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 2011

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

Unaudited Condensed Consolidated Statement Of Comprehensive Income
For the six months ended 30 June 2011

		Unaudited Six months ended 30 June	
	Notes	**2011 RMB'000**	2010 RMB'000
Turnover	*3*	**671,230**	421,838
Cost of sales and services		**(488,642)**	(296,233)
Gross profit		**182,588**	125,605
Other income and gains or losses	*3*	**16,113**	8,318
Distribution costs		**(89,069)**	(75,130)
Administrative expenses		**(59,042)**	(36,861)
Finance costs	*4*	**(5,985)**	(2,176)
Profit before income tax expense		**44,605**	19,756
Income tax expense	*5*	**(12,539)**	(3,530)
Profit for the period		**32,066**	16,226
Other comprehensive income, net of tax:			
Exchange differences arising on translating foreign operations		**261**	(408)
Total comprehensive income for the period		**32,327**	15,818
Profit for the period attributable to:			
Owners of the Company		**15,677**	12,242
Non-controlling interests		**16,389**	3,984
		32,066	16,226
Total comprehensive income for the period attributable to:			
Owners of the Company		**15,775**	11,883
Non-controlling interests		**16,552**	3,935
		32,327	15,818
Earnings per share:			
– Basic	*6*	**RMB0.028**	RMB0.023
– Diluted	*6*	**RMB0.028**	RMB0.022

* *For identification purpose only*

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2011

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

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

As at 30 June 2011

	Notes	**As at 30 June 2011 RMB'000 (Unaudited)**	As at 31 December 2010 RMB'000 (Audited)
Current liabilities			
Bank borrowings, secured		**216,358**	250,514
Trade payables	*9*	**235,998**	163,324
Accruals and other payables		**89,425**	181,549
Amounts due to directors		**2**	16
Amount due to a non-controlling holder of a subsidiary		**1,000**	7,000
Tax payable		**18,084**	6,639
		560,867	609,042
Net current assets		**72,376**	38,447
Total assets less current liabilities		**777,445**	745,142
Non-current liabilities			
Bank borrowings, secured		**12,749**	12,773
Deferred tax liabilities		**65,754**	65,754
		78,503	78,527
Net assets		**698,942**	666,615
CAPITAL AND RESERVES			
Share capital		**55,317**	55,317
Reserves		**443,238**	427,463
Equity attributable to owners of the Company		**498,555**	482,780
Non-controlling interests		**200,387**	183,835
Total equity		**698,942**	666,615

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

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

For the six months ended 30 June 2010

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

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

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

Notes to the Consolidated Financial Statements

1. Organisation

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

2 Basis of preparation and principal accounting policies

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

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

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

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

The Group is principally engaged in the manufacture and sale of electronic and power-related automotive parts and accessories and the provision of automobile repair, maintenance and restyling services and retail distribution of merchandise goods through its service chain stores network in the Greater China Region. Revenues recognised during the period are as follows:

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

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

(a) *Reportable segments*

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

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

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

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

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

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

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

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

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

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

	Unaudited Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Profit before income tax expense		
Reportable segment profit	**50,254**	23,173
Unallocated other income and net gains or losses	**2,614**	881
Unallocated corporate expenses	**(8,263)**	(4,298)
Consolidated profit before income tax expense	**44,605**	19,756

	Unaudited as at 30 June 2011 RMB'000	Audited as at 31 December 2010 RMB'000
Assets		
Reportable segment assets	**1,333,141**	1,350,036
Unallocated corporate assets	**5,171**	4,148
Consolidated total assets	**1,338,312**	1,354,184
Liabilities		
Reportable segment liabilities	**629,170**	679,906
Unallocated corporate liabilities	**10,200**	7,663
Consolidated total liabilities	**639,370**	687,569

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

(c) ***Geographical segments***

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

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

(d) ***Major customers***

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

4. **Finance costs**

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

5. **Income tax expense**

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

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

No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for the six months ended 30 June 2011 (2010: RMBNil). Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

6. **Earnings per share**

– ***Basic***

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

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

– ***Diluted***

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

6. **Earnings per share** *(Continued)*

– ***Diluted*** *(Continued)*

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

7. **Dividend**

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

8. **Trade receivables**

Details of the ageing analysis are as follows:

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

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

9. Trade payables

Details of the ageing analysis are as follows:

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

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

10. Significant events after the end of the reporting period

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

Results Highlights

Revenue

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

Gross profit and gross margin

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

Expenses

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

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

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

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

Operating profit

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

Finance costs

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

Taxation

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

Profit attributable to shareholders

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

Financial status and liquidity

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

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

Financial guarantees and pledge of assets

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

Material acquisitions and disposals of subsidiaries and associated companies

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

Significant investments

During the Period, the Group has no material investments.

