000).

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

At the end of 30 June 2015, a non-controlling owner of a subsidiary granted to the Group as creditor collateral amounting to RMB3,603,197 (30 June 2014: RMB6,120,850) with his own properties.

(b) Amounts due from related parties

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Auto Make	**1,737**	2,903
Others	**700**	283
	2,437	3,186

20. Subsequent events

Unconsummated acquisition

On 27 March 2015, Perfect Progress Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company (the "Subscriber"), Shenzhen Jiahong Trading Development Co., Ltd. (the "Target Company"), Mr. Zhou Jian Ming and Ms. Qiu Ping (collectively as "Existing Shareholders"), have entered into a subscription agreement (the "Agreement"), pursuant to which the Target Company and the Existing Shareholders have agreed to conduct the capital increase such that the registered capital of the Target Company 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 "Proposed Acquisition"). As at 21 August 2015, the Company's directors determine that the Proposed Acquisition has not yet been consummated as not all the conditions precedent set out in the Agreement have been met.

Issuance of convertible bonds

On 13 July 2015, the Company issued redeemable convertible bonds (the "Haitong CBs") in the principal amount of US$25,000,000 (equivalent to approximately RMB155,000,000) to Haitong International Finance Company Limited. Pursuant to the subscription agreement dated 13 July 2015, the coupon interest rate of the Haitong CBs is 6%. The maturity date of the Haitong CBs will be the date falling on the second anniversary of the issue date (i.e. 12 July 2017) and the Haitong CBs can be converted into ordinary shares of the Company at the holder's option at the initial conversion price of HK$3.00 per share, subject to certain adjustments.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group strives to become a leading enterprise in the automotive after-sales service market in the Great China region.

Results Highlights

Revenue

For the six months ended 30 June 2015 (the "Period"), the Group recorded a consolidated turnover of RMB643,832,000 (corresponding period of 2014: RMB687,369,000), representing a decrease of 6.3%.

The consolidated turnover of the retail service business of the Group amounted to RMB264,658,000 (corresponding period of 2014: RMB260,558,000), representing an increase of 1.6%. The increase was mainly attributable to the network expansion of the Group's retail service business.

The consolidated turnover of the wholesale service business of the Group was RMB189,838,000 (corresponding period of 2014: RMB223,881,000), representing a decrease of 15.2%. The decrease was mainly attributable to the disposal of the Group's 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 December 2014. The turnover of Hubei Autoboom which was consolidated into the financial statements of the Group in the corresponding period of 2014 amounted to RMB28,930,000. Excluding such effect, the consolidated turnover of wholesale service business of the Group recorded a decrease of RMB5,113,000 as compared with the corresponding period of 2014. This was mainly attributable to the impact of e-commerce and the vigorous competition in the industry.

The consolidated turnover of the manufacturing business of the Group was RMB189,336,000 (corresponding period of 2014: RMB202,930,000), representing a decrease of 6.7%. The decrease was mainly attributable to the decrease in orders from existing customers.

Gross Profit and Gross Margin

The consolidated gross profit of the Group for the Period was RMB143,152,000 (corresponding period of 2014: RMB152,496,000), representing a decrease of 6.1%, while its gross margin increased from 22.19% to 22.23%.

The gross profit of the Group's retail service business was RMB64,191,000 (corresponding period of 2014: RMB62,877,000), representing an increase of 2.1%, while its gross margin increased from 24.13% to 24.25%. The increase in the aforesaid gross profit and gross margin was mainly attributable to the network expansion of the retail service business.

The gross profit of the Group's wholesale service business was RMB41,518,000 (corresponding period of 2014: RMB51,824,000), representing a decrease of 19.9%, while its gross margin decreased from 23.15% to 21.87%. Excluding the gross profit of RMB6,941,000 of Hubei Autoboom in the corresponding period of 2014, the gross profit of the Group decreased by RMB3,365,000. This was mainly attributable to the decrease in income and gross margin arising from the impact of e-commerce and the vigorous competition in the market.

The gross profit of the Group's manufacturing business was RMB37,443,000 (corresponding period of 2014: RMB37,795,000), representing a decrease of 0.9%, while its gross margin increased from 18.62% to 19.78%. The increase in gross margin was mainly attributable to the optimization of product structure in the Group's manufacturing business, leading to an increase in the proportion of sales of products with high gross margin.

