



CORE VALUES

Integrity
Trust
Teamwork
Embrace change

STRATEGIC OBJECTIVE

Endeavoring to become a leader
in the global automobile parts industry

MISSION & VISION

We create beauty in motion

敏于思，實于行

INTELLIGENCE IS ACTIONAL

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CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive directors

Chin Jong Hwa (*Chairman*)
Shi Jian Hui (*Chief Executive Officer*)
Zhao Feng
Kawaguchi Kiyoshi

Non-executive directors

Yu Zheng
He Dong Han

Independent non-executive directors

Wang Ching
Zhang Liren
Wu Fred Fong

COMPANY SECRETARY

Loke Yu

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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Development Zone
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China
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Fax: (86 574) 8680-1020
Website: www.minthgroup.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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160 Gloucester Road
Wan Chai, Hong Kong

PRINCIPAL BANKERS

Bank of China
Ningbo Development Zone sub-branch
21 Donghai Road
Ningbo Economic and Technology
Development Zone
China

Citibank N.A.
Hong Kong Branch
50/F Citibank Tower
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Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
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Hong Kong

LEGAL ADVISERS TO THE COMPANY

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Reed Smith Richards Butler
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18 Chater Road, Central
Hong Kong

As to PRC Law
Zhejiang T&C Law Firm
11/F Block A Dragon Century Square
1 Hangda Road
Hangzhou
China

As to Cayman Islands Law
Conyers Dill & Pearman
Century Yard, Cricket Square
Hutchins Drive, George Town
Grand Cayman, British West Indies

STOCK CODE

SEHK Code: 0425

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last five financial years is as follows:

	For the year ended 31 December				
	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000
Result					
Turnover	2,544,680	3,575,594	3,889,405	4,329,906	5,510,385
Profit before tax	721,419	972,399	962,941	1,044,076	1,225,202
Income tax expense	(62,724)	(122,690)	(136,011)	(147,695)	(195,788)
Profit for the year	658,695	849,709	826,930	896,381	1,029,414
Attributable to:					
Owners of the Company	621,442	811,172	787,318	841,159	971,338
Non-controlling interests	37,253	38,537	39,612	55,222	58,076
	658,695	849,709	826,930	896,381	1,029,414

	As at 31 December				
	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000
Assets and Liabilities					
Total assets	4,829,811	6,700,837	7,832,893	9,374,460	11,492,628
Total liabilities	(882,628)	(1,067,844)	(1,590,420)	(2,392,666)	(3,774,182)
	3,947,183	5,632,993	6,242,473	6,981,794	7,718,446
Equity attributable to owners of the Company	3,835,852	5,521,276	6,087,225	6,773,546	7,456,752
Non-controlling interests	111,331	111,717	155,248	208,248	261,694
	3,947,183	5,632,993	6,242,473	6,981,794	7,718,446

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors ("Directors") of Minth Group Limited (the "Company") together with its subsidiaries (collectively the "Group"), I hereby present to our shareholders (the "Shareholders") the annual report for the financial year ended 31 December 2013 (the "Review Year").

During the Review Year, the production and sale of China's passenger vehicles reached a record high, which surpassed the market consensus at the beginning of the Review Year. The Group maintained steady growth amid various market changes. During the Review Year, the Group's turnover was approximately RMB5,510,385,000, representing an increase of approximately 27.3% from approximately RMB4,329,906,000 in 2012. In particular, the Group's turnover that came from the overseas markets amounted to approximately RMB1,743,734,000, representing a growth of approximately 33.0% from approximately RMB1,310,813,000 in 2012. The profit attributable to owners of the Company was approximately RMB971,338,000, representing an increase of approximately 15.5% from approximately RMB841,159,000 in 2012. The Group's gross profit was approximately RMB1,818,565,000, representing an increase of approximately 26.8% from approximately RMB1,434,039,000 in 2012. The Board has recommended a final dividend of HKD0.453 per Share to Shareholders for the Review Year. The payment of dividends shall be subject to the approval of the Shareholders at the forthcoming annual general meeting expected to be held in May 2014.

OPERATIONS AND STRATEGIC MOVES

The Group is on its way to becoming a global supplier. With the support of insightful global network and the increase in the investment in research and development ("R&D") and logistics improvement, the Group could better meet the customers' needs in global design and global platform vehicles.

The acquisition of CST GmbH during the Review Year further expanded the global footprint of the Group and met the customers' local production requirements, which would help the Group acquire core technology and essential resources in Europe for it to seize business opportunities in the European markets.

Thanks to a diversified customer base, the Group carries out a balanced development between domestic and overseas markets and records decent growth in global platform vehicle orders, resulting in the stable improvement in both overseas turnover and market share.

The Group expects favorable growth prospects for the development of aluminum business in line with the trend of environmental protection, body weight reduction and new energy vehicles. During the Review Year, the Group achieved a breakthrough in the technological application of aluminum products and won recognition by its key customers, and will continue its efforts in the certification and application of the aluminum products. The Group obtained substantial new orders of aluminum products. It is expected that the future demand in aluminum products will grow rapidly and drive the revenue growth of the Group.

IMPROVING INTERNAL MANAGEMENT

In response to the challenges arising from globalization and in order to maintain steady and sustainable growth, during the Review Year, the Group actively rolled out its core values and code of conduct and was dedicated to establishing a healthy corporate culture. The Group considers that such core values and corporate culture will be of help for the Group with proactive response to customers' demand and improvement of customer satisfaction, resulting in steady growth of the Group eventually through the building of a team with integrity and embracing change.

INVESTOR RELATIONS AND COMMUNICATION

The Group thoroughly maintains and enhances its transparency. Latest developments and financial reports of the Group are available to investors through its website <http://www.minthgroup.com>, or by directly contacting the Group's Investor Relations Department.

The Company maintains effective communications and good relationships with fund managers and analysts through meetings, conference calls, road shows, etc. Shareholders are encouraged to make enquiries to the Company's appropriate staff member through meetings, emails, or phone calls, etc. They are also invited to attend annual general meetings and voice any concerns or suggestions to the Directors.

FUTURE PROSPECT

The US withdrawal of quantitative easing has added uncertainty to the global economy especially the emerging market economies, while the urbanization in China, the upgrade of consumption structure and the mass demand of cars are expected to contribute to the sustainable development of China's vehicle market. We expect the growth momentum of China's automobile market to be more rational.

The Group is committed to building a team with global competitiveness, continuously improves its global concurrent design capability and enhances its global supply chain, meeting the various demands of the customers through developing new material markets and seeking partnership. The Group also pays close attention to the business development of aftermarket, electric vehicle parts and welfare vehicles in the long run.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to our management and employees for their diligence, hard work and contributions to the Group during the Review Year, and I would also like to thank all Shareholders for their trust and support.

CHIN JONG HWA

Chairman

18 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Year, the Chinese economy maintained a steady growth, of which automobile consumption market became a relatively remarkable part. During the Review Year, China's passenger vehicle market achieved a relatively fast growth, with production and sales of approximately 18.085 million units and approximately 17.929 million units respectively, representing a year-on-year increase of approximately 16.5% and approximately 15.7% respectively, which surpassed market consensus at the beginning of the Review Year. Given the upgrade in consumption structure together with the continuous refinement of automobile consumption market, more cities may be subject to purchase quota control while the market focus will be placed throughout the entire year.

The consecutive record-high global vehicle sales mainly benefited from the growth momentum of the automobile consumption market in China and North America. The automobile market in the US maintained an upward trend, marking the best performance in the past six years. The local automobile market in Japan underperformed compared with the strong demand in vehicle exports. The overall traditional automobile market in Europe saw a slight decrease yet starting to show a recovery. The emerging market, leading by Brazil and India, recorded a decline to different extents.

Amid exchange rate fluctuation, rising costs and high logistics expenses, China's auto parts enterprises actively set foot in technology-driven investment in overseas markets, and focused on establishing overseas factories. In the meantime, China auto parts enterprises diversified their development through global procurement, lean production and aftermarket business development.

COMPANY OVERVIEW

The Group is dedicated to becoming a global supplier engaged in the design, manufacture and sale of trims, decorative parts, body structural parts and other related auto parts for customers worldwide. The manufacturing bases in China, the US, Mexico, Thailand and Germany spread over major markets of its customers. With the support of the technical centers in Japan and North America, the Group can satisfy the growing demand of customers in the global market.

Better-than-expected market performance, an increase in production orders of major customers, the sales recovery of Japanese OEMs and new orders from global platform vehicles drove a steady increase in the overall revenue of the Group. The growth rate of the revenue in the second half of the Review Year was faster than that of the first half of the Review Year. In addition, overseas market share and the export revenue of the Group continued to remain a sound and upward trend.

Focusing on the integration of developing both mature markets and emerging markets, the Group extensively engaged in the concurrent design of the new vehicle models with OEMs, and increased orders of global platform vehicles and overseas business. Technological breakthrough in new material application and expansion in new product markets, such as roof racks and aluminum products, laid a solid foundation for the Group's future development. The Group commenced technical collaboration with major suppliers in order to build up its advantages in costs and technology development of new products, motivate strategic cooperation with core suppliers and enhance systematic and quality management. The Group actively promoted globalization, streamlined organizational structure, improved quality management, and learnt the management of advanced R&D system in the industry while focusing on the enhancement of R&D capability with an aim to establish domestic and overseas intellectual property protection systems to protect our R&D achievements.

Business and Operation Layout

The Group is becoming a globalized supplier through concurrent design in global platform vehicles, a global supply chain based on a global layout and the increase in overseas market share and revenue. During the Review Year, the domestic revenue of the Group was approximately RMB3,766,651,000, representing an increase of approximately 24.8% compared with approximately RMB3,019,093,000 in 2012. With the gradual development of major overseas markets, new orders of global platform vehicles and the production ramp-up of the plants in Mexico, the Group's overseas revenue achieved sustainable growth to approximately RMB1,743,734,000, representing an increase of approximately RMB432,921,000 or approximately 33.0% as compared with approximately RMB1,310,813,000 in 2012.

Benefited from the local design catering to the demand of the Chinese market, the cost advantage arising from the depreciation of Japanese Yen (“JPY”) and the strengths of upgraded vehicle models, the sales from Japanese OEMs in Chinese market were quickly restored and demonstrated a quick rising trend, especially in the second half of the Review Year. Better-than-expected market performance and the increase of sales from Japanese OEMs motivated the growth of the Group’s domestic sales. The Group officially entered into Honda’s global procurement system, and obtained full access to its global platform vehicles and engaged in the global concurrent design and development of the auto parts of Honda’s new vehicle models. The Group achieved global development with Japanese major customers.

