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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 2019

The board of directors (the “**Board**”) of New Focus Auto Tech Holdings Limited (the “**Company**”) hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2019, together with unaudited comparative figures for the corresponding period of 2018, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2019 RMB'000 (Unaudited)	2018 RMB'000 (Unaudited)
Revenue	4	1,191,496	533,035
Cost of sales and services		(1,050,858)	(452,928)
Gross profit		140,638	80,107
Other revenue and gains and losses	5	14,344	129,446
Distribution costs		(128,286)	(70,817)
Administrative expenses		(74,147)	(63,221)
Finance costs	6	(31,190)	(19,781)
Share of loss of an associate		–	(159)
(Loss)/profit before taxation		(78,641)	55,575
Income tax	7	6,890	(6,923)
(Loss)/profit for the period		(71,751)	48,652

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2019

(Expressed in Renminbi)

	Six months ended 30 June	
	2019	2018
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>(1,048)</u>	<u>8,502</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(1,048)</u>	<u>8,502</u>
Total comprehensive (loss)/income for the period	<u>(72,799)</u>	<u>57,154</u>
(Loss)/profit for the period attributable to		
– Equity shareholders of the Company	(50,722)	71,754
– Non-controlling interests	<u>(21,029)</u>	<u>(23,102)</u>
	<u>(71,751)</u>	<u>48,652</u>
Total comprehensive (loss)/income attributable to		
– Equity shareholders of the Company	(51,770)	80,256
– Non-controlling interests	<u>(21,029)</u>	<u>(23,102)</u>
	<u>(72,799)</u>	<u>57,154</u>
(Loss)/earnings per share		
Basic (RMB cents)	<u>(0.749)</u>	<u>1.445</u>
Diluted (RMB cents)	<u>(0.749)</u>	<u>0.296</u>

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

(Expressed in Renminbi)

	At 30 June 2019	At 31 December 2018
Note	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	219,554	234,588
Right-of-use assets	101,983	–
Leasehold land and land use rights	27,549	28,083
Investment properties	46,481	46,481
Goodwill	43,919	43,919
Other intangible assets	48,034	48,578
Amounts due from related parties	24,262	24,262
Financial assets at fair value through other comprehensive income	44,232	44,232
Other non-current assets	5,915	6,010
Deferred tax assets	28,855	18,498
	590,784	494,651
	590,784	494,651
Current assets		
Inventories	331,718	516,886
Tax recoverable	6	2,400
Trade receivables	179,837	221,238
Deposits, prepayments and other receivables	552,839	517,206
Amounts due from related parties	642,095	678,816
Pledged time deposits	500	4,500
Cash and cash equivalents	103,431	134,460
	1,810,426	2,075,506
	1,810,426	2,075,506
Current liabilities		
Bank and other borrowings, secured	422,052	552,309
Trade payables	282,624	316,168
Contract liabilities	195,214	214,320
Accruals and other payables	209,460	218,444
Amounts due to related parties	58,779	66,523
Lease liabilities	3,057	–
Tax payable	6,519	12,439
Convertible bonds	183,552	182,520
	1,361,257	1,562,723
	1,361,257	1,562,723
Net current assets	449,169	512,783
	449,169	512,783
Total assets less current liabilities	1,039,953	1,007,434
	1,039,953	1,007,434

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2019

(Expressed in Renminbi)

	At 30 June 2019	At 31 December 2018
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current liabilities		
Lease liabilities	105,455	–
Deferred tax liabilities	21,875	22,010
	127,330	22,010
NET ASSETS	912,623	985,424
CAPITAL AND RESERVES		
Share capital	556,286	556,286
Reserves	391,392	443,162
Total equity attributable to equity shareholders of the Company	947,678	999,448
Non-controlling interests	(35,055)	(14,024)
TOTAL EQUITY	912,623	985,424

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

(Expressed in Renminbi)

	Share capital RMB'000	Share premium and other reserve RMB'000	Accumulated losses RMB'000	Attributable to equity shareholders of the Company RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at 1 January 2019	556,286	1,615,626	(1,172,464)	999,448	(14,024)	985,424
Loss for the period	-	-	(50,722)	(50,722)	(21,029)	(71,751)
Other comprehensive loss for the period	-	(1,048)	-	(1,048)	-	(1,048)
Total comprehensive loss for the period	-	(1,048)	(50,722)	(51,770)	(21,029)	(72,799)
Forfeited share options	-	(3,008)	3,008	-	-	-
Dividends declared to non-controlling owners of subsidiaries	-	-	-	-	(2)	(2)
Balance at 30 June 2019	556,286	1,611,570	(1,220,178)	947,678	(35,055)	912,623
Balance at 1 January 2018	398,481	1,070,144	(1,272,204)	196,421	21,506	217,927
Profit/(loss) for the period	-	-	71,754	71,754	(23,102)	48,652
Other comprehensive income for the period	-	8,502	-	8,502	-	8,502
Total comprehensive income for the period	-	8,502	71,754	80,256	(23,102)	57,154
Shares issued under subscription agreements	155,886	473,647	-	629,533	-	629,533
Dividends declared to non-controlling owners of subsidiaries	-	-	-	-	(114)	(114)
Balance at 30 June 2018	554,367	1,552,293	(1,200,450)	906,210	(1,710)	904,500