Expenses

Sales and marketing expenses for the Period were RMB86,441,000 (corresponding period of 2014: RMB98,728,000), representing a decrease of 12.5%. Excluding the sales and marketing expenses of RMB4,405,000 of Hubei Autoboom in the corresponding period of 2014, the sales and marketing expenses of the Group decreased by RMB7,882,000, which was mainly due to the control of expenses in Group's manufacturing business.

Administrative expenses for the Period were RMB63,076,000 (corresponding period of 2014: RMB59,444,000), representing an increase of 6.1%. Excluding the administrative expenses of RMB2,133,000 of Hubei Autoboom in the corresponding period of 2014, the administrative expenses of the Group increased by RMB5,765,000, which was mainly due to the expenses arising from the share option scheme during the Period.

Operating Profit

Operating profit for the Period was RMB3,516,000 (corresponding period of 2014: RMB1,163,000), representing an increase in operating profit of RMB2,353,000 as compared with the corresponding period of 2014. It was mainly attributable to the decrease in the Group's distribution costs and administrative expenses of RMB8,655,000 during the Period.

Finance Costs

Net finance costs for the Period amounted to RMB11,151,000 (corresponding period of 2014: RMB15,687,000), representing a decrease of 28.9%. It was mainly attributable to the decrease in the amortised cost of convertible bonds at a remaining principal amount of US$24,342,500 issued by the Company to CDH Fast Two Limited as compared with the corresponding period of 2014.

Taxation

Income tax expenses for the Period were RMB2,357,000 (corresponding period of 2014: RMB5,886,000), representing a decrease of RMB3,529,000. The decrease was mainly attributable to the decrease in the land appreciation tax and income tax annual filing adjustment during the Period.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company for the Period was RMB15,208,000 (corresponding period of 2014: loss of RMB26,665,000), representing a decrease of RMB11,457,000. The decrease was mainly due to the improvement in the Group's business performance. Loss per share was RMB0.4 cents (corresponding period of 2014: loss per share of RMB0.9 cents).

Financial Position and Liquidity

The Group continued to maintain a stable financial position and the liquidity of assets of the Group remained healthy. During the Period, the Group had a net cash outflow from operating activities of RMB37,084,000 (corresponding period of 2014: inflow of RMB8,855,000).

The net current assets of the Group were RMB239,067,000 as at 30 June 2015 (31 December 2014: RMB234,232,000), with a current ratio of 1.49 (31 December 2014: 1.48).

Gearing ratio calculated by dividing total liabilities by total assets was 55.01% as at 30 June 2015 (31 December 2014: 54.54%).

The total bank borrowings of the Group were RMB205,871,000 as at 30 June 2015 (31 December 2014: RMB161,829,000).

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

Capital Structure

As at 30 June 2015, the Group's total assets were RMB1,204,551,000 (31 December 2014: RMB1,188,415,000), comprising: (1) share capital of RMB307,931,000 (31 December 2014: RMB307,931,000), (2) reserves of RMB233,979,000 (31 December 2014: RMB232,366,000), and (3) debts of RMB662,641,000 (31 December 2014: RMB648,118,000).

Financial Guarantees and Pledge of Assets

As at 30 June 2015, the net book values of property, plant and equipment, leasehold land and land use rights and time deposits pledged as securities for the Group's bank borrowings totalled at RMB131,527,000 (31 December 2014: RMB132,463,000).

Material 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 Trading Development Co., Ltd (深圳市佳鴻貿易發展有限公司) ("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 on page 24 of this interim report and 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.

Significant Investments

During the Period, 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 US dollar. The Group reduced the exposure of US dollar assets by US dollar borrowings to minimize exchange risk.

Contingent Liabilities

As at 30 June 2015, the Group had no significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2015, the Group employed a total of 4,122 (30 June 2014: 4,666) full-time employees, of which 573 (30 June 2014: 591) were managerial staff. The Group is committed to the recruitment of talented staff to enrich its expertise. In order to attract and retain outstanding employees, the Group also provides benefits such as medical insurance and housing allowances in addition to the various pension schemes stipulated by the government. Outstanding employees may also be granted discretionary bonuses and share options as incentive.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (corresponding period of 2014: nil).