The sales of SUV vehicle model have been poised to surge in recent years by drawing public attention and raising the awareness of OEMs in the SUV market. There is an increasing number of OEMs setting foot in the SUV segment. The roof rack market obtained sustainable growth due to the remarkable sales in SUV vehicle models. As OEMs will continuously invest in SUVs, the growth potential of the roof rack market has increased. The Group has been devoting itself in developing the roof rack market and has become a major supplier of roof racks. In addition to consolidating the Japanese and Korean OEM markets, the Group also actively expanded its OEM business in Europe and the U.S. and obtained orders at a fast-growing rate. Roof rack has become a separate product segment of the Group and a crucial orientation of its future development.

The Group will continue to invest in and develop new material markets. With the expansion and completion in the production base for aluminum products, the vertical integration of business chain can support the long-term development of aluminum products. During the Review Year, the Group penetrated into the global aluminum business of General Motors and gained the recognition of other European and American OEMs, representing a breakthrough in the technological application of aluminum products. The Group will keep seeking technical recognition from OEMs and expanding the application of aluminum products. During the Review Year, the Group obtained large amount of new orders of aluminum products. It is expected that the future demand in aluminum products will grow quickly and facilitate the increase in the overall revenue of the Group in the next few years.

In respect of investment, the Group acquired 100% equity interest in a German company, CST GmbH, at a consideration of approximately 2.84 million Euros (“EUR”) on 25 March 2013. The acquisition further expanded the global footprint of the Group and met the customers’ local production requirements, which helped the Group acquire core technology and essential resources in Europe for it to seize favorable business opportunities in the European markets. Expansion based on CST GmbH has commenced. Furthermore, the operation and expansion of production bases in Northern China, such as Beijing, relieved the capacity restriction of the Group to better serve its customers. The Group will also reinforce the existing partnership and cooperate with market leaders with an aim to exploring development opportunities in the global market.

Research and Development

During the Review Year, the Group remained attentive to the technical development of auto parts for welfare vehicles and new energy vehicles as well as aluminum products. The Group also increased its technical R&D and reserves for high-strength steel products. It continued to increase the investment in technical resources and breakthrough in respect of the application of new materials and new technologies. Amid increasing global concurrent design orders, the Group obtained comprehensive advantages in technology by integrating European advanced technology and China’s low R&D cost, meanwhile achieved a breakthrough in technical barriers through internal R&D. The Group will continue to focus on cost control and automation, targeting on the overall improvement of product development in quality, cost, delivery, technology and management.

The Group continued its emphasis on protecting its intellectual property rights. It obtained a certificate of protection system of intellectual property rights and actively applied for international patents.

Corporate Social Responsibility

While pursuing maximum return to shareholders, the Group actively performed its corporate social responsibilities. On one hand, the Group has leveraged upon its industry strengths to expand its welfare vehicle business which brings convenience to the physically disabled; on the other hand, the Group has continued to make contribution to the society by cash donation and enshrine the value of an active and healthy life.

FINANCIAL REVIEW

Results

During the Review Year, the Group's revenue was approximately RMB5,510,385,000, representing an increase of approximately 27.3% from approximately RMB4,329,906,000 in 2012. It was mainly attributable to the fact that the Group achieved positive growth in revenue both in the domestic and overseas markets due to the Group's insightful layout for the domestic and overseas markets, given better-than-expected domestic market performance, stable growth in major overseas markets as well as an increase in the global platform vehicle orders.

During the Review Year, the profit attributable to owners of the Company was approximately RMB971,338,000, representing an increase of approximately 15.5% from approximately RMB841,159,000 in 2012. It was mainly attributable to an increase in revenue and stringent cost and expense control continuously adopted by the Group, resulting in an overall positive profitability for the Group.

Sales of Products

During the Review Year, the Group continued to focus on its core products, such as trims, decorative parts and body structural parts which were mainly supplied to plants of the major global OEMs.

An analysis on the Group's turnover by geographical markets based on location of customers was as follows:

Customer category	2013		2012	
	RMB'000	%	RMB'000	%
The PRC	3,766,651	68.4	3,019,093	69.7
Asia Pacific	409,337	7.4	365,432	8.4
North America	910,839	16.5	704,998	16.3
Europe	423,558	7.7	240,383	5.6
Total	5,510,385	100.0	4,329,906	100.0

Overseas Market Turnover

During the Review Year, the Group's revenue that comes from overseas markets was approximately RMB1,743,734,000, representing a growth of approximately 33.0% from approximately RMB1,310,813,000 in 2012. The proportion of such revenue grew to approximately 31.6% of the total revenue in 2013 from approximately 30.3% in 2012.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB1,818,565,000, representing an increase of approximately 26.8% from approximately RMB1,434,039,000 in 2012. The gross profit margin was approximately 33.0% in 2013, representing a slight decrease of approximately 0.1% from approximately 33.1% in 2012. It was mainly attributable to the continuous pressure from the decline in product price, the rise in labor costs and appreciation of RMB. The Group persistently undertook measures including continuous improvement in the manufacturing technologies, a greater utilization rate of materials and implementation of a centralized procurement policy to enhance the efficiency of production and management so as to maintain the overall gross profit margin at a decent level.

Other Income

During the Review Year, other income of the Group amounted to approximately RMB129,817,000, representing an increase of approximately RMB23,798,000 as compared to approximately RMB106,019,000 in 2012. It was mainly attributable to an increase in commission income.

Other Gains and Losses

During the Review Year, the Group's other gains and losses amounted to a net gain of approximately RMB100,697,000, representing a decrease of approximately RMB16,700,000 as compared to the net gain of approximately RMB117,397,000 in 2012. It was mainly attributable to a decrease in the gain from forward exchange contracts which was entered into by the Group in response to foreign currency risk to mitigate adverse effects of fluctuations of exchange rates on gross profit margin.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses amounted to approximately RMB171,764,000, representing an increase of approximately RMB41,649,000 from approximately RMB130,115,000 in 2012. It accounted for approximately 3.1% of the revenue of the Group, representing an increase of approximately 0.1% from approximately 3.0% in 2012. It was mainly attributable to an increase in expense resulting from active expansion into overseas business by the Group during the Review Year.

Administrative Expenses

During the Review Year, the administrative expenses of the Group amounted to approximately RMB459,828,000, representing an increase of approximately RMB112,673,000 from approximately RMB347,155,000 in 2012, accounting for approximately 8.3% of the Group's revenue, representing an increase of approximately 0.3% as compared to approximately 8.0% in 2012. It was mainly attributable to a rise in labor costs arising from introduction of high-level personnel for maintaining competitiveness under the growth of the Group's revenue and an increase in expenses arising from expansion of new businesses.

Research Expenditures

During the Review Year, the research expenditures of the Group amounted to approximately RMB259,782,000, representing an increase of approximately RMB27,942,000 from approximately RMB231,840,000 in 2012. It was mainly attributable to an increase in labor costs arising from the Group's introduction of high-level R&D personnel in order to maintain its market competitiveness, sustainability and to enhance its R&D capabilities.

Share of Profits of Joint Ventures

During the Review Year, the Group's share of profits of joint ventures was approximately RMB1,141,000, representing a decrease of approximately RMB23,562,000 from approximately RMB24,703,000 in 2012, which was due to the fact that the Group's share of profits of a joint venture decreased compared with that in 2012.

Share of Profits of Associates

During the Review Year, the Group's share of profits of associates was approximately RMB32,203,000, increased by approximately RMB2,276,000 compared to approximately RMB29,927,000 in 2012. This was mainly attributable to the increase in profit of associates arising from growth in revenue.

Income Tax Expense

The Group's income tax expense in 2013 was approximately RMB195,788,000, representing an increase of approximately RMB48,093,000 from approximately RMB147,695,000 in 2012.

During the Review Year, the Group's effective tax rate was approximately 16.0%, representing an increase of approximately 1.9% from approximately 14.1% in 2012. It was mainly attributable to an increase of effective tax rate resulting from the rise of legal tax rates in certain subsidiaries during the Review Year upon the end of the tax transition period.

Profits Attributable to Non-controlling Interests

During the Review Year, the Group's profit attributable to non-controlling interests was approximately RMB58,076,000, representing an increase of approximately RMB2,854,000 compared to approximately RMB55,222,000 in 2012. It was mainly attributable to the increase in profit of certain major non-wholly owned subsidiaries arising from growth in revenue.

Liquidity and Financial Resources

As of 31 December 2013, the Group's bank balances and cash amounted to approximately RMB4,119,191,000, representing a decrease of approximately RMB10,860,000 as compared to approximately RMB4,130,051,000 as of 31 December 2012. This was mainly due to an increase in capital expenditure in consideration of the development needs of the Group in the long run. As of 31 December 2013, the Group's low-cost borrowings amounted to approximately RMB2,410,330,000, among which the equivalent of approximately RMB58,527,000, approximately RMB987,533,000, approximately RMB584,147,000, approximately RMB95,838,000 and approximately RMB25,886,000 were denominated in JPY, US Dollar ("USD"), Hong Kong Dollar ("HKD"), EUR and Thai Baht ("THB") respectively, representing an increase of borrowings of approximately RMB952,350,000 as compared to approximately RMB1,457,980,000 as of 31 December 2012. The increase was mainly due to the borrowings that the Group brought in after considering the consolidated gains from capital, interest rates and exchange rates.

During the Review Year, the net cash flow from the Group's operating activities was approximately RM539,814,000, indicating a sound cash flow condition.

The Group's current ratio in 2013 decreased from approximately 3.0 in 2012 to approximately 2.1. As of 31 December 2013, the Group's gearing ratio was approximately 21.0% (2012: approximately 15.6%), which was a percentage based on the interest bearing borrowings divided by total assets.

During the Review Year, the Group's inventory turnover days were approximately 58 days, which remained at a similar level as approximately 58 days in 2012.

During the Review Year, the Group's receivables turnover days were approximately 75 days, extending approximately 5 days from approximately 70 days in 2012. It was mainly due to relatively high balance of trade receivables as of 31 December 2013 resulting from substantial increase in revenue of the fourth quarter of the Review Year, thus the receivables turnover days were extended accordingly based on the calculation.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Review Year, the Group's payables turnover days were approximately 54 days, extending approximately 5 days from approximately 49 days in 2012. It was mainly due to the optimization to the procurement and supply channels, and that the payment term from suppliers has been extended as appropriate.

Note: The calculation methods for the above indicators are the same as those set out in the Company's prospectus dated 22 November 2005.