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2019

(Expressed in Renminbi)

	Six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating activities		
Cash generated from/(used in) operations	23,791	(16,380)
Tax paid	(7,269)	(2,927)
	<u>16,522</u>	<u>(19,307)</u>
Net cash generated from/(used in) operating activities	<u>16,522</u>	<u>(19,307)</u>
Investing activities		
Proceeds from disposal of subsidiaries	–	3,847
Purchase of property, plant and equipment	(14,043)	(14,287)
Loans repaid by third parties	128,670	123,500
Loans to third parties	(128,385)	(320,905)
Other cash flows arising from investing activities	7,880	17,503
	<u>(5,878)</u>	<u>(190,342)</u>
Net cash used in investing activities	<u>(5,878)</u>	<u>(190,342)</u>
Financing activities		
Net decrease in bank and other borrowings, secured	(11,728)	(8,742)
Net cash from issue of shares under subscription agreements	–	440,558
Payment of lease liabilities	(10,977)	–
Other cash flows arising from financing activities	(18,968)	(9,645)
	<u>(41,673)</u>	<u>422,171</u>
Net cash (used in)/generated from financing activities	<u>(41,673)</u>	<u>422,171</u>
Net (decrease)/increase in cash and cash equivalents	(31,029)	212,522
Cash and cash equivalents, beginning of period	134,460	132,944
Cash and cash equivalents, end of period	<u>103,431</u>	<u>345,466</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of electronic and power-related automotive parts and accessories; and the provision of automobile repair, maintenance and restyling services and retail distribution of merchandise goods through its service chain stores network in the Greater China Region and trading of automobile accessories; and the automotive sales, automotive after-sales service and the distribution of automotive insurance products, and automotive financial products through its automotive dealership networks in the Inner Mongolia Autonomous Region. 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 2019 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 16 August 2019.

The unaudited condensed consolidated interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 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 2018 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 2018 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 2018 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 March 2019.

3. CHANGES IN ACCOUNTING POLICIES

In the current accounting period, the Group has applied, for the first time, a number of new and amendments to IFRSs which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's unaudited condensed consolidated financial statements:

- IFRS 16 Leases

The impact of the adoption of and transition to this standard are disclosed below. The other standards and interpretations that became effective in this accounting period did not have material impact on the Group's accounting policies and did not require any adjustments.

IFRS 16 replaces IAS 17, Leases, and the related interpretations. It introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessees and lessors.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 without restating comparatives.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) Changes in the accounting policies *(Continued)*

Lessee accounting

The Group as lessee, has recognised almost all leases as right-of-use assets and lease liabilities, including leases previously classified as operating leases under IAS 17, other than those short-term leases (i.e. where the term is 12 months or less) and leases of low-value assets.

The lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using an incremental borrowing rate of the Group. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lessor accounting

The Group leases out its investment property. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor, the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

(b) Impacts on transition

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the incremental borrowing rates at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if any.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Impacts on transition (Continued)

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of the remaining lease term; and
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

Consolidated Statement of Financial Position (extracted)	31 December 2018 <i>RMB'000</i>	IFRS 16 <i>RMB'000</i>	1 January 2019 <i>RMB'000</i>
Non-current assets			
Right-of-use assets	–	113,090	113,090
Current liabilities			
Lease liabilities	–	(2,265)	(2,265)
Non-current liabilities			
Lease liabilities	–	(110,825)	(110,825)

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	At 30 June 2019 <i>RMB'000</i>	At 1 January 2019 <i>RMB'000</i>
Properties leased for own use, carried at depreciated cost	<u>101,983</u>	<u>113,090</u>
	101,983	113,090

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 30 June 2019 <i>RMB'000</i>	At 1 January 2019 <i>RMB'000</i>
Within 1 year	3,057	2,265
After 1 year but within 5 years	46,972	50,007
Over 5 years	<u>58,483</u>	<u>60,818</u>
	108,512	113,090

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) Impacts for the period

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the amortisation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This resulted in a negative impact on the reported loss from operations in the Group's consolidated income statement, as compared to the results if IAS 17 had been applied during the year.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial results for the six months ended 30 June 2019, by adjusting the amounts reported under IFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

