NEW FOCUS AUTO TECH HOLDINGS LIMITED

新焦點汽車技術控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 360)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of directors of the Company (the "Board") of New Focus Auto Tech Holdings Limited (the "Company") hereby presents the unaudited consolidated result of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016, together with unaudited comparative figures for the corresponding period in 2015, as follows:

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Note	Six months ended 30 June **2016** **RMB'000** **(Unaudited)**	 2015 RMB'000 (Unaudited)
Revenue	*3*	**649,214**	643,832
Cost of sales and services		**(518,423)**	(500,680)
Gross profit		**130,791**	143,152
Other revenue and gains and losses		**46,593**	9,881
Distribution costs		**(90,584)**	(86,441)
Administrative expenses		**(54,928)**	(63,076)
Finance costs	*4*	**(20,427)**	(11,151)
Share of loss of an associate		**(1,894)**	–
Profit/(loss) before taxation		**9,551**	(7,635)
Income tax expenses	*5*	**(1,664)**	(2,357)
Profit/(loss) for the period		**7,887**	(9,992)

* *For identification purpose only*

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

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Note	**Six months ended 30 June** **2016** **RMB'000** **(Unaudited)**	2015 RMB'000 (Unaudited)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(1,087)**	102
Other comprehensive income for the period, net of tax		**(1,087)**	102
Total comprehensive income for the period		**6,800**	(9,890)
Loss for the period attributable to			
– Owners of the Company		**(38)**	(15,208)
– Non-controlling interests		**7,925**	5,216
		7,887	(9,992)
Total comprehensive income attributable to			
– Owners of the Company		**(1,125)**	(15,106)
– Non-controlling interests		**7,925**	5,216
		6,800	(9,890)
Loss per share	*6*		
Basic (RMB cents)		**(0.001)**	(0.400)
Diluted (RMB cents)		**(0.001)**	(0.400)

Unaudited Consolidated Statement of Financial Position

As at 30 June 2016

(Expressed in Renminbi)

	Note	**At 30 June 2016 RMB'000 (Unaudited)**	At 31 December 2015 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**195,243**	177,380
Leasehold land and land use rights		**31,209**	31,289
Investment properties		**42,775**	42,775
Goodwill		**125,616**	118,253
Other intangible assets		**58,697**	47,923
Interest in an associate		**202**	6,121
Amounts due from related parties		**–**	6,991
Deferred tax assets		**27,738**	21,196
		481,480	451,928
Current assets			
Inventories		**216,776**	196,143
Tax recoverable		**5**	274
Trade receivables	*8*	**176,857**	130,742
Deposits, prepayments and other receivables		**332,494**	335,729
Amounts due from related companies		**2,628**	3,603
Pledged time deposits		**3,134**	6,903
Available-for-sale financial assets		**49,847**	53,383
Cash and cash equivalents		**114,135**	140,327
		895,876	867,104
Current liabilities			
Bank borrowings, secured		**176,660**	216,325
Trade payables	*9*	**222,943**	171,557
Accruals and other payables		**181,961**	158,241
Tax payable		**1,448**	4,009
Convertible bonds		**164,434**	156,319
		747,446	706,451
Net current assets		**148,430**	160,653
Total assets less current liabilities		**629,910**	612,581

Unaudited Consolidated Statement of Financial Position *(Continued)*

As at 30 June 2016

(Expressed in Renminbi)

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

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

(Expressed in Renminbi)

	Share capital RMB'000	Share premium and other reserve RMB'000	Accumulated losses RMB'000	Attributable to owners of the company RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at 1 January 2016	376,133	932,800	(832,016)	476,917	107,796	584,713
(Loss)/profit for the period	–	–	(38)	(38)	7,925	7,887
Transferred from convertible bonds	–	1,619	–	1,619	–	1,619
Other comprehensive income for the period	–	(1,087)	–	(1,087)	–	(1,087)
Total comprehensive income for the period	–	532	(38)	494	7,925	8,419
Investment from non-controlling owners of subsidiaries	–	–	–	–	2,004	2,004
Shares issued under share option scheme	43	171	–	214	–	214
Recognition of equity-settled share-based payments	–	3,610	–	3,610	–	3,610
Arising from acquisitions of a subsidiary	–	–	–	–	(529)	(529)
Balance at 30 June 2016	376,176	937,113	(832,054)	481,235	117,196	598,431