COMMITMENTS

As of 31 December 2013, the Group had the following commitments:

	RMB'000
Capital Commitment	
Capital expenditure contracted for but not provided in the financial statements in respect of:	
– Acquisition of property, plant and equipment	307,088
– Acquisition of land use rights	3,162

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 31 December 2013, the balance of borrowings was approximately RMB2,410,330,000 of which approximately RMB34,600,000 was bearing at fixed interest rates, and approximately RMB2,375,730,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality. In addition, approximately RMB1,716,080,000 of the said borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalent of approximately RMB58,527,000, approximately RMB987,533,000, approximately RMB584,147,000 and approximately RMB85,873,000 were denominated in JPY, USD, HKD and EUR respectively.

Most of the Group's sales and procurements are settled in RMB. With the expansion of overseas operations, the management of the Group is closely monitoring its foreign exchange exposure and hedging against the foreign exchange risk with forward exchange contracts.

The Group's cash and cash equivalents are mainly denominated in RMB and USD. Remittance of funds out of the PRC is subject to the foreign exchange control restrictions imposed by the PRC government.

As of 31 December 2013, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB334,320,000, of which the equivalent of approximately RMB297,686,000 was denominated in USD, approximately RMB13,203,000 was denominated in HKD, approximately RMB18,544,000 was denominated in EUR, approximately RMB4,841,000 was denominated in JPY and approximately RMB23,000 was denominated in THB. In order to mitigate the foreign exchange risk, the Group has delegated a team responsible for the planning of related work.

CONTINGENT LIABILITIES

As of 31 December 2013, the Group had no contingent liabilities (2012: Nil).

MORTGAGED ASSETS

As of 31 December 2013, the Group had borrowings of approximately RMB596,400,000, USD10,000,000 (equivalent to approximately RMB60,969,000) and HKD126,000,000 (equivalent to approximately RMB99,061,000) secured by bank deposits of approximately RMB782,960,000. The loans are to be settled in RMB, USD and HKD respectively (31 December 2012: the Group had borrowings of approximately JPY446,222,000 (equivalent to approximately RMB32,596,000) and approximately RMB252,000,000 secured by bank deposits of approximately USD5,180,000 and approximately RMB252,000,000. The loans are to be settled in JPY and RMB respectively). The Group has also pledged freehold lands and buildings having a net book value of approximately RMB18,514,000 (31 December 2012: approximately RMB21,269,000) to secure general banking facilities granted to the Group.

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Year, the Group's capital expenditure amounted to approximately RMB936,573,000 (2012: approximately RMB678,681,000). The increase in capital expenditure was mainly attributable to the Group's increase of production facilities and land reserves with the aim of expanding the Group's production capacity.

PLACING AND SUBSCRIPTION

The Group had no placing and subscription of shares of the Company during the Review Year.

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the acquisition of 100% equity interest of the German company, CST GmbH, the Group made no material acquisitions or disposals of subsidiaries and associated companies during the Review Year.

EMPLOYEES

As of 31 December 2013, the Group had a total of 8,942 employees. The total number of employees increased by 1,630 compared to that as at 31 December 2012. During the Review Year, the Group continued its drive to strengthen its talent pipeline globally and in China in anticipation of its business growth especially in overseas market. These international talent will continue to help the Group to drive critical innovation and technology and strengthen the management leadership.

During the Review Year, the Group rolled out the company's core values and code of conduct during its Global Strategy and Leadership Conference. A briefing and training was also conducted with its senior managers from around the globe. This push will continue in 2014. The Group believe that good business ethics and core values of integrity, trust, teamwork and embracing change will help the Company towards a sustainable future.

FUTURE PROSPECTS

Rapid development of the automobile industry and increasing vehicle population have brought conflicts and challenges to China's energy, urban transportation and environment. Amid various factors including the uncertainties in international diplomacy, additional capacity in emerging markets from OEMs and the implementation of domestic policies such as vehicle restriction and purchase quota control, the growth momentum of China's automobile market will become more rational. While China's macro economy is growing steadily, and more resources will be introduced to China's automobile market triggered by its enormous consumption potential. Gradually improving system of automobile consumption protection, the mass demand in vehicles, the consumption upgrade and the vehicle replacement trend in China will continue to drive the market growth in the long run.

The Group continues to improve and optimize its technological R&D and be deeply involved in the preliminary R&D phase of global platform vehicle by capturing the popularity of platform vehicles, the advantage of body weight reduction and the development of electronic intelligence of vehicles, thus bringing more orders for global platform vehicles. Based on the popularity of light materials, the Group extends the application of aluminum products, enhances new products such as roof racks and reserves the technology of high-strength steel with an aim to a product breakthrough in the market. As a response to the trend of production shift in the global automotive industry, the Group will seek partnerships, explore development opportunities and suitable investment targets in an active manner while developing and expanding overseas production bases and increasing global supply in order to satisfy rising demand from customers.

The Group will continue to pursue its long-term strategic planning by progressively advancing in the business of welfare vehicles and relevant parts, continuously investing in the R&D of the technology in relation to new energy vehicles and auto parts as well as actively paying attention to the development of the aftermarket. The Group carries out a balanced development between developed and emerging markets in order to become a leading supplier in the global automotive parts industry.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Chin Jong Hwa (秦榮華) (“Mr. Chin”), aged 55, is the Chairman and an executive Director of the Company and director of various subsidiaries of the Group. He founded the Group in March 1997 and is the controlling shareholder of the Company. Mr. Chin graduated from China Urban Administration College. Mr. Chin has experience of over 26 years in management in the auto-parts industry and has been leading the management team since the founding of the Group. Mr. Chin was also active in various other organizations, including being a vice-chairman of Ningbo Association of Enterprise with Foreign Investments, a director of the Ningbo Polytechnic, a consultant to the Ningbo People’s Political Consultative Conference for Hong Kong, Macao and Taiwan affairs and an executive vice-chairman of Jiaying Association of Enterprises with Investments from Taiwan. Mr. Chin was awarded the titles of Honorary Citizen in Ningbo, Jiaying and Huai’an, and the Economic Person of 2010 in Huai’an as well. He was appointed as a Director of the Company on 14 July 2005. As at 31 December 2013, Mr. Chin is interested in approximately 40.09% shareholding interest in the Company through Linkfair Investments Limited (“Linkfair”), a company wholly owned by Mr. Chin, which held 437,664,000 shares of the Company (“Shares”). As at 31 December 2013, save as aforesaid, Mr. Chin has no interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”).

Shi Jian Hui (石建輝) (“Mr. Shi”), aged 41, is the Chief Executive Officer (“CEO”) and an executive Director of the Company and director of various subsidiaries of the Group. Mr. Shi graduated from Zhejiang University of Technology where he majored in the machinery design and manufacturing and obtained an Executive Master of Business Administration (“EMBA”) degree from the Cheung Kong Graduate School of Business in 2007. Mr. Shi has experience of over 20 years in the Chinese auto-parts industry since he joined one of Mr. Chin’s companies in 1993. Prior to his current position as CEO, he assumed responsibility as general manager of operations (including leading both overseas and domestic business departments), head of the R&D Centre and was in charge of Human Resources Departments for the Group as a whole. Mr. Shi joined the Group in March 1997 and was appointed as a Director on 14 July 2005. As at 31 December 2013, save for his interest in 400,000 Shares and 2,000,000 Share Options, Mr. Shi has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Zhao Feng (趙鋒) (“Mr. Zhao”), aged 45, is the Vice President and an executive Director of the Company and director of various subsidiaries of the Group, with the overall responsibilities for the Group’s sales. Mr. Zhao has over 15 years of experience in management. Since joining the Group in 1999, Mr. Zhao has worked successively as a purchase officer, manager of the business department and deputy general manager of business operations. Mr. Zhao was appointed as a Director on 22 December 2006. As at 31 December 2013, Mr. Zhao was interested in 404,000 Shares and 1,000,000 Share Options in the Company. Since Mr. Zhao is the spouse of Ms. Zhu Chun Ya (“Ms. Zhu”), he is deemed to be also interested in the 100,000 Shares in which Ms. Zhu was interested. Accordingly, Mr. Zhao was interested in 504,000 Shares and 1,000,000 Share Options in the Company. As at 31 December 2013, save as disclosed herein, Mr. Zhao has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Kawaguchi Kiyoshi (川口清) (“Mr. Kawaguchi”), aged 54, is an executive Director. Mr. Kawaguchi is currently the President of Minth Japan Co., Ltd., a wholly-owned subsidiary of the Company. Mr. Kawaguchi graduated from the Literature Department of Aichi University where he majored in Chinese Literature. Prior to joining the Company, Mr. Kawaguchi had for long worked for Nissho Iwai Corporation and Sojitz Corporation, which was formed by the merger of Nissho Iwai Corporation and Nichimen Corporation in 2004. Mr. Kawaguchi worked as manager of the mechanical department of its Shanghai office, manager of the mechanical department of its Hong Kong subsidiary, head of the China project department of the China automobile promotion office, where he also held other management positions, as well as head of the automobile department of the Sojitz (China) Limited Corporation. Mr. Kawaguchi has experience of over 22 years in management. Mr. Kawaguchi joined the Group in 2011 and was appointed as a Director on 18 May 2011. As at 31 December 2013, save for his interest in 500,000 Share Options, Mr. Kawaguchi has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Non-executive Directors

Yu Zheng (鄭豫) (“Ms. Zheng”), aged 45, is a non-executive Director. Ms. Zheng is currently an independent investor and consultant. Ms. Zheng was a Managing Director at PineBridge Investments (formerly known as the AIG Global Investments), in charge of private equity investments in Greater China from 2008 to 2011. She also has over 17 years’ experience in the management consulting industry through her service at the Boston Consulting Group and then at Roland Berger Strategy Consultants as its senior partner responsible for the industrial and automotive industries practice in Greater China. Ms. Zheng has extensive experience in various management practices, including strategy development, brand management, organizational restructuring, global sourcing, joint venture strategy, and project management for both global and Chinese clients. Her industry experience includes automotive, industrial goods, consumer electronics, retail, luxury and fast moving consumer goods, education, media and publishing, etc. Prior to her investment and management consulting career, she has also worked in the computer industry in both China and the United States. Ms. Zheng received bachelor’s degree of science in Computer Science in Beijing Normal University and her Master of Business Administration from the University of Texas at Austin in the US. Ms. Zheng is also an independent non-executive director of Fufeng Group Limited in current. Ms. Zheng joined the Group and was appointed as a non-executive Director of the Company on 1 January 2008. As at 31 December 2013, Ms. Zheng has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

He Dong Han (何東翰) (“Mr. He”), aged 41, is a non-executive Director. Mr. He graduated from Beijing Foreign Studies University in 1993 with a bachelor’s degree. Prior to joining the Group, Mr. He focused on financial investments and had an extensive experience of 20 years in investment, with an investment direction involving various industries including tyre, new material, medicine and internet. Mr. He joined the Group in 2011 and was appointed as a non-executive Director on 18 May 2011. As at 31 December 2013, save for his interest in 1,000,000 Share Options in the Company, Mr. He has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Independent Non-executive Directors