Financial results for the six months ended 30 June 2019 impacted by the adoption of IFRS 16	Amounts reported under IFRS 16 RMB'000	Add back amortisation and interest expenses under IFRS 16 RMB'000	Less estimated amounts relating to operating lease as if under IAS 17 RMB'000	Hypothetical amounts for 2019 as if under IAS 17 RMB'000	Amounts reported for 2018 under IAS 17 RMB'000
Distribution costs	(128,286)	16,898	(18,466)	(129,854)	(70,817)
Administrative expenses	(74,147)	1,217	(1,449)	(74,379)	(63,221)
Finance costs	(31,190)	2,685	–	(28,505)	(19,781)
(Loss)/profit before taxation	<u>(78,641)</u>	<u>20,800</u>	<u>(19,915)</u>	<u>(77,756)</u>	<u>55,575</u>

4 REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Sale of goods	1,064,614	368,789
Service income	126,882	164,246
	<u>1,191,496</u>	<u>533,035</u>

The Group derives revenue from sales of goods and service income over time and at a point in time are presented as follows:

	Six months ended 30 June	
	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Recognised at a point in time:		
– Sale of goods	979,023	274,942
– Service income	66,702	93,907
	<u>1,045,725</u>	<u>368,849</u>
Recognised over time:		
– Sale of goods	85,591	93,847
– Service income	60,180	70,339
	<u>145,771</u>	<u>164,186</u>
Total	<u>1,191,496</u>	<u>533,035</u>

4 REVENUE AND SEGMENT INFORMATION (Continued)

(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 four reportable segments: (i) the provision of automobile repair, maintenance and restyling services (the “**Retail Service Business**”); (ii) trading of automobile accessories (the “**Wholesale Business**”); (iii) the manufacture and sale of automobile accessories (the “**Manufacturing Business**”); and (iv) operating the 4S dealership stores and related business (the “**Automobile Dealership and Services Business**”).

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

Set out below is an analysis of segment information:

	Retail Service Business RMB’000	Wholesale Business RMB’000	Manufacturing Business RMB’000	Automobile Dealership and Services Business RMB’000	Total RMB’000
For the six months ended					
30 June 2019					
Revenue					
External revenue	145,771	40,061	212,108	793,556	1,191,496
Inter-segment revenue	—	—	—	—	—
Segment revenue	<u>145,771</u>	<u>40,061</u>	<u>212,108</u>	<u>793,556</u>	<u>1,191,496</u>
Less: inter-segment revenue					—
Total revenue					<u>1,191,496</u>
Reportable segment results	(31,966)	(7,916)	(13,945)	(5,996)	(59,823)
Interest income	72	25	56	192	345
Unallocated interest income					<u>12</u>
Total interest income					<u>357</u>
Interest expenses	(3,790)	(59)	(557)	(5,756)	(10,162)
Unallocated interest expenses					<u>(21,028)</u>
Total interest expenses					<u>(31,190)</u>
Depreciation and amortisation charges	(30,482)	(1,341)	(7,408)	(3,943)	(43,174)
Unallocated depreciation and amortisation charges					<u>(1,349)</u>
Total depreciation and amortisation charges					<u>(44,523)</u>

4. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Reportable segment (Continued)

	Retail Service Business RMB'000	Wholesale Business RMB'000	Manufacturing Business RMB'000	Automobile Dealership and Services Business RMB'000	Total RMB'000
For the six months ended 30 June 2018					
Revenue					
External revenue	164,186	140,824	228,025	–	533,035
Inter-segment revenue	–	–	56	–	56
Segment revenue	<u>164,186</u>	<u>140,824</u>	<u>228,081</u>	<u>–</u>	<u>533,091</u>
Less: inter-segment revenue					<u>(56)</u>
Total revenue					<u>533,035</u>
Reportable segment results	(37,639)	338	(4,834)	–	(42,135)
Interest income	64	49	100	–	213
Unallocated interest income					<u>28,177</u>
Total interest income					<u>28,390</u>
Interest expenses	(369)	–	(846)	–	(1,215)
Unallocated interest expenses					<u>(18,566)</u>
Total interest expenses					<u>(19,781)</u>
Depreciation and amortisation charges	(12,885)	(540)	(5,873)	–	(19,298)
Unallocated depreciation and amortisation charges					<u>(81)</u>
Total depreciation and amortisation charges					<u>(19,379)</u>

4. REVENUE AND SEGMENT INFORMATION (Continued)

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

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Loss before taxation		
Reportable segment loss	(59,823)	(42,135)
Unallocated other revenue and gains and losses	12,101	126,381
Unallocated corporate expenses	(9,891)	(10,105)
Unallocated finance costs	(21,028)	(18,566)
Consolidated (loss)/profit before taxation	<u>(78,641)</u>	<u>55,575</u>
	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Assets		
Reportable segment assets	2,062,010	2,222,894
Unallocated corporate assets	<u>339,200</u>	<u>347,263</u>
Consolidated total assets	<u>2,401,210</u>	<u>2,570,157</u>
Liabilities		
Reportable segment liabilities	1,282,920	1,382,078
Unallocated corporate liabilities	<u>205,667</u>	<u>202,655</u>
Consolidated total liabilities	<u>1,488,587</u>	<u>1,584,733</u>

(c) Geographical information

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

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 June		At 30 June	At 31 December
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
PRC (Place of domicile)	1,071,473	399,065	487,520	401,649
America	99,641	110,914	–	–
Europe	6,923	6,594	–	–
Asia Pacific	13,459	16,462	–	–
	<u>1,191,496</u>	<u>533,035</u>	<u>487,520</u>	<u>401,649</u>

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

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

(d) Major customers

During the six months ended 30 June 2019, the Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenue.