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

For the six months ended 30 June 2015

(Expressed in Renminbi)

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

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016

(Expressed in Renminbi)

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1. Organisation and principal activities

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

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

2. Basis of preparation

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

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

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

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

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

3. Revenue and segment information

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

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

(a) Reportable segment

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

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

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

3. **Revenue and segment information** *(Continued)*

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

Set out below is an analysis of segment information:

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

3. **Revenue and segment information** *(Continued)*

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

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

3. **Revenue and segment information** *(Continued)*

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit/(loss) before income tax expense		
Reportable segment profit	**9,307**	15,519
Unallocated other revenue and gains or losses	**28,958**	420
Unallocated corporate expenses	**(11,711)**	(14,035)
Unallocated finance costs	**(17,003)**	(9,539)
Consolidated profit/(loss) before income tax expense	**9,551**	(7,635)

	At 30 June 2016	At 31 December 2015
	RMB'000	RMB'000
Assets:		
Reportable segment assets	**1,068,031**	1,042,015
Unallocated corporate assets	**309,325**	277,017
Consolidated total assets	**1,377,356**	1,319,032
Liabilities:		
Reportable segment liabilities	**602,323**	586,091
Unallocated corporate liabilities	**176,602**	148,228
Consolidated total liabilities	**778,925**	734,319

3. **Revenue and segment information** *(Continued)*

(c) ***Geographical segments***

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

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

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

(d) ***Major customers***

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

4. **Finance costs**

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

5. Income tax expenses

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

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

6. Loss per share

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

	Six months ended 30 June	
	2016	2015
	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	**(38)**	(15,208)
Shares		
Weighted average number of ordinary shares for the basic loss per share calculation	**4,576,506**	3,761,165
Effect of dilution – weighted average number of ordinary shares:		
– Share options#	**–**	–
– Convertible bonds*	**–**	–
Weighted average number of ordinary shares adjusted for the effect of all potential ordinary shares	**4,576,506**	3,761,165

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

* The computation of diluted loss per share for the six months ended 30 June 2016 and 2015 does not assume the conversion of the Company's convertible bonds issued to Haitong International Financial Products Limited, since its exercise would result in a reduction in loss per share.

7. Dividend

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

8. Trade receivables

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

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

9. 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 2016 RMB'000	At 31 December 2015 RMB'000
Current to 30 days	**91,222**	59,024
31 to 60 days	**47,566**	60,496
61 to 90 days	**23,588**	14,879
Over 90 days	**60,567**	37,158
	222,943	171,557

10. Subsequent events

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Results Highlights

Revenue

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

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

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

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

Gross Profit and Gross Margin

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

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

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

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

Expenses

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

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

Operating Profit

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

Finance Costs

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

Taxation

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

Loss Attributable to Owners of the Company

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

Financial Position and Liquidity

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

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

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

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

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

Capital Structure

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

Financial Guarantees and Pledge of Assets

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

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

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

Significant Investments

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

Exchange Risk

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

Contingent Liabilities

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

Employees and Remuneration Policy

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

Dividends

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

Material Events after the End of the Period

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

Industry Development and Business Review

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

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

* *For identification purpose only*

The Group's Service Business

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

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

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

The Group’s Manufacturing Business

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

Prospects

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

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

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

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

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

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

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

Corporate Governance

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

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

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

1. Audit Committee:
   Mr. Hu Yuming (chairman), Mr. Lin Lei and Mr. Ying Wei

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

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

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

Directors' Securities Transactions

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

Audit Committee

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

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

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.nfa360.com). The 2016 interim report will be dispatched to shareholders in September 2016 and will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in due course.

By Order of the Board
New Focus Auto Tech Holdings Limited
Zhang Jianxing
Chairman

Hong Kong, 30 August 2016

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