Wang Ching (王京) (“Dr. Wang”), aged 59, is an independent non-executive Director and the chairman of the nomination committee of the Company (“Nomination Committee”). Dr. Wang has over 22 years’ managerial experience in investment banking, securities, treasury and asset management in the United States, Hong Kong, Taiwan and the PRC. He is currently the managing director of Shanghai International Asset Management (HK) Co., Ltd., a licensed corporation registered with Hong Kong Securities and Futures Commission and the executive director of Shanghai International Shanghai Growth Investment Limited, an investment fund company listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). Dr. Wang also serves as independent non-executive directors of China Singyes Solar Technologies Holdings Limited and Yingde Gases Group Company Limited, both are listed on the Stock Exchange, in which he advises the management on financial development and internal control. Dr. Wang is an adjunct Associate Professor of Global Management Education Institute, Shanghai University. Dr. Wang received his doctorate degree from the Graduate School of Business, Columbia University in 1992. Dr. Wang joined the Company as an independent non-executive Director on 26 October 2005. As at 31 December 2013, Dr. Wang has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Zhang Liren (張立人) (“Mr. Zhang”), aged 67, is an independent non-executive Director and the chairman of the remuneration committee of the Company (“Remuneration Committee”). Mr. Zhang has over 45 years’ experience in the automobile, electronic and mechanical industry. He is the executive director of the S-car, L-car & V-car platforms of Shanghai General Motors Corporation Limited (“SGM”). He is also the chief engineer of Pan Asia Auto Technology Centre. Prior to his current position, he was a special consultant to president of SGM, the director of Business Planning Development Department and the senior manager of the Quality Control Department in SGM. He was also the deputy chief engineer of Shanghai Auto Industry Technology Centre and a research officer in the Computer and Equipment Department in Shanghai Auto Research Institute. Mr. Zhang joined the Company as an independent non-executive Director on 26 October 2005. As at 31 December 2013, Mr. Zhang has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

DIRECTORS AND SENIOR MANAGEMENT

Wu Fred Fong (胡晃) (“Mr. Wu”), aged 66, is an independent non-executive Director and Chairman of the audit committee of the Company (“Audit Committee”). Mr. Wu has considerable directorship and corporate governance experience and has been involved in auditing, corporate planning, corporate finance, investment, consulting with public companies in Canada and Hong Kong. Mr. Wu holds an MBA degree in the Schulich School of Business, York University, Canada. Mr. Wu is a Chartered Accountant qualified in Canada and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Wu is currently an independent non-executive director of China Public Procurement Limited and Sheng Yuan Holding Limited, both of which are companies listed on the Mainboard of the Stock Exchange. Mr. Wu joined the Company as an independent non-executive Director on 1 January 2009. As at 31 December 2013, Mr. Wu has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Loke Yu (陸海林) (“Dr. Loke”), aged 64, is the Company Secretary of the Company. Dr. Loke has over 39 years of experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds an MBA Degree from the University Teknologi Malaysia and a Doctor of Business Administration Degree from the University of South Australia. Dr. Loke is a Fellow of The Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Directors. He is also an Associate Member of The Hong Kong Institute of Chartered Secretaries. He currently serves as an independent non-executive director of VODone Limited, Matrix Holdings Limited, Sino Distillery Group Limited, China Fire Safety Enterprise Group Limited, Winfair Investment Company Limited, SCUD Group Limited, Zhong An Real Estate Limited, Chihotiande Group Limited, Tianjin Development Holdings Limited and China Household Holding Limited, all of which are companies listed on the Stock Exchange. Dr. Loke joined the Company as the Company Secretary in 2007. As at 31 December 2013, Dr. Loke has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Bao Jian Ya (包建亞) (“Ms. Bao”), aged 42, is the Chief Financial Officer (“CFO”) of the Group. Ms. Bao graduated from Shanghai University of Finance and Economics in 1993 where she majored in international accounting. She has over 20 years of experience in accounting and financial management. Prior to joining the Group in March 2005 and assuming the responsibility of financial controller, she was the financial controller of another Chinese manufacturer. She was nominated as CFO of the Group on 22 December 2006. As at 31 December 2013, save for her interest in 120,000 Shares and 1,000,000 Share Options in the Company, Ms. Bao has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Wong Ching Li (王景立) (“Mr. Wong”), aged 55, is the Chief Technology Officer of the Group. Mr. Wong graduated from Ohio State University majoring in Industrial and Systems Engineering and obtained Master’ and Doctor’s degrees in 1986 and 1989, respectively. He also received an MBA Degree from Massachusetts Institute of Technology in 1999 as a Sloan Fellow. Mr. Wong has over 30 years of experience in automotive, IT and manufacturing industry. Prior to joining the Group in November 2010, Mr. Wong has worked in the USA, Korea, Hong Kong, and China as president or vice president of six corporations. As of 31 December 2013, save for his interest in 500,000 Share Options in the Company, Mr. Wong has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Paul Choo (朱文欽) (“Mr. Choo”), aged 49, is the Chief Human Resource Officer (“CHO”) of the Group. Mr. Choo graduated from the National University of Singapore in 1991 majoring in Psychology and Economics and obtained a Bachelor of Social Science Honors degree. He also obtained an MBA Degree with Honors from the Western Michigan University in 2001. Mr. Choo brings with him more than 20 years of broad international human resource experience across different industries including the financial, chemical and automotive industry. Prior to joining the Group in May 2012, Mr. Choo held various senior global and regional HR positions for leading multinational companies such as Bekaert, Lennox International Inc. and Exxon Chemical. Mr. Choo was nominated as CHO of the Group on 4 May 2012. As at 31 December 2013, save for his interest in 1,000,000 Share Options in the Company, Mr. Choo has no interests in the Shares of the Company within the meeting of Part XV of SFO.

Robert Chi Yu (余其瑜) (“Mr. Yu”), aged 53, is the Chief Operating Officer (“COO”) of the Group. Mr. Yu received his Bachelor of Science degree in Applied Science and Engineering from the University of Toronto in Canada in 1985. Mr. Yu has solid track record in automotive industry. Prior to joining the Group in April 2013, he has worked over 20 years for Ford Motor in various senior roles and functions and most recently worked for General Motors (China). He has significant experience in negotiation and establishment of joint ventures with Chinese OEMs, plant operations, new products launches and finance restructures. Mr. Yu was nominated as COO of the Group on 24 April 2013. As at 31 December 2013, Mr. Yu has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Yi Lei Li (易蕾莉) (“Ms. Yi”), aged 40, is the head of the Investor Relations Department of the Group. Ms. Yi graduated from East China Normal University in 1994 where she majored in English Language and Literature. Prior to joining the Group in February 2001, she was a lecturer at the Faculty of Foreign Languages in Ningbo University. Since joining the Group, Ms. Yi has worked as manager of the Human Resources Department, manager of Overseas Business Development Department and assistant to general manager. As at 31 December 2013, save for her interest in 78,000 Shares and 500,000 Share Options in the Company, Ms. Yi has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Jin Zheng Xun (金正勳) (“Mr. Jin”), aged 40, is the General Manager of North America Operations of the Group. Mr. Jin graduated from China Institute of Metrology in 1997, and obtained Master’s degree from the Otto-von-Guericke University of Magdeburg in Germany in 2003 majoring in Mechanical Engineering. Mr. Jin joined the Group in April 2004 and has worked as manager of Quality Control Department, manager of Overseas Business Development Department and assistant to general manager. As at 31 December 2013, save for his interest in 100,000 Shares and 500,000 Share Options in the Company, Mr. Jin has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Group commits to maintaining and ensuring a high level of corporate governance standards and continuously reviews and improves our corporate governance and internal control practices. Set out below are the principles of corporate governance as adopted by the Company during the Review Year.

DISTINCTIVE ROLES OF CHAIRMAN, CHIEF EXECUTIVE OFFICER AND SENIOR MANAGEMENT

Mr. Chin, the Chairman of the Board, is responsible for leading the Board in establishing and monitoring the implementation of strategies and plans to create values for Shareholders. Mr. Shi, the CEO, is responsible for managing the operations of the Group's businesses, proposing strategies to the Board and the effective implementation of the strategies and policies adopted by the Board.

The senior management is delegated to assist the executive Directors with the implementation of business operations and reports to the CEO.

THE BOARD

As of 31 December 2013, there are nine members on the Board, which are the Chairman, the CEO, two other executive Directors, two non-executive Directors ("NEDs") and three independent non-executive Directors ("INEDs").

The INEDs are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the INEDs brings his own relevant expertise to the Board and its deliberations.

None of the INEDs has any business or financial interests with the Group nor has any relationship with other Directors and confirmed their independences to the Group.

The Board met regularly during the year and on ad hoc basis as required by business needs. During the Review Year, the Board also performed the following corporate governance duties:

- (i) to develop and review the Company's policies and practices on corporate governance;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;

- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (v) to review the Company's compliance with the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules and disclosure in the Corporate Governance Report.

The Board met four times during the Review Year and the Directors' attendance is shown in the table on page 19 of the annual report.

NEDs and INEDs are allowed to seek advice from independent professional consultants while performing their responsibilities and the costs are to be borne by the Company. The Board has conducted a review of the effectiveness of the system of internal control of the Group.

Mr. Zhao, Ms. Zheng and Mr. He will retire and all shall offer themselves for re-election in the forthcoming annual general meeting ("AGM") of the Company.

Save for their business relationships as a result of their respective directorships and positions in the Group, each of the members of the Board, including the Chairman and the CEO, does not have any significant financial, business, family or other material/relevant relationship among one another.

The term of appointment for all NEDs is for a period up to the forthcoming AGM of the Company.

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference as suggested under the Code. As of 31 December 2013, the Audit Committee comprises all INEDs, namely Mr. Wu, Dr. Wang and Mr. Zhang. As of 31 December 2013, the chairman of the Audit Committee was Mr. Wu. Each member can bring to the Audit Committee his valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Group who among themselves possess a wealth of management experience in the accounting profession or commercial sectors. The Audit Committee held two meetings during the Review Year and the relevant Directors' attendance is shown in the table on page 19 of the annual report.

The main duties of the Audit Committee are as follows:

- (i) to review the half-year and annual financial statements before they are submitted to the Board for approval;
- (ii) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (iii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (iv) to review the Company's financial controls, internal controls and risk management systems;
- (v) to review the Group's financial and accounting policies and practice;
- (vi) to review and monitor the effectiveness of the internal audit function; and
- (vii) to review the terms and conditions of connected transactions of the Group.