5 OTHER REVENUE AND GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Fair value change of conversion option	12,150	89,387
Interest income	357	28,390
Exchange (loss)/gain, net	(1,579)	8,456
Others	3,416	3,213
	<u>14,344</u>	<u>129,446</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Interests on bank borrowings		
– wholly repayable within five years	10,578	3,827
Imputed interest on convertible bonds	17,927	15,954
Interest from lease liabilities	2,685	–
	<u>31,190</u>	<u>19,781</u>

7. INCOME TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Current tax	5,610	(1,024)
Deferred tax	(12,500)	7,947
	<u>(6,890)</u>	<u>6,923</u>

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 2019 (30 June 2018: Nil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

8. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
(Loss)/profit for the year attributable to the equity shareholders of the Company, used in the basic and diluted (loss)/earnings per share calculation	<u>(50,722)</u>	<u>71,754</u>
Shares		
Weighted average number of ordinary shares for the basic (loss)/earnings per share calculation	6,767,636,215	4,967,054,347
Effect of dilution – weighted average number of ordinary shares:		
– Share options [#]	–	–
– Convertible bonds [*]	–	662,123,617
Weighted average number of ordinary shares adjusted for the effect of all potential ordinary shares	<u>6,767,636,215</u>	<u>5,629,177,964</u>

[#] The computation of diluted (loss)/earnings per share for the six months ended 30 June 2019 and 2018 does not assume the conversion of the Company's outstanding share options since the impact of those share options on basic (loss)/earnings per share is anti-dilutive.

^{*} The computation of diluted loss per share for the six months ended 30 June 2019 does not assume the conversion of the Company's convertible bonds since the impact of those bonds on basic loss per share is anti-dilutive.

9. DIVIDEND

The board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

10. TRADE RECEIVABLES

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

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Current to 30 days	84,580	75,828
31 to 60 days	26,729	76,308
61 to 90 days	26,355	18,051
Over 90 days	59,420	68,618
	<u>197,084</u>	<u>238,805</u>
Less: allowance for doubtful debts	<u>(17,247)</u>	<u>(17,567)</u>
	<u>179,837</u>	<u>221,238</u>

11. 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 2019 RMB'000	At 31 December 2018 RMB'000
Current to 30 days	105,156	140,018
31 to 60 days	30,702	39,870
61 to 90 days	33,167	38,656
Over 90 days	113,599	97,624
	<u>282,624</u>	<u>316,168</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is committed to the construction and development of individual automotive service chain networks, automotive product e-commerce platforms and automotive dealership networks. The retail service stores under the individual automotive service chain networks of the Group, which are primarily urban gas station stores, provide car owners with automotive cleaning, beauty, maintenance, spraying and repair services, as well as the sales of automotive products. The automotive product e-commerce platform of the Group provides customers with purchase, delivery and warehousing services of automotive repair parts and components and automotive products. The manufacturing business of the Group is principally engaged in the research and development, manufacture and sales of electronic and power-related automotive accessories, and such products are mainly sold to the markets of Mainland China, North America and Europe. The automotive dealership and services business of the Group primarily engages in the automotive sales, automotive after-sales service and the distribution of automotive insurance products and automotive financial products in the Inner Mongolia Autonomous Region.

Results Highlights

Revenue

For the six months ended 30 June 2019 (the “**Period**”), the consolidated revenue of the Group was approximately RMB1,191,496,000 (corresponding period of 2018: RMB533,035,000), representing an increase of approximately 123.53%. The increase was mainly due to the revenue of approximately RMB793,556,000 generated during the Period from the automotive dealership and services business acquired by the Group in September 2018 (the “**Automotive Dealership Business Acquisition**”). Excluding the effect of the Automotive Dealership Business Acquisition, the consolidated revenue of the Group would have decreased by approximately RMB135,095,000 or approximately 25.34% as compared with the corresponding period of 2018.

The consolidated revenue of the Group’s retail service business was approximately RMB145,771,000 (corresponding period of 2018: RMB164,186,000), representing a decrease of approximately 11.22%, which was mainly due to the product structural adjustments and the elimination of products with low gross profit margin during the Period.

The consolidated revenue of the wholesale service business of the Group was approximately RMB40,061,000 (corresponding period of 2018: RMB140,824,000), representing a decrease of approximately 71.55%. The decrease was primarily due to the business structural adjustments during the Period where the tire sales business (which has high sales revenue but too low contribution margin) was discontinued and the focus had been on expanding the asset-light “Auto Make” e-commerce platform business.