Material Events after the End of the Reporting Period

On 5 July 2015, the Company entered into a subscription agreement with Haitong International Financial Products Limited ("Haitong") pursuant to which the Company has conditionally agreed to issue, and Haitong has conditionally agreed to subscribe for convertible bonds in an aggregate principal amount of US$25,000,000 (equivalent to HK$194,500,000) due in 2017. Assuming full conversion of the convertible bonds at the initial conversion price of HK$3.00 per share, the convertible bonds will be converted into approximately 64,833,333 conversion shares. The net proceeds from the issue of the convertible bonds, after deducting all related fees and expenses are approximately HK$192,500,000. The issue of convertible bonds to Haitong was completed on 13 July 2015. Details of the transaction above are set out on page 24 of this interim report and in the announcements of the Company dated 6 July 2015, 7 July 2015 and 13 July 2015.

Industry Development and Business Review

During the Period, the sales of passenger vehicles in the PRC were over 10,000,000, with a year-on-year increase of 4.8%. The sales of passenger vehicles in the PRC market continued to grow steadily, which promoted a constant increase of retention of passenger vehicle. It is expected that the scale of the China automobile after-sales market will reach RMB700,000,000,000 in 2015, which provides a decent macro environment for the Group's subsequent development.

As at 30 June 2015, the Group has a total of 93 retail service stores, 12 automotive accessories distribution and exhibition centers and 2 manufacturing factories.

The Group's Service Business

The operating strategies implemented during the Period mainly include:

Firstly, pursuant to the strategic cooperation agreement entered into with Sinopec Hubei Oil Products Company ("Sinopec Hubei"), the Group and Sinopec Hubei cooperated to establish automotive retail service stores at the gas stations within the Sinopec Hubei network. As at 30 June 2015, the number of automotive retail service stores jointly established by both parties reached 16, resulting in a significant enhancement of the Group's market share and brand recognition in the automotive after-sales market in Central China. The Group has also entered into a similar strategic cooperation agreement with Gansu Sales Branch Company of PetroChina Company Limited (中國石油天然氣股份有限公司甘肅銷售分公司) ("Petro Gansu").

Secondly, the Group continued to set up new stores by a combined portfolio of large comprehensive stores or maintenance and sheet metal painting centers and 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 provides 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.

Thirdly, the Group unifies the signboard, image design and work position arrangement of its retail service chain network, such that confidence in automotive after-sales chain service network and recognition of the Group could be built in automotive users through high level of standardized chain services, thereby enhancing the reputation of the Group in the automotive after-sales market.

Fourthly, 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 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.

Fifthly, on 27 March 2015, a subsidiary of the Company, Shenzhen Jiahong and its existing shareholders entered into a subscription agreement. After the completion of the subscription, the Company would indirectly hold 50% equity interest in Shenzhen Jiahong. Shenzhen Jiahong is a leading dealer group for ultra-luxury automobiles in China and owns 27 luxury and ultra-luxury automotive dealership stores, with coverage across 13 provinces and municipalities in China. The acquisition of Shenzhen Jiahong would enable the Group to add an after-sales service product line for high-end automobiles with higher gross margin and enhanced customer loyalty to its existing business in order to establish a complete industry chain for automobile services. Also, the Group will be able to utilize the sales network and customer relationship of Shenzhen Jiahong to explore new markets. The acquisition of Shenzhen Jiahong will be able to achieve certain other potential synergies. For example, the auto film business operated by the subsidiary of the Group could directly supply auto film to all automobile dealership stores of Shenzhen Jiahong while the new vehicle sales, the dealing of second hand vehicles and vehicle rental business of Shenzhen Jiahong could bring new customers to the existing retail service network of the Group. Furthermore, Shenzhen Jiahong could provide technical support to the automotive repair and maintenance business of the Group.

Sixthly, 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” and provide vehicle owners with more comprehensive and convenient automotive after-sales services. Meanwhile, the marketing network of the Group was improved.

The Group’s Manufacturing Business

During the Period, the manufacturing business continued to streamline the personnel structure and enhance efficiency with significant results. The manufacturing business conducted systematic and standardized arrangement on products, raised the cost competitiveness of the products and the bargaining power of the supply chain, and new products were successfully launched to the markets.