The Audit Committee reviewed the financial statements of the Group for the Review Year prior to recommending the financial statements to the Board for approval. The Board was informed that the Audit Committee had conducted a review of the effectiveness of the system of internal control of the Group. The Board has not taken a different view from that of the Audit Committee regarding the selection, resignation or dismissal of the external auditors.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee in November 2005. Its terms of reference are summarized as follows:

- (a) formulate remuneration policy for approval by the Board, and implement the remuneration policy laid down by the Board;

(b) without prejudice to the generality of the foregoing:

- (i) make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (ii) ensure no director or any of his associates is involved in deciding his own remuneration;
- (iii) determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. Remuneration packages include benefits in kind, pension rights and compensation payable for loss or termination of their office or appointment;
- (iv) make recommendations to the Board on the remuneration of non-executive Directors;
- (v) the Remuneration Committee should consult the Chairman and/or the chief executive about their remuneration proposals for other executive Directors;
- (vi) review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (vii) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (viii) review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

During the Review Year, the Remuneration Committee comprises a non-executive director, namely Ms. Zheng, and all three INEDs namely Mr. Wu, Dr. Wang, and Mr. Zhang. Mr. Zhang was the Chairman of the Remuneration Committee.

The Remuneration Committee held one meeting during the Review Year to discuss remuneration related matters including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts and the relevant Directors' attendance is shown in the table set out on page 19 of the annual report.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company adopted the Share Option Scheme in 2005 and the New Share Option Scheme in 2012. Such incentive schemes enable the eligible persons to obtain an ownership interest in the Company and thus reward the participants who contribute to the success of the Group's operations.

Details of the amount of Directors' emoluments are set out in note 12 to the consolidated financial statements and details of the 2005 Share Option Scheme and 2012 New Share Option Scheme are set out in the Directors' Report and note 35 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 21 March 2012. Its duties are summarized as follows:

- (a) formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy; and
- (b) without prejudice to the generality of the foregoing:
 - (i) review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
 - (ii) identify individuals suitably qualified to become Board members and select or make recommendations on the selection of individuals nominated for;
 - (iii) assess the independence of independent non-executive Directors;
 - (iv) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the chief executive;
 - (v) do any such things to enable the Nomination Committee to perform its responsibilities and functions conferred on it by the Board; and
 - (vi) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's articles or imposed by legislation.

The Nomination Committee comprises all three INEDs, namely Mr. Wu, Dr. Wang and Mr. Zhang. Dr. Wang was the Chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held one meeting to (i) review the structure, size and composition (including the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board; (ii) assess the independence of INEDs; and (iii) adopt the Board diversity policy.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. The Nomination Committee considered the current composition of the Board to be appropriate taking into account the above.

SHAREHOLDERS' RIGHTS

Shareholders have right to raise questions and make suggestions on the business of the Company. All Shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations.

Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles of Association of the Company.

Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Branch Registrar and Transfer office. If the Shareholders and the investors make a request for the Company's information, the Company will only provide such information to the extent that it is practicable to do so and such information is publicly available. Shareholders and the investors may communicate with the Company by mail, telephone, fax and email, details for which are made available on the Company's website.

Composition of the Board and the Directors' attendance record for the year ended 31 December 2013

	2013 AGM	The Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Meetings	1	4	2	1	1
Executive Directors					
Chin Jong Hwa (<i>Chairman</i>)	1	4	N/A	N/A	N/A
Shi Jian Hui (<i>CEO</i>)	0	4	N/A	N/A	N/A
Zhao Feng	0	4	N/A	N/A	N/A
Kawaguchi Kiyoshi	0	4	N/A	N/A	N/A
Non-executive Directors					
Yu Zheng	1	4	N/A	1	N/A
He Dong Han	0	4	N/A	N/A	N/A
Independent Non-executive Directors					
Wang Ching	0	2	2	1	1
Zhang Liren	1	2	2	1	1
Wu Fred Fong	0	2	2	1	1

INDEPENDENCE INFORMATION

The Company has received, from each of the INEDs, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs independent.

Since January 2013, all Directors have been required to provide the Company with their training records on a quarterly basis, and such records have been maintained by the Company for regular review. Save for Company Secretary who attended more than 15 hours of training, each Director received more than 8 hours of training in 2013.

DIRECTOR'S TRAINING AND DEVELOPMENT

Development and training of Directors is an ongoing process so that they can perform their duties appropriately. The Company regularly circulates details of training courses which may be of interest to Directors. All Directors are encouraged to attend relevant training courses.

CORPORATE GOVERNANCE REPORT

According to the records maintained by the Company, the Directors received the following training with the emphasis on the roles, functions and duties of a director of a listed company in compliance with the Code on the continuous professional development during the Review Year.

	Corporate Governance/ Updates on Laws, rules and Regulations/ Updates on Industry Specific	
	Written Materials	Briefings/Seminars
Executive Directors		
Chin Jong Hwa	√	√
Shi Jianhui	√	
Zhao Feng	√	√
Kawaguchi Kiyoshi	√	√
Non-executive Directors		
Yu Zheng	√	
He Donghan	√	
Independent Non-executive Directors		
Wang Ching	√	√
Wu Fred Fong	√	√
Zhang Liren	√	√

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the Review Year, the Company was required to pay an aggregate of approximately RMB3,349,000 to the external auditor for its audit services.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for preparing the accounts and the reporting responsibilities of the external auditor to the Shareholders are set out on page 33 of the annual report.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take necessary actions to ensure compliance with the provisions of the Code.

The Board is pleased to present the annual report and the audited financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company while its subsidiaries are engaged in design, manufacturing, processing, developing and sales of automobile body parts and moulds of passenger cars.

RESULTS

The results of the Group for the Review Year are set out in the Consolidated Statement of Comprehensive Income on page 35 of the annual report.

DIVIDENDS

The Board recommends the payment of a final dividend of HKD0.453 per Share for the Review Year to the Shareholders on the Company's register of members on 9 June 2014.

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB936,573,000 for the acquisition of property, plant and equipment. Details of these and other movements in property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

During the Review Year, the Company has issued 14,216,000 Shares as a result of the exercise of Share Options granted pursuant to the Company's New Share Option Scheme. The total consideration received by the Company for such issue during the Review Year amounted to approximately HKD94,071,000.

Save as disclosed herein, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of its listed securities during the Review Year.

Movements in the reserves of the Group and the Company during the Review Year are set out in the Consolidated Statement of Changes in Equity on page 38 of the annual report.

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB7,202 million as at 31 December 2013. Under the Companies Law, Cap 22 (Law 3 of 1961, consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of the Company's memorandum and Articles and provided that immediately following the date on which distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends may be declared and paid out of the profits of the Company, realised or unrealised or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividend may also be declared and paid out of share premium account of the Company.

DEBENTURES

During the Review Year, the Company did not issue any debentures.

FINANCIAL SUMMARY

A summary of the results of the assets and liabilities of the Group for the last five financial years is set out on page 3 of the annual report. The results do not constitute a part of the audited financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

For the Review Year, the largest customer accounted for approximately 10.5% of the Group's revenue, and the five largest customers accounted for approximately 35.9% of the Group's revenue.

The purchases for the Review Year attributable to the Group's largest supplier and five largest suppliers were approximately 2.2% and approximately 10.4% of the Group's total cost of goods sold respectively.

None of the Directors, their respective associates or the existing shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital), has any interests in the Group's five largest suppliers and/or customers for the Review Year.

DONATION

During the Review Year, the donations made by the Group amounted to approximately RMB2,088,000 (2012: approximately RMB807,000).

DIRECTORS

The Directors of the Company during the Review Year and up to the date of this report were:

Executive Directors:

Chin Jong Hwa (*Chairman*)

Shi Jian Hui (*Chief Executive Officer*)

Zhao Feng

Kawaguchi Kiyoshi

Non-executive Directors:

Yu Zheng

He Dong Han

Independent Non-executive Directors:

Wang Ching

Zhang Liren

Wu Fred Fong

In accordance with Article 87 of the Articles, Mr. Zhao, Ms. Zheng and Mr. He will retire from office, and all being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has entered into a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Apart from Mr. Wu, each of the INEDs was nominated on 26 October 2005 for a fixed term of one year and their appointment were renewed with an extension until the Company's forthcoming AGM in 2014.

Mr. Wu was appointed as an independent non-executive Director on 1 January 2009 for a fixed term of one year. His appointment was renewed with an extension until the Company's forthcoming AGM in 2014.

The Company has received, from each of the INEDs, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 12 to 15 of the annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2013, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transaction by Directors of Listed Issues ("Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

DIRECTORS' REPORT

Interests or short positions in the shares of the Company and its associated corporations

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Nature of Interest	Total Number of Shares	Percentage of the Company's Issued Share Capital as at 31 December 2013 (Note 1)
Chin Jong Hwa	Company	Long position	Interest of controlled corporation	437,664,000 (Note 2)	40.09%
Shi Jian Hui	Company	Long position	Beneficial owner	2,400,000 (Note 3)	0.22%
Zhao Feng	Company	Long position	Beneficial owner Interest of spouse	1,404,000 100,000 (Note 4)	0.13% 0.01%
Kawaguchi Kiyoshi	Company	Long position	Beneficial owner	500,000 (Note 5)	0.05%
He Dong Han	Company	Long position	Beneficial owner	1,000,000 (Note 5)	0.09%

Note 1: The percentage of the Company's issued share capital is based on the 1,091,689,000 issued share capital as at 31 December 2013.

Note 2: As at 31 December 2013, Linkfair is beneficially interested in 437,664,000 Shares. Linkfair is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 437,664,000 Shares held by Linkfair. Since Ms. Wei Ching Lien ("Ms. Wei") is the spouse of Mr. Chin, she was deemed to be interested in 437,664,000 shares in which Mr. Chin was deemed to be interested. Mr. Chin is also a director of Linkfair.

Note 3: This figure represents the aggregated number of 400,000 Shares held by Mr. Shi and 2,000,000 Shares Options granted to Mr. Shi under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Shi will acquire an aggregate of 2,400,000 Shares.

Note 4: These figures represent the aggregated number of (i) 404,000 Shares held by and 1,000,000 Shares Options granted to Mr. Zhao under the Share Option Scheme that are exercisable and (ii) 100,000 Shares held by Ms. Zhu. Upon exercise of the Share Options, Mr. Zhao will acquire an aggregate of 1,404,000 Shares. Since Mr. Zhao is the spouse of Ms. Zhu, he is deemed to be interested in the foresaid Shares in which Ms. Zhu is interested.

Note 5: These figures represent the aggregated number of Share Options granted to Mr. Kawaguchi and Mr. He under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Kawaguchi and Mr. He will acquire 500,000 Shares and 1,000,000 Shares, respectively.