The consolidated revenue of the manufacturing business of the Group was approximately RMB212,108,000 (corresponding period of 2018: RMB228,025,000), representing a decrease of approximately 6.98%, which was mainly attributable to the impact of the Sino-US trade war during the Period, resulting in a decrease in export sales revenue.

The consolidated revenue of the Group's automotive dealership and services business was approximately RMB793,556,000 (corresponding period of 2018: Nil).

Gross profit and gross profit margin

The consolidated gross profit of the Group during the Period was approximately RMB140,638,000 (corresponding period of 2018: RMB80,107,000), representing an increase of approximately 75.56%. The gross profit margin decreased from 15.03% for the corresponding period of 2018 to 11.80%. The increase in gross profit and the decrease in gross profit margin were mainly attributable to gross profit of approximately RMB68,533,000 generated by the automotive dealership and services business during the Period and the comparatively low gross profit margin of the automotive dealership and services business which is typical of the industry, respectively. Excluding the effect of the Automotive Dealership Business Acquisition, the consolidated gross profit of the Group would have decreased by approximately 9.99% as compared with the corresponding period of 2018, and the gross profit margin would have increased to 18.12%.

The gross profit of the Group's retail service business was approximately RMB34,380,000 (corresponding period of 2018: RMB24,958,000), representing an increase of approximately 37.75%. The gross profit margin increased from approximately 15.20% for the corresponding period of 2018 to approximately 23.58%. The increase of both gross profit and gross profit margin was mainly due to the adjustment of product structures and the promotion of products and services with high added value during the Period.

The gross profit of the Group's wholesale service business was approximately RMB7,228,000 (corresponding period of 2018: RMB20,513,000), representing a decrease of approximately 64.76%. The gross profit margin increased from approximately 14.57% for the corresponding period of 2018 to approximately 18.04%. The decrease in gross profit was mainly attributable to the decrease in revenue during the Period compared to the corresponding period of last year. The increase in gross profit margin was mainly attributable to the cessation of the tire sales business with too low contribution margin.

The gross profit of the Group's manufacturing business was approximately RMB30,497,000 (corresponding period of 2018: RMB34,838,000), representing a decrease of approximately 12.46%. The gross profit margin decreased from approximately 15.28% for the corresponding period of 2018 to approximately 14.38%. The decrease in both the gross profit and gross profit margin was mainly attributable to the increase in raw materials and labor costs during the Period, the decline in revenue from export sales due to the Sino-US trade war, and the increase in the proportion of sales from the new energy automotive accessory business which has a relatively lower gross profit margin.

The gross profit of the Group's automotive dealership and services business was approximately RMB68,533,000 (corresponding period of 2018: Nil), and the gross profit margin was approximately 8.64%.

Expenses

The distribution costs for the Period were approximately RMB128,286,000 (corresponding period of 2018: RMB70,817,000), representing an increase of approximately 81.15%, which was mainly attributable to the expenses incurred by the Group's automotive dealership and services business of approximately RMB57,668,000 during the Period. Excluding the effect of the Automotive Dealership Business Acquisition, the distribution costs would have decreased by approximately 0.28% as compared with the corresponding period of 2018.

The administrative expenses for the Period were approximately RMB74,147,000 (corresponding period of 2018: RMB63,221,000), representing an increase of approximately 17.28%, which was mainly attributable to the expenses incurred by the Group's automotive dealership and services business of approximately RMB11,675,000 during the Period. Excluding the effect of the Automotive Dealership Business Acquisition, the administrative expenses of the Group would have decreased by approximately 1.18% as compared with the corresponding period of 2018, which was mainly attributable to the reduction on administrative expenses of the Group's retail service business.

Operating loss

The operating loss of the Group during the Period was approximately RMB47,451,000 (corresponding period of 2018: operating profit of RMB75,356,000). The turnaround from operating profit to operating loss was mainly attributable to the decrease in the Group's other revenue and gains and losses of approximately RMB115,102,000 and the increase in the distribution costs and administrative expenses in the aggregate amount of approximately RMB68,395,000, notwithstanding the increase in the consolidated gross profit of approximately RMB60,531,000 during the Period as compared to those in the corresponding period of 2018.

The Group's other revenue and gains and losses during the Period decreased by approximately RMB115,102,000, mainly attributed to the difference in fair value change in the embedded derivative financial instruments in relation to the convertible notes in the principal amount of US\$35,000,000 due in 2019 (the "**CCBC Convertible Notes**"), which was issued to High Inspiring Limited (the "**Investor**", an indirect wholly-owned subsidiary of China Construction Bank Corporation) on 1 September 2017, and led to a decrease in other revenue and gains and losses of approximately RMB77,237,000 during the Period as compared to the corresponding period of 2018 (the "**Difference in Fair Value Change in Derivative Financial Instruments**"). In addition, there was a decrease in the Group's interest income of approximately RMB 28,033,000 as compared to the corresponding period of 2018 (the "**Difference in Interests Income**"), which was mainly attributable to the fact that in 2018, part of the borrowings provided by the Group had been repaid and part of the borrowings had been set off against the consideration payable by the Group under the Automotive Dealership Business Acquisition.