Prospects

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

Firstly, the Group will expand the scope of cooperation with Sinopec. In view of the demonstrative effects on retail service stores established at the gas stations within the Sinopec Hubei network, it is expected that the Group and Sinopec will gradually establish automotive retail service stores at gas stations of Sinopec in Shanghai and Tianjin in the second half of 2015. The Group will seek to cooperate with Sinopec in Shandong, Jiangxi and Guangdong as and when appropriate, such that the scope of cooperation will be expanded to the nationwide gas station network of Sinopec eventually. It is expected that the Group and Sinopec will complete the set-up of an aggregate of 100 partnership shores in 2015. The Group will gradually implement the cooperation agreement with Petro Gansu and duplicate its partnership store set-up model with Sinopec in order to further expand and improve the retail service chain network of the Group.

Secondly, the Group will continue to set up new stores by a combined portfolio of large comprehensive stores or maintenance and sheet metal painting centers and 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.

Thirdly, after the completion of the subscription of 50% equity interest in Shenzhen Jiahong, the existing resources of the Group and Shenzhen Jiahong will be integrated and the synergies between the existing businesses of both parties will be fully exerted. As a result, it is expected that the operating network of the Group will be expanded while the operating efficiency will be enhanced.

In addition to the above strategies, the Group will also continue to actively search for and negotiate with potential acquisition targets which will help to 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 market, such as professional automotive repair, automotive insurance and automotive finance, so as to provide car owners with more comprehensive automotive after-sales services and to improve our competitive advantages.

Driven by innovation, the Group's manufacturing business will continue to put efforts into its marketing strategies based on product orientation, enhancing research and development investment and raising the core competitiveness and advancement of the products. Meanwhile, it 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.

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 2015, to the best knowledge of the Directors and chief executives of the Company, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules.

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

So far as the Directors and chief executives of the Company are aware, as at 30 June 2015, 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 shares interested (other than under equity derivatives) *(Note 1)*	Number of shares interested under equity derivatives	Total number of shares	Approximate percentage of issued shares
CDH Fast Two Limited	Beneficial owner *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
CDH Fast One Limited	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
CDH Fund IV, L.P.	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
CDH IV Holdings Company Limited	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%

Name of substantial shareholder	Capacity/ Nature of interest	Number of shares interested (other than under equity derivatives) *(Note 1)*	Number of shares interested under equity derivatives	Total number of shares	Approximate percentage of issued shares
China Diamond Holdings IV, L.P.	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
China Diamond Holdings Company	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%

Notes:

1. *The letter "L" denotes a long position in the shares.*

2. *CDH Fast Two Limited entered into an investment agreement (the "Investment Agreement") with the Company on 25 June 2013 pursuant to which CDH Fast Two Limited agreed to subscribe for 1,262,564,333 new shares and convertible bonds in principal amount of US$48,685,000 (the "Convertible Bonds") issued by the Company. Each of CDH Fast One Limited (as the sole shareholder of CDH Fast Two Limited); CDH Fund IV, L.P. (as the sole shareholder of CDH Fast One Limited); CDH IV Holdings Company Limited (as the general partner of CDH Fund IV, L.P.); China Diamond Holdings IV, L.P. (as the controlling shareholder of CDH IV Holdings Company Limited); and China Diamond Holdings Company Limited (as the general partner of China Diamond Holdings IV, L.P.) is deemed to be interested in the shares of the Company. Transactions contemplated under the Investment Agreement were completed on 28 August 2013. Upon the receipt of a conversion notice on 11 June 2014 from CDH Fast Two Limited for partial conversion of the Convertible Bonds in the principal amount of US$24,342,500, the Company allotted and issued a total of 813,507,946 Conversion Shares to CDH Fast Two Limited at the Conversion Price of HK$0.2328 per Conversion Share on 12 June 2014. After the partial conversion of the Convertible Bonds as described above, the Company has Convertible Bonds outstanding with a principal amount of US$24,342,500.*

3. *These represent the shares that may be issued to CDH Fast Two Limited upon the full conversion of the outstanding Convertible Bonds into the shares of the Company.*

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 2015.