Other than as disclosed above, as at 31 December 2013, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

A share option scheme (the "Share Option Scheme") was originally adopted by the Company for a period of 10 years pursuant to a written resolution of all the then shareholders of the Company on 13 November 2005. Such Share Option Scheme was subsequently terminated on 22 May 2012 and a new share option scheme (the "New Share Option Scheme") with substantively similar terms to the Share Option Scheme was adopted on the same day at the AGM of the Company for a further 10 years.

The purpose of the Share Option Scheme and the New Share Option Scheme (together, the "Share Option Schemes") is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All Directors and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, services providers of any member of the Group whom the Board considers, in its sole discretion, have contributed or will contribute to the Group are eligible to participate in the Share Option Schemes.

The New Share Option Scheme will remain in force for a period of 10 years after the date on which the New Share Option Scheme was adopted. The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the New Share Option Scheme adopted by the Group must not in aggregate exceed 10% ("General Scheme Limit") of the Shares of the Company in issue on 22 May 2012, the date when the Company adopted the New Share Option Scheme, was 107,704,500 Shares. The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares of the Company in issue as at the date of the shareholders' approval.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Schemes and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Schemes and any other share option schemes of the Company (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit").

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option. A nominal consideration of HKD1.00 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Schemes at any time during the period to be determined and notified by the Board to each grantee, at the time of making an offer of the grant of an option which shall not expire later than 10 years from the date of grant of the option.

The subscription price for the Shares under the Share Option Schemes will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

As at the date of this report, the number of Share Options that could still be granted under the New Share Option Scheme was 91,664,500, representing 8.39% of the 1,092,453,000 Shares in issue as at 18 March 2014, being the date of this report.

DIRECTORS' REPORT

Details are as follows:

Name and status of participants	As of 1 January 2013	Number of Shares (Note 1)			As of 31 December 2013	Date of Grant (Note 2)	Exercise Period (Note 3)	Subscription Price (HKD) (Note 4)
		Granted during the Review Year	Exercised during the Review Year (Note 6)	Lapsed during the Review Year				
Directors, Chief executives, and substantial shareholders and their respective connected associates								
Mr. Shi Jian Hui	400,000	-	400,000	-	-	4-7-2008	1-2-2010 to 12-11-2013	5.34
	400,000	-	400,000	-	-	4-7-2008	1-2-2011 to 12-11-2013	5.34
	600,000	-	-	-	600,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	600,000	-	-	-	600,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	800,000	-	-	-	800,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Mr. Zhao Feng	300,000	-	300,000	-	-	4-7-2008	1-2-2010 to 12-11-2013	5.34
	300,000	-	300,000	-	-	4-7-2008	1-2-2011 to 12-11-2013	5.34
	300,000	-	-	-	300,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	300,000	-	-	-	300,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	400,000	-	-	-	400,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Mr. Kawaguchi Kiyoshi	150,000	-	-	-	150,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	150,000	-	-	-	150,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	200,000	-	-	-	200,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Mr. He Dong Han	300,000	-	-	-	300,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	300,000	-	-	-	300,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	400,000	-	-	-	400,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Ms. Zhu Chun Ya (Note 5)	225,000	-	225,000	-	-	4-7-2008	1-2-2010 to 12-11-2013	5.34
	225,000	-	225,000	-	-	4-7-2008	1-2-2011 to 12-11-2013	5.34
Subtotal	6,350,000	-	1,850,000	-	4,500,000			
Other Participants (Share Option Scheme)	2,221,000	-	2,220,000	1,000	-	4-7-2008	1-2-2010 to 12-11-2013	5.34
	6,841,000	-	6,816,000	25,000	-	4-7-2008	1-2-2011 to 12-11-2013	5.34
	9,276,000	-	1,573,000	348,000	7,355,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	9,276,000	-	1,573,000	348,000	7,355,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	12,368,000	-	-	756,000	11,612,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Other Participants (New Share Option Scheme)	783,000	-	184,000	45,000	554,000	31-5-2012	30-5-2013 to 30-5-2017	9.13
	783,000	-	-	45,000	738,000	31-5-2012	30-5-2014 to 30-5-2017	9.13
	1,044,000	-	-	60,000	984,000	31-5-2012	30-5-2015 to 30-5-2017	9.13
Subtotal	42,592,000	-	12,366,000	1,628,000	28,598,000			
Total	48,942,000	-	14,216,000	1,628,000	33,098,000			

Note 1: Numbers of Shares in the Company over which options granted under the Share Option Schemes are exercisable.

Note 2: The closing price of the Share immediately before the date on which the Share Options were granted on (i) 4 July 2008, i.e. on 3 July 2008 was HKD5.05, (ii) 10 June 2011, i.e. on 9 June 2011 was HKD11.02, and pursuant to the New Share Option Scheme on 31 May 2012, i.e. on 30 May 2012 was HKD9.14.

Note 3: The option period for the Share Options granted on 4 July 2008 is for five years four months and eight days and such Share Options vested in tranches beginning on 1 February 2010 as to 50%, the remainder vesting on 1 February 2011. The option period for the Share Options granted on 10 June 2011 is for five years five months and two days and such Share Options vested in tranches beginning on 1 February 2012 as up to 30%, up to a further 30% vesting on 1 February 2013, and the remainder vesting on 1 February 2014. The option period for the Share Options granted on 31 May 2012 is for four years eleven months and thirty days and such Share Options vested in tranches beginning on 30 May 2013 as up to 30%, up to a further 30% vesting on 30 May 2014, and the remainder vesting on 30 May 2015.

Note 4: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

Note 5: Spouse of Mr. Zhao, and an advisor of the Group.

Note 6: The weighted average closing price of each Share immediately before the dates on which the Share Options were exercised during the Review Year is HKD14.17.

During the Review Year, Mr. Shi, Mr. Zhao and Ms. Zhu exercised 800,000 Share Options, 600,000 Share Options and 450,000 Share Options, respectively. 12,366,000 Share Options were exercised by grantees who are not Directors, and 1,628,000 Share Options lapsed due to the resignations of the grantees who are not Directors.

Apart from the Share Option Schemes as disclosed above, no option was granted, exercised, cancelled or lapsed during the Review Year.

Particulars of the Company's Share Option Schemes are set out in note 35 to the consolidated financial statements.

DIRECTORS' RIGHTS IN PURCHASING SHARES OR DEBENTURE

Save as disclosed in this annual report, at no time during the Review Year was the Company, its holding company or its subsidiaries a party to any arrangements which enabled the Directors to acquire benefits by means of acquisition of Shares in or debenture of the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no contracts of significance in relation to the Group's business to which the Company, its subsidiaries, the controlling shareholder of the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during the Review Year.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Review Year.

SUBSTANTIAL SHAREHOLDERS

(a) Interests or short positions in the Company

As at 31 December 2013, the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company, in the Shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Long/ Short Position	Number of Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wei Ching Lien	Interest of spouse	Long position	437,664,000 (Note 2)	40.09%
Linkfair Investments Limited	Beneficial owner	Long position	437,664,000 (Note 3)	40.09%
The Capital Group Companies, Inc.	Interest of controlled corporations	Long position	108,430,000 (Note 4)	9.93%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	80,296,000 (Note 5)	7.36%
Matthews International Capital Management, LLC	Investment manager	Long position	77,543,000	7.10%
Invesco Hong Kong Limited (in its capacity as manager/ advisor of various accounts)	Investment manager	Long position	64,350,000	5.89%

Note 1: Percentages shown are that as recorded in the Section 352 SFO register kept by the Company. As at 31 December 2013, the total issued share capital of the Company was 1,091,689,000 Shares.

Note 2: As at 31 December 2013, Linkfair was beneficially interested in 437,664,000 Shares. Linkfair was wholly-owned by Mr. Chin and he was therefore deemed to be interested in the entire 437,664,000 Shares held by Linkfair. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei was deemed to be interested in the 437,664,000 Shares in which Mr. Chin was deemed to be interested. Mr. Chin is also a director of Linkfair.

Note 3: As at 31 December 2013, Linkfair, a company wholly-owned by Mr. Chin, was interested in 437,664,000 Shares.

Note 4: As at 31 December 2013, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, The Capital Group Companies, Inc. has 100% control over Capital Group International, Inc. (an entity which is deemed by the SFO to be interested in 68,202,000 Shares in aggregate that are directly held by the 4 entities 100% controlled by it, namely, Capital Guardian Trust Company (9,374,000 Shares), Capital International, Inc. (40,130,000 Shares), Capital International Limited (538,000 Shares) and Capital International Sarl (18,160,000 Shares)) and Capital Research and Management Company (an entity which is deemed by the SFO to be interested in 40,228,000 Shares).

Note 5: As at 31 December 2013, according to the information disclosed to the Company under Division 2 and 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.

(b) Interests or short positions in other members of the Group

Member of the Group	Name of the corporation who directly or indirectly owns 10% or more equity in other members of the Group	Percentage of interest in such member of the Group
Guangzhou Minhui Automobile Parts Co., Ltd.	Sankei Giken Holdings Co., Ltd.	30%
Tianjin Shintai Automotive Parts Co., Ltd.	Aisin Tianjin Body Parts Co., Ltd.	19.8%
Changchun Minth Automotive Parts Co., Ltd.	Changchun Kedi Equipment Technology Co., Ltd.	45%
Minth AAPICO (Thailand) Co., Ltd.	AAPICO Hitech Public Company Limited	40%
Wuhan Minth Nojima Automotive Parts Co., Ltd.	Nojima Seisakusyo Co., Ltd.	50%
Wuhan Tokai Minth Automotive Parts Co., Ltd	Tokai Kogyo Co., Ltd.	50%
TK MINTH MEXICO, S.A. DE C.V.	Tokai Kogyo Co., Ltd.	50%

Other than as disclosed above, as at 31 December 2013, the Company had not been acknowledged by any person of any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of its listed securities during the Review Year.

CONTINUING CONNECTED TRANSACTIONS

During the Review Year, the following continuing connected transactions have been entered into by the Group. Save as disclosed herein, these transactions complied with Chapter 14A of the Listing Rules requirements in relation to reporting, announcement and/or independent shareholders' approval and the Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the following transactions:

(a) Entering into a sale and purchase agreement with Aisin Tianjin Body Parts Co., Ltd. ("Aisin Tianjin")

An indirect wholly-owned subsidiary of the Company entered into a share transfer agreement in May 2006 with Aisin Tianjin pursuant to which the Group and Aisin Tianjin owned 80% interest and 20% (and later approximately 80.2% and approximately 19.8% respectively subject to a share transfer agreement between the Group and Aisin Tianjin dated 27 April 2009) interest in Tianjin Shintai Automotive Parts Co., Ltd ("Tianjin Shintai") respectively. Aisin Tianjin therefore became a connected person of the Company within the meaning of Listing Rules by virtue of it being a substantial shareholder of one of the subsidiaries of the Company.