Finance costs

Finance costs during the Period amounted to approximately RMB31,190,000 (corresponding period of 2018: RMB19,781,000), representing an increase of 57.68%, which was mainly attributable to the finance costs incurred by the Group's automotive dealership and services business of approximately RMB5,756,000 during the Period. Excluding the effect of the Automotive Dealership Business Acquisition, the finance costs would have increased by approximately 28.58% during the Period, which was mainly attributable to the fact that the imputed interest expenses on derivative financial instruments during the Period increased by approximately RMB1,973,000 as compared to the corresponding period of 2018, as well as the recognition of interest on lease liabilities of approximately RMB2,685,000 during the Period due to the Group's initial application of IFRS 16 Lease on 1 January 2019.

Taxation

Income tax during the Period was approximately RMB(6,890,000) (corresponding period of 2018: RMB6,923,000). The decrease in income tax was mainly attributable to the increase in deferred tax assets during the Period.

Loss attributable to equity shareholders of the Company

The loss attributable to equity shareholders of the Company during the Period was approximately RMB50,722,000 (corresponding period of 2018: earnings of RMB71,754,000). Excluding the Difference in Fair Value Change in Derivative Financial Instruments of RMB77,237,000 and the Difference in Interests Income of RMB28,033,000, the loss attributable to equity shareholders of the Company would have increased by RMB17,206,000 as compared with the corresponding period of 2018. The loss per share during the Period was approximately RMB0.749 cents (corresponding period of 2018: earnings per share of RMB1.445 cents).

Financial Position and Liquidity

The Group continued to maintain a stable financial position and the liquidity of assets of the Group remained healthy. The Group had a net cash inflow from operating activities of approximately RMB16,522,000 during the Period (corresponding period of 2018: net cash outflow of RMB19,307,000).

The Group's net current assets were approximately RMB449,169,000 as at 30 June 2019 (31 December 2018: net current assets of RMB512,783,000), with a current ratio of 1.33 (31 December 2018: 1.33).

Gearing ratio (calculated by dividing total liabilities by total assets) was approximately 61.99% as at 30 June 2019 (31 December 2018: 61.66%).

As at 30 June 2019, the total bank and other borrowings of the Group were approximately RMB422,052,000 (31 December 2018: RMB552,309,000), approximately 6.58% of which were made in US Dollar ("USD") and approximately 93.42% were made in Renminbi. All of the borrowings are repayable within one year and at fixed interest rates.

The operation and capital expenses of the Group were funded by the cash flow generated from its business, internal liquid funds and the financial agreements entered into with banks. The Group possesses a strong and sufficient operating cash flow, bank deposits and banking facilities to finance its daily operation.

Capital Structure

On 21 August 2017, the Company entered into a convertible note purchase agreement with the Investor, pursuant to which the Company conditionally agreed to issue and the Investor conditionally agreed to purchase the CCBC Convertible Notes. Assuming the full conversion of the CCBC Convertible Notes at the initial conversion price of HK\$0.306085 per share, the CCBC Convertible Notes would be convertible into approximately 886,191,744 shares of the Company. The net proceeds from the issue of CCBC Convertible Notes, after deducting all related fees and expenses, were approximately USD34,916,000. The issue of CCBC Convertible Notes was completed on 1 September 2017. Details of the aforementioned transaction were set out in the announcements of the Company dated 21 August 2017 and 8 September 2017.

Upon the receipt of two conversion notices dated 12 September 2017 and 28 September 2017, respectively, from the Investor, each for conversion of part of the CCBC Convertible Notes in the principal amount of USD5,000,000, the Company allotted and issued 126,598,820 conversion shares, respectively, to the Investor at a conversion price of HK\$0.306085 per conversion share on 14 September 2017 and 3 October 2017, respectively. In accordance with the relevant terms and conditions of the CCBC Convertible Notes, the conversion price under CCBC Convertible Notes was adjusted from HK\$0.306085 per share to HK\$0.280511 per share on 19 June 2018. Upon the receipt of the conversion notice dated 31 August 2018 from the Investor, for conversion of part of the CCBC Convertible Notes in the principal amount of USD800,000, the Company allotted and issued 22,102,520 conversion shares to the Investor at a conversion price of HK\$0.280511 per conversion share on 4 September 2018. As at 30 June 2019, the aggregate outstanding principal of the CCBC Convertible Notes was USD24,200,000. The Company intends to redeem the outstanding principal of the CCBC Convertible Notes upon its maturity on 1 September 2019.