Exchange risk

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

Contingent liabilities

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

Employees and remuneration policy

As at 30 June 2011, the Group employed a total of 3,870 (30 June 2010: 3,691) full-time employees, of which 470 (30 June 2010: 631) were managerial staff. The Group is committed to the recruitment of talented staff to enrich its expertise. In order to attract and retain outstanding employees, the Group provides benefits such as medical insurance and housing allowances in addition to the various mandatory pension schemes stipulated by the municipal government. Outstanding employees will also be granted discretionary bonuses and share options as incentives.

Dividends

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

Significant events after the end of the reporting period

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

Business progress

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

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

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

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

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

- Capitalizing the operation advantages in various regions

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

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

2. Beijing, Chengdu and Shanghai regions: the actual operation of Chengdu and Shanghai has been handed to the operation team in Beijing. It is expected the profitability of Beijing service centre will be duplicated in Chengdu and Shanghai region. In addition, the Chengdu service centre has introduced the advanced automotive service technology, and has become the regional leader in the automotive aftermarket service provider with the only mechanized car-washing tunnel in the region.

3. Shenzhen region: Yonglonghang in Shenzhen has become the customer maintenance and service provider recommended by insurance companies in Shenzhen, ranking top amongst industry peers in terms of number of members and public recognition.

- Large-scale promotion of its own brands

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

Outlook

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

1 Fully integration of resources among the Group and subsidiaries: by updating, integration and performance improvement of the quality IT system, the Group can be in real-time control of necessary business and financial statistics. Besides improving efficiency in leadership decision-making, the measure also facilitates the joint purchase of relevant products, increases bargaining power, reduces purchase cost, and thus improving the profits of the Group on real terms.

2 Brand promotion of its own brands and obtaining the agency right in the PRC of renowned brands home and abroad: by joint purchase and integration of supply chains of the subsidiaries, the Group not only promotes the market presence of its own brands, but also introduces necessary products produced at home and abroad for automotive aftermarket in order to diversify the product line of its service business and enhance the profitability of the Group.

3 Integration of resources by the management team and uniform service branding: in the first half of 2011, the chain retail system of Beijing, Shanghai and Chengdu has been handed to Beijing Aiyihang team for unified operation. Operating interests can be clearly seen. It is expected in the second half of 2011, integration will be implemented on the wholesale sector of service business (Mega Stores) of the Group in the aspects of business operation and use of service brands to integrate and optimize the resources, in order to enhance the operational efficiency of the wholesale sector.

4 Sustained expansion of chain stores: in order to consolidate the current leading position in the market, the Group will continue to open new stores in Beijing, Shanghai, Chengdu, Shenzhen and Taiwan to significantly increase the business coverage in the key regions. In addition, the Group will pursue quality acquisition targets to rapidly increase the number of chain stores and the market coverage. We are convinced that based on prudent assessment and with the successful operating strategy of its service business, all newly-opened stores and merger and acquisition will significantly contribute to the operating profits of the Group.

5. Increase in customers' satisfaction: by capitalising on its advantages such as its professional technologies, diversified range of premium products and hospitality service, the Group aims to further strengthen customer's reliance and trust on us, and strives to promote the sustainable increase in the same store growth rate in terms of the number of incoming customers and price per transaction for customers in service business, in order to ensure that operating revenue and profit of the service business will see a stable growth.

6. Sustainable growth in manufacturing business. Research and development team of manufacturing business of the Group will continue to capture the market trend, and continuously launch new products to meet the demand for products from overseas and domestic customers, in order to boost the overall operating revenue and profit of the Group.

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

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

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

Corporate Governance

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

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

Directors' Securities Transactions

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

Audit Committee

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

By Order of the Board
New Focus Auto Tech Holdings Limited
Hung Wei-Pi, John
Chairman

Hong Kong, 30 August 2011

As at the date of this announcement, the members of the Board comprise (i) the executive Directors, namely Hung Wei-Pi John, Wu Kwan-Hong, Hung Ying-Lien, Lu Yuan Cheng Douglas Charles Stuart Fresco and Edward B. Matthew; (ii) the non-executive Directors, namely Low Hsiao-Ping and Hsu Ming Chyuan; and (iii) the independent non-executive Directors, namely Du Haibo, Zhou Tai Ming and Uang Chii-Maw.