Share Option Scheme

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

During the Period, 3,400,000 options granted under the Old Scheme have lapsed. As at 30 June 2015, there was no valid options under the Old Scheme and no further options will be granted under the Old Scheme. The total number of shares available for issue under the Existing Scheme is 376,116,501 shares, representing approximately 10% of the total issued share capital of the Company as at the date of approval of the Existing Scheme. As at 30 June 2015, options had been granted by the Company under the Existing Scheme which, if exercised in full, would entitle the grantees to subscribe for 139,416,664 shares. The total number of shares available for issue under the Existing Scheme (excluding share options already granted) is 236,699,837 shares, representing approximately 6.29% of the total issued share capital of the Company as at that date.

Details of the share options granted under the Existing Scheme as at 30 June 2015 are as follows:

Name of option holder	Date of grant	Exercise period	Exercise price (per share)	Closing price on date of grant (per share)	Number of underlying shares subject to outstanding options as at 1 January 2015	Number of underlying shares subject to options granted since 1 January 2015	Number of underlying shares subject to options exercised/ lapsed/ cancelled since 1 January 2015	Number of underlying shares subject to outstanding options as at 30 June 2015
Ms. Hung Ying-Lien *(Note 1)*	14 October 2014	15 October 2014 to 14 October 2019 *(Note 2)*	HK$0.50	HK$0.50	13,000,000	–	907,232	12,092,768
Continuous contractual employees (in aggregate)	14 October 2014	15 October 2014 to 14 October 2019 *(Note 2)*	HK$0.50	HK$0.50	136,500,000	–	9,176,104	127,323,896
Total					149,500,000	–	10,083,336	139,416,664

Notes:

1. *Ms. Hung Ying-Lien resigned as an executive Director and the chief financial officer of the Company effective from 28 August 2013. Ms. Hung Ying-Lien has been appointed as chief operational officer of the Company on the same date.*

2. *None of the share options was exercised during the period from 1 January 2015 to 30 June 2015 and the remaining share options shall be vested and are exercisable during the period from 1 July 2015 to 14 October 2019 subject to the fulfilment of certain performance targets and other vesting conditions as described in the grant letter issued by the Company to each grantee.*

OTHER INFORMATION

Arrangements to Purchase Shares or Debentures

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

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

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

Changes in Information of Directors

Pursuant to Rule 13.51(B)(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2014 Annual Report are set out below:

Name of Director	Details of Changes
Mr. Ying Wei	Appointed as chairman of the Nomination Committee to replace Mr. Wang Zhenyu effective from 20 March 2015.
Mr. Lin Lei	Re-designated as chairman of the Strategy Committee effective from 20 March 2015.
Mr. Zhang Jianxing	Appointed as independent non-executive director of Tesson Holdings Limited (Stock code: 1201), a company listed on the Main Board of the Stock Exchange, effective from 24 March 2015.

OTHER INFORMATION

Corporate Governance

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

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 Company 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 has 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.

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

1. Audit Committee:
   Mr. Hu Yuming (chairman), Mr. Lin Lei and Mr. Du Jinglei

2. Remuneration Committee:
   Mr. Hu Yuming (chairman), Mr. Zhang Xiaoya and Mr. Ying Wei

3. Nomination Committee:
   Mr. Ying Wei (chairman), Mr. Lin Lei and Mr. Zhang Xiaoya

4. Strategy Committee:
   Mr. Lin Lei (chairman), Mr. Zhang Xiaoya and Mr. Wang Zhenyu

OTHER INFORMATION

Directors' Securities Transactions

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealings in securities of the Company by the Directors or relevant employees as defined in the Model Code. Having made specific enquiry to all Directors by the Company, all Directors confirmed that they had complied with the requirements set out in the Model Code during the six months ended 30 June 2015.

Audit Committee

At present, the Audit Committee comprises Mr. Hu Yuming, Mr. Lin Lei and Mr. Du Jinglei. Mr. Hu Yuming and Mr. Lin Lei are independent non-executive Directors of the Company, and Mr. Du Jinglei is a non-executive Director of the Company. Mr. Hu Yuming is the chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2015. The accounting information given in this interim report has not been audited but has been reviewed by the Audit Committee.

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

Hong Kong, 21 August 2015