Assuming that the outstanding principal of the CCBC Convertible Notes of USD24,200,000 is fully converted at an adjusted conversion price of HK\$0.280511 per share, subject to the amendments pursuant to the deed of waiver and amendments dated 25 April 2018 (the “**Amendments**”) entered into between the Company, the Investor and CDH Fast Two Limited (further details of which were set out in the announcement of the Company dated 25 April 2018), an additional 454,601,375 shares would be issued to the Investor, which would cause the number of issued shares of the Company to increase to 7,222,237,590 shares from 6,767,636,215 shares. The full conversion, if materialised, would not have any dilutive impact on the loss per share of the Company for the six months ended 30 June 2019.

The shareholding structure of the Company (i) as at 30 June 2019 and (ii) immediately after full conversion of the outstanding principal of the CCBC Convertible Notes of USD24,200,000 at the adjusted conversion price of HK\$0.280511 per share, subject to the Amendments, is set out below:

Name of shareholder	As at 30 June 2019		Immediately after full conversion of the outstanding principal of the CCBC Convertible Notes of USD24,200,000 at the adjusted conversion price of HK\$0.280511 per share, subject to the Amendments	
	Number of shares	Approximate percentage (%)	Number of shares	Approximate percentage (%)
CDH Fast Two Limited	2,889,580,226	42.70	2,889,580,226	40.01
High Inspiring Limited	266,900,160	3.94	721,501,535	9.99
Fame Mountain Limited	1,904,761,905	28.15	1,904,761,905	26.37
Other public shareholders	1,706,393,924	25.21	1,706,393,924	23.63
TOTAL ISSUED SHARES (Note)	6,767,636,215	100	7,222,237,590	100

Note: The approximate percentage of the issued shares is rounded to the nearest two decimal places and the total percentage of the total issued shares may not add up to 100% due to rounding.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy position of liquidity during the Period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

The Group's retail and wholesale service and the automotive dealership and services business mainly took place in Mainland China and approximately 75% of the revenue of the Group's manufacturing business was generated from the export of its products which was settled in USD. As such, the Group's cash and cash equivalents and borrowings are mainly denominated in Renminbi and USD.

As at 30 June 2019, the Group's total assets were RMB2,401,210,000 (31 December 2018: RMB2,570,157,000), comprising: (1) share capital of RMB556,286,000 (31 December 2018: RMB556,286,000), (2) reserves of RMB356,337,000 (31 December 2018: RMB429,138,000), and (3) debts of RMB1,488,587,000 (31 December 2018: RMB1,584,733,000).

Financial Guarantees and Pledge of Assets

As at 30 June 2019, the net book values of inventory, investment properties, property, plant and equipment and leasehold land and land use rights pledged as security for the Group's bank borrowings amounted to approximately RMB187,422,000 (31 December 2018: RMB398,065,000).

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the Period.

Significant Investments

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

Exchange Risk

The Group's retail and wholesale service and the automotive dealership and services business are mainly conducted in Mainland China and their settlement currency is Renminbi, so there is no exchange risk.

Approximately 75% of the income of the Group's manufacturing business was generated from the export of its products which was settled in USD. The materials used to produce those products were purchased in Renminbi. The depreciation of USD against Renminbi would normally adversely affect the profitability of the Group's manufacturing business. The Group managed its exposure to USD foreign currency risk by making USD borrowings to lower exchange risk. As at 30 June 2019, the amount of the Group's USD borrowings was approximately USD4,000,000 (31 December 2018: USD4,000,000).

Contingent Liabilities

As at 30 June 2019, the Group had no significant contingent liabilities.

Employees and Remuneration Policy

As at 30 June 2019, the Group employed a total of 3,128 full-time employees (30 June 2018: 3,715), of which 504 (30 June 2018: 537) were managerial staff. The Group's remuneration policies are formulated to attract talent and retain quality staff. The remuneration package of each individual employee is determined based on his or her experience and qualifications. The remuneration package for the Group's employees includes wages, incentives (such as performance-based bonus) and allowances. The Group also provides social security insurance and benefits to its employees, and formulates and implements share option schemes as a long term incentive scheme of the Group. Details of the share options scheme of the Company will be disclosed in the section headed "Other Information" of the interim report of the Company which will be published in due course. The Group emphasizes the importance of staff development and provides training programs on an ongoing basis with reference to its strategic objectives and performance of its staff.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (corresponding period of 2018: Nil).

Industry Development and Business Progress

According to the data released by the China Association of Automobile Manufacturers, the sales volume of passenger vehicles in Mainland China was approximately 10.127 million during the Period, representing a decrease of approximately 14% as compared with the corresponding period of 2018, which was lower than the expectation at the beginning of the year.

Automotive Dealership and Services Business of the Group

The Group's automotive dealership and services business network is located in the Inner Mongolia Autonomous Region, and its main businesses include automobile sales and after-sales service, as well as the distribution of car insurance products and financial products.

In response to the relatively unfavorable macroeconomic environment and industry conditions, the Group implemented the following operating strategies in the automotive dealership and services business:

Firstly, we cut down part of the brands with low profit margin to optimize the structure of automotive brands under dealership of the Group, so as to focus its resources on automotive brands with better sales performances.

Secondly, we established the position of brand general manager for the management of automobile sales networks on a brand basis, with an aim to enhance the effectiveness of management and resource integration.

Thirdly, we continued to improve the operation method and business model of second-hand automobile business and automotive product business.

It is expected that the automotive dealership industry will continue to be under great pressure in the short run. To improve the operating results, the Group intends to adopt the following operating strategies:

Firstly, we will continue to optimize the structure of automotive brands under dealership of the Group to be in line with the trend of consumption upgrade in automobiles by introducing mid-range automotive brands featuring market potential.

Secondly, in terms of sales, we will strengthen the design of retail products package and the usage of differentiated marketing strategy. For after-sales service, we will enhance the management and development of existing customer resources and refine the management and control of the after-sales business process to improve customer satisfaction.

Thirdly, we will focus on quality management and optimize the responsibility system of operation targets in each of the automotive dealership networks and organize the operation and management processes in an all-rounded manner, with an aim of enhancing the operating efficiency.

Individual Automobile After-sales Service and Automotive Products Wholesale Business of the Group

In respect of expansion of individual automobile service chain networks, as well as the establishment and expansion of e-commerce platforms for automotive products, the operating strategies implemented by the Group during the Period mainly included:

Firstly, the automobile integrated service chain business focused its resources on gas station stores. Pursuant to the strategic cooperation agreement with Hubei branch of Sinopec Chemical Products Sales Company (“**Sinopec**”), the Group and Sinopec Hubei branch jointly operated automobile retail service stores in the gas stations within the network of Sinopec Hubei branch and maintained a leading position in terms of market share and brand awareness in the automobile after-sales market in Central China region. The Group also joined hands with Sinopec Tianjin branch, Sinopec Jiangxi branch, Sinopec Anhui branch, Sinopec Guangdong branch, Sinopec Hunan branch, Gansu marketing branch of PetroChina Company Limited (“**PetroChina**”), Beijing marketing branch of PetroChina, Chongqing marketing branch of PetroChina and Sichuan marketing branch of PetroChina for operating certain service stores.

Secondly, we continued to improve the e-commerce platform “Auto Make” and attracted new customers from the platform. Targeting small retail service stores, the e-commerce platform provides customers with repair and maintenance parts and accessories, and the purchase, delivery and warehouse storage services of automotive products. At the same time, it also attracts relevant manufacturers and large-scale wholesalers to set up stores on the “Auto Make” platform for its services of sales, collection of payment and delivery. Through these functions, the Group has set up an e-commerce platform combining self-operation and third-party sales for the wholesale business of automotive products.

Manufacturing Business of the Group

The foreign trade business classified existing markets and customers, optimized the current customer base and successfully launched a series of new products to the market. However, heavily influenced by the increase in import tariffs by the United States of America, the orders and gross margin fell short of expectation. For domestic trade business, product structure has been further adjusted, which expanded the proportion of its own brand business, and the pre-installation automaker market business has made steady progress.

The Group’s manufacturing business will improve the overall profitability by enhancing the market share and cost competitiveness of core products through streamlining the personnel structure and enhancing efficiency, integration of research and development resources, establishing the product manager system and making further systematic review of the product structure. For the pre-installation market, we will continue with our effort to develop first-tier automaker business and increase the numbers of specified customers.

CORPORATE GOVERNANCE AND OTHERS

Corporate Governance

In the opinion of the directors of the Company (the “**Directors**”), the Company has complied with the code provisions in the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the Period.

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

1. Audit Committee:

Mr. Hu Yuming (*Chairman*), Mr. Lin Lei and Mr. Wang Zhenyu

2. Remuneration Committee:

Mr. Hu Yuming (*Chairman*), Mr. Zhang Xiaoya and Mr. Zhang Jianxing

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

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

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

Securities Transactions of Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealings in securities of the Company by the directors or relevant employees as defined in the Model Code. Having made specific enquiry to all Directors by the Company, all Directors confirmed that they had complied with the requirements set out in the Model Code during the six months ended 30 June 2019.

Audit Committee

At present, the audit committee of the Company (the “**Audit Committee**”) comprises Mr. Hu Yuming, Mr. Lin Lei and Mr. Wang Zhenyu. Mr. Hu Yuming and Mr. Lin Lei are independent non-executive Directors, and Mr. Wang Zhenyu is a non-executive Director. Mr. Hu Yuming is the Chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting standards and practice guidelines adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters, including the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2019. The accounting information 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 The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.nfa360.com). The 2019 interim report will be despatched to the shareholders of the Company in September 2019 and made available on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By order of the Board
New Focus Auto Tech Holdings Limited
TONG Fei
Executive Director

Hong Kong, 16 August 2019

As at the date of this announcement, the Directors are: executive Director – TONG Fei; non-executive Directors – WANG Zhenyu and ZHANG Jianxing; and independent non-executive Directors – HU Yuming, LIN Lei and ZHANG Xiaoya.

* *For identification purposes only*