Tianjin Shintai and Aisin Tianjin (on behalf of and for itself and/or its affiliates) entered into a sale and purchase agreement ("Sale and Purchase Agreement") on 19 July 2006, pursuant to which Tianjin Shintai and/or its affiliates agreed to purchase semi-finished automobile materials from, and sell finished automobile parts to, Aisin Tianjin and/or its affiliates (collectively "Aisin Group"). The specific products would depend on the car models and terms as to quantity, quality and price will be agreed between the parties thereto from time to time under separate specific transactional agreements.

The price of the products supplied under the Sale and Purchase Agreement shall be negotiated by the parties on an arm's length basis by reference to market conditions at the relevant time and if there is no market price for a particular product, an agreed price consisting of the cost incurred in supplying the product plus a reasonable profit. The Sale and Purchase Agreement was for a term from the date that the requisite approval of the Shareholders had been obtained on 31 December 2008 and was capable of automatic renewal for another term of three years unless either party gives three months' termination notice prior to the expiry of the term. The Sale and Purchase Agreement was renewed for a further three years up to and including 31 December 2011 as approved by the independent Shareholders at the extraordinary general meeting of the Company on 26 June 2008. Tianjin Shintai and Aisin Tianjin renewed the Sale and Purchase Agreement on 30 December 2011.

Further details of the Sale and Purchase Agreement and the respective annual caps are set out in the Company's announcements dated 20 July 2006, 26 June 2008 and 30 December 2011 as well as its circulars dated 7 August 2006 and 10 June 2008.

During the Review Year, the cumulative of sales to, and purchase from Aisin Group pursuant to the Sale and Purchase Agreement amounted to approximately RMB76,055,000 and approximately RMB58,378,000 respectively, which did not exceed the reported and announced annual caps of RMB150,000,000 and RMB150,000,000 on 30 December 2011.

(b) Entering into sale, purchase and technology services agreement with Tokai Kogyo

Cheerplan (China), a wholly-owned subsidiary of the Company, has entered into a joint venture agreement with Tokai Kogyo to establish Wuhan Tokai Minth Automotive Parts Co., Ltd. ("Wuhan Tokai"). As Tokai Kogyo holds 50% equity interest in Wuhan Tokai, it became a connected person of the Company by virtue of its substantial shareholding in Wuhan Tokai. Tokai Kogyo and its subsidiaries and associates ("Tokai Kogyo Group") shall also become a connected person of the Company. Accordingly, the pre-existing and ongoing transactions between the Tokai Kogyo Group and the Group shall become continuing connected transactions for the Company under the Listing Rules.

The Group has, through its wholly-owned subsidiaries Guangzhou Minhui, Wuhan Minhui, Jiaying Minhui and Ningbo Shintai, entered into four sale and purchase agreements ("Tokai Agreements") with Tokai Kogyo Group on 1 January 2011 respectively. The terms of Tokai Agreements are for two or three years. In accordance with 14A.41 of the Listing Rules, upon any variation or renewal of such pre-existing and ongoing transaction shall comply with all applicable reporting, annual review, disclosure and independent shareholder's approval requirement. Further details of the agreements are set out in the Company's announcement dated 28 September 2011.

During the Review Year, the cumulative sales to Tokai Kogyo Group and purchase from Tokai Kogyo Group by the Group pursuant to the Tokai Agreements amounted to approximately RMB75,274,290 and RMB52,632,980 respectively.

The INEDs reviewed the continuing connected transactions set out herein and in note 37 to the consolidated financial statements, and confirmed that, during the year ended 31 December 2013, such transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms, or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The auditor of the Company also issued a letter in accordance with 14A.38 of the Listing Rules, confirming that, in respect of the relevant continuing connected transactions:

- (i) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (iii) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the relevant announcements of the Company in respect of each of the disclosed continuing connected transactions.

Further details of the transactions and relationships of the connected parties are also set out in note 37 to the consolidated financial statements.

REMUNERATION POLICY

Remuneration policy of the Group is set by the Remuneration Committee, making reference to legal framework, market condition and performance of the Group and individual staff. The remuneration policy and remuneration packages of the Directors and senior management staff of the Group are reviewed by the Remuneration Committee, making reference to the prevailing market practice, his/her duties and responsibilities within the Group and his/her contribution of the Group.

Mr. Chin, the executive Director has agreed to waive his remuneration since 1 March 2007.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Schemes are set out on pages 25 to 27 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND COMPLIANCE WITH MODEL CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Code set out in Appendix 14 of the Listing Rules. Save as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company did not, at any time during the corresponding periods of the Review Year, comply with the Corporate Governance Practices and the Code.

DIRECTORS' REPORT

Under the Code provision E.1.2, the chairman of the board should attend the AGM and invite the chairmen of audit, remuneration, nomination and any other committees (as appropriate) to attend. Further Dr. Wang, Mr. Zhang and Mr. Wu, all being INEDs and members of the Audit Committee, the Nomination Committee and the Remuneration Committee, were invited to attend the 2013 AGM to answer any question from the Shareholders concerning the Company's corporate governance. As provided for in the Code provision A.6.7, INEDs and other NEDs should attend the AGM and develop a balanced understanding of the views of Shareholders. One NED, Mr. He was unable to attend the 2013 AGM due to his business arrangements. Two INEDs, Dr. Wang and Mr. Wu were unable to attend the 2013 AGM due to prior commitments.

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the Company's code of conduct and the code for dealing in the Company's securities by all Directors. Having made specific enquiry to all Directors, the Directors confirmed that they have strictly complied with the standards stipulated under the Model Code during the Review Year.

MATERIAL LITIGATION AND ARBITRATION

The Group did not engage in any litigation or arbitration of material importance during the year ended 31 December 2013.

EVENT AFTER THE REPORTING PERIOD

On 16 January 2014, a group of grantees (the "Grantees") as defined in the Share Option Scheme, were granted a total of 13,580,000 Share Options as approved by the Board, allowing the Grantees to exercise those Share Options from the period between 1 June 2014 and 31 May 2019. The exercise price per share complied with the Listing Rules and was determined in accordance with the average closing price of the share of the Company quoted on the daily quotation sheet published by the Stock Exchange for the five business days immediately before the date the Share Options were granted. The Directors considered that the grant of such Share Options has no material and adverse effect to the financial condition of the Group.

Save as disclosed above, no other significant events occurred after the reporting period which would have a material adverse impact on the financial position of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

AUDITOR

A resolution will be proposed at the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Minth Group Limited
Chin Jong Hwa
Chairman

Hong Kong, 18 March 2014

Deloitte. 德勤

TO THE SHAREHOLDERS OF MINTH GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Minth Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 35 to 128, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

18 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
Revenue	6	5,510,385	4,329,906
Cost of sales		(3,691,820)	(2,895,867)
Gross profit		1,818,565	1,434,039
Investment income	7	97,325	67,838
Other income	8	129,817	106,019
Other gains and losses	9	100,697	117,397
Distribution and selling expenses		(171,764)	(130,115)
Administrative expenses		(459,828)	(347,155)
Research expenditure		(259,782)	(231,840)
Interest on borrowings wholly repayable within five years		(63,172)	(26,737)
Share of profits of joint ventures	19	1,141	24,703
Share of profits of associates	20	32,203	29,927
Profit before tax		1,225,202	1,044,076
Income tax expense	10	(195,788)	(147,695)
Profit for the year	11	1,029,414	896,381
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(39,238)	3,624
Fair value (loss) gain on available-for-sale investments		(17,687)	32,653
Income tax relating to items that may be reclassified to profit or loss		2,653	(4,846)
Other comprehensive (expense) income for the year (net of tax)		(54,272)	31,431
Total comprehensive income for the year		975,142	927,812
Profit for the year attributable to:			
Owners of the Company		971,338	841,159
Non-controlling interests		58,076	55,222
		1,029,414	896,381
Total comprehensive income attributable to:			
Owners of the Company		921,709	872,314
Non-controlling interests		53,433	55,498
		975,142	927,812
Earnings per share	14		
Basic		RMB0.896	RMB0.781
Diluted		RMB0.888	RMB0.778

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	15	2,545,896	1,889,471
Prepaid lease payments	16	508,356	457,238
Goodwill	17	15,276	15,276
Other intangible assets	18	40,199	33,239
Interests in joint ventures	19	79,486	101,512
Interests in associates	20	117,290	132,116
Available-for-sale investments	21	172,447	190,134
Loan receivables	22	89,615	–
Deferred tax assets	23	78,208	51,442
		3,646,773	2,870,428
Current assets			
Prepaid lease payments	16	11,809	11,046
Inventories	24	928,173	697,089
Loan receivables	22	51,882	26,697
Trade and other receivables	25	1,939,352	1,322,783
Derivative financial assets	26	8,702	31,306
Pledged bank deposits	27	786,746	285,060
Bank balances and cash	27	4,119,191	4,130,051
		7,845,855	6,504,032
Current liabilities			
Trade and other payables	28	1,201,345	836,729
Tax liabilities		106,552	53,778
Borrowings	29	2,385,330	1,271,398
Derivative financial liabilities	26	4,434	4,670
		3,697,661	2,166,575
Net current assets		4,148,194	4,337,457
Total assets less current liabilities		7,794,967	7,207,885

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
Capital and reserves			
Share capital	30	110,342	109,206
Share premium and reserves		7,346,410	6,664,340
Equity attributable to owners of the Company		7,456,752	6,773,546
Non-controlling interests	31	261,694	208,248
Total equity		7,718,446	6,981,794
Non-current liabilities			
Deferred tax liabilities	23	51,521	39,509
Borrowings	29	25,000	186,582
		76,521	226,091
		7,794,967	7,207,885

The consolidated financial statements on pages 35 to 128 were approved and authorised for issue by the Board of Directors on 18 March 2014 and are signed on its behalf by:

Shi Jian Hui
DIRECTOR

Zhao Feng
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Share capital	Share premium	Special reserve	Other reserve	Statutory surplus reserve fund	Enterprise expansion fund	Investment revaluation reserve	Exchange reserve	Share options reserve	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	109,139	3,054,408	276,199	28,829	116,222	11,159	(1,834)	(65,936)	50,196	2,508,843	6,087,225	155,248	6,242,473
Profit for the year	-	-	-	-	-	-	-	-	-	841,159	841,159	55,222	896,381
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	3,348	-	-	3,348	276	3,624
Fair value gain on available-for- sale financial assets	-	-	-	-	-	-	32,653	-	-	-	32,653	-	32,653
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	(4,846)	-	-	-	(4,846)	-	(4,846)
Total comprehensive income for the year	-	-	-	-	-	-	27,807	3,348	-	841,159	872,314	55,498	927,812
Recognition of share-based payments	-	-	-	-	-	-	-	-	40,751	-	40,751	-	40,751
Acquisition of equity interest from a non-controlling shareholder (note 31)	-	-	-	7,696	-	-	-	-	-	-	7,696	(23,004)	(15,308)
Transfer to reserve fund	-	-	-	-	1,242	1,961	-	-	-	(3,203)	-	-	-
Transfer to other reserve for share options forfeited after the vesting date	-	-	-	1,687	-	-	-	-	(1,687)	-	-	-	-
Capital contribution from non- controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	53,511	53,511
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	-	-	(238,027)	(238,027)	-	(238,027)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,005)	(33,005)
Exercise of share options	67	4,138	-	-	-	-	-	-	(618)	-	3,587	-	3,587
At 31 December 2012	109,206	3,058,546	276,199	38,212	117,464	13,120	25,973	(62,588)	88,642	3,108,772	6,773,546	208,248	6,981,794

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Share capital	Share premium	Special reserve	Other reserve	Statutory surplus reserve fund	Enterprise expansion fund	Investment revaluation reserve	Exchange reserve	Share options reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year	-	-	-	-	-	-	-	-	-	971,338	971,338	58,076	1,029,414
Exchange difference arising on translation of foreign operations	-	-	-	-	-	-	-	(34,595)	-	-	(34,595)	(4,643)	(39,238)
Fair value loss on available-for-sale financial assets	-	-	-	-	-	-	(17,687)	-	-	-	(17,687)	-	(17,687)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	2,653	-	-	-	2,653	-	2,653
Total comprehensive (expense) income for the year	-	-	-	-	-	-	(15,034)	(34,595)	-	971,338	921,709	53,433	975,142
Recognition of share-based payments	-	-	-	-	-	-	-	-	18,778	-	18,778	-	18,778
Transfer to reserve fund	-	-	-	-	9,672	-	-	-	-	(9,672)	-	-	-
Transfer to other reserve for share options forfeited after the vesting date	-	-	-	1,942	-	-	-	-	(1,942)	-	-	-	-
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	27,766	27,766
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	-	-	(332,404)	(332,404)	-	(332,404)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(27,753)	(27,753)
Exercise of share options	1,136	91,271	-	-	-	-	-	-	(17,284)	-	75,123	-	75,123
At 31 December 2013	110,342	3,149,817	276,199	40,154	127,136	13,120	10,939	(97,183)	88,194	3,738,034	7,456,752	261,694	7,718,446

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the paid-in capital of subsidiaries acquired pursuant to the group reorganisation in June 2005.

The other reserve of the Group consists of: (i) contributions from a shareholder, Mr. Chin Jong Hwa ("Mr. Chin"), in connection with the Group's acquisition of an associate from Mr. Chin pursuant to the group reorganisation, (ii) reserve arising from acquisition of additional interest in a subsidiary, (iii) revaluation reserve recognised upon acquisition of businesses from interests in joint ventures and (iv) reserve transferred from share options reserve for share options forfeited after the vesting date.

As stipulated by the relevant laws and regulations for foreign investment enterprise in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to maintain a statutory surplus reserve fund which is non-distributable. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the PRC subsidiaries. The amount and basis of allocation are decided by its respective board of directors annually. The statutory surplus reserve fund can be used to make up its prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

The investment revaluation reserve represents the changes in fair value net of tax of available-for-sale financial assets of the Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000
Operating activities		
Profit before tax	1,225,202	1,044,076
Adjustments for:		
Finance costs	63,172	26,737
Interest income	(91,032)	(62,736)
Dividends from available-for-sale investments	(6,293)	(5,102)
Share of profits of joint ventures	(1,141)	(24,703)
Share of profits of associates	(32,203)	(29,927)
Depreciation of property, plant and equipment	180,690	155,739
Amortisation of other intangible assets	11,286	11,226
Release of prepaid lease payments	11,779	9,792
Share-based payment expense	18,778	40,751
Gain on fair value changes of financial assets designated at financial assets at fair value through profit or loss ("FVTPL")	(56,561)	(62,542)
Gain on fair value changes of derivative financial instruments	(26,371)	(57,484)
Loss on disposal of property, plant and equipment	5,306	1,179
Allowance for obsolete inventories	6,598	1,788
Allowance for trade and other receivables	4,845	17,257
Reversal of allowance for trade and other receivables	(3,396)	–
Net foreign exchange gains	(46,374)	(22,154)
Impairment loss recognised in respect of property, plant and equipment	708	2,585
Operating cash flows before movements in working capital	1,264,993	1,046,482
Increase in inventories	(236,833)	(183,524)
Increase in trade and other receivables	(633,104)	(244,506)
Increase in trade and other payables	302,719	161,667
Cash generated from operations	697,775	780,119
Income taxes paid	(157,961)	(178,269)
Net cash from operating activities	539,814	601,850

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 RMB'000	2012 RMB'000
Investing activities		
Proceeds on redemption of other financial assets and derivative financial instruments	4,284,777	4,842,807
Interest received	90,019	63,406
Dividends received from associates	47,029	35,504
Dividends received from a joint venture	27,005	–
Dividends received from available-for-sale investments	6,293	5,102
Repayment from joint ventures and associates	–	27,639
Refund of guarantee deposit for acquisition of land use rights	20,000	20,000
Refundable guarantee deposit paid for acquisition of land use rights	(5,000)	–
Proceeds on disposal of property, plant and equipment	6,993	23,250
Investment in other financial assets and derivative financial instruments	(4,179,036)	(4,734,758)
Purchases of property, plant and equipment	(816,855)	(594,296)
Placement of pledged bank deposits	(540,330)	(258,389)
Withdrawal of pledged bank deposits	38,644	10,806
Prepaid lease payments for land use rights	(63,660)	(47,460)
Net cash outflow arising on acquisition of a subsidiary (note 32)	(16,915)	(36,644)
Purchases of other intangible assets	(10,696)	(11,938)
Addition of investment in associates	–	(10,403)
Advances to a joint venture and third party	(115,557)	–
Net cash used in investing activities	(1,227,289)	(665,374)
Financing activities		
Repayment of bank loans	(1,963,501)	(2,041,933)
New bank loans raised	2,965,300	2,696,229
Dividends paid to owners of the Company	(332,404)	(238,027)
Dividends paid to non-controlling interests	(26,853)	(33,005)
Interest paid	(57,367)	(26,737)
Acquisition of equity interest from a non-controlling shareholder	–	(15,308)
Proceeds from exercise of share options	75,123	3,587
Capital contributions from non-controlling interests	27,766	53,511
Net cash from financing activities	688,064	398,317
Net increase in cash and cash equivalents	589	334,793
Cash and cash equivalents at beginning of the year	4,130,051	3,791,701
Effect of foreign exchange rate changes	(11,449)	3,557
Cash and cash equivalents at the end of the year	4,119,191	4,130,051
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	4,119,191	4,130,051

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL, CORPORATE REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated under the Company Law of the Cayman Islands on 22 June 2005 and registered as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 December 2005. The Company acts as an investment holding company with its subsidiaries (the "Group") engaged in the design, develop, manufacture, process and sales of automobile body parts and moulds. The principal activities of the Company's subsidiaries are set out in note 38.

In the opinion of the Directors, the immediate and ultimate holding company is Linkfair Investments Limited, a limited company incorporated in the British Virgin Islands on 7 January 2005.

The financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as disclosed below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors reviewed and assessed the classification of the Group’s investments in joint arrangements in accordance with the requirements of HKFRS 11. The Directors concluded that the Group’s investments in Plastic Trim International, Inc. and Jiaying Dura Minth Automotive Parts Co., Ltd., that were previously classified as jointly controlled entities under HKAS 31 and accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and accounted for using the equity method.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint ventures and associates. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see notes 19, 20 and 31 for details).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 5(c).

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group’s ‘statement of comprehensive income’ is renamed as the ‘statement of profit or loss and other comprehensive income’. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁵
HK(IFRIC)-Int 21	Levies ¹

¹ Effective for annual periods beginning on or after January 1, 2014

² Effective for annual periods beginning on or after July 1, 2014

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

⁵ Effective for first annual HKFRS financial statements beginning on or after January 1, 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described below:

- All recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Directors anticipated that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group’s financial assets and financial liabilities. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities*

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

The Directors do not anticipate that the investment entities amendments will have any effect on the Group’s consolidated financial statements as the Company is not an investment entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (CONTINUED)

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group’s consolidated financial statements.

Except as disclosed above, the Directors anticipate that the application of the new and revised HKFRSSs that have been issued but are not yet effective will have no material impact on the Group’s consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates and joint ventures is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (Continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress and freehold land) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress and freehold land over their estimated useful lives after taking into account their estimated residual values, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is carried at cost less any recognised impairment loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in profit or loss on a straight line basis over the terms of the relevant leases.

The Group as Lessee

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided for on a straight-line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses on tangible and intangible assets other than financial assets and goodwill (see the accounting policy in respect of goodwill above and financial assets below)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 5.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

AFS financial assets

AFS financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an AFS equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

For certain categories of financial assets, such as trade and other receivable and loan receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

Impairment losses on AFS equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 5.

Other Financial liabilities

Financial liabilities including borrowings, trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to other reserve.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives, residual values and impairment of property, plant and equipment

The Directors determine the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. In addition, the Directors of the Company assess impairment whenever events or changes in circumstances and technical innovation of automobile products indicate that the carrying amount of an asset may not be recoverable. As at 31 December 2013, the carrying amount of the Group's property, plant and equipment is approximately RMB2,545,896,000 (net of accumulated impairment loss of RMB13,819,000) (31 December 2012: carrying amount of RMB1,889,471,000, net of accumulated impairment loss of RMB14,034,000).

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For the year ended 31 December 2013

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of loan receivables

Impairment loss for loan receivables is recognised when there is objective evidence that the recoverability of the receivables becomes doubtful. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amount of loan receivables is RMB141,497,000 (31 December 2012: RMB26,697,000). The Directors are of the opinion that the loan receivables are still recoverable and no impairment is considered necessary at the end of each reporting period.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2013, the carrying amount of trade receivable is RMB1,483,888,000 (net of allowance for doubtful debts of RMB10,557,000) (31 December 2012: carrying amount of RMB948,918,000, net of allowance for doubtful debts of RMB16,500,000).

Allowances for inventories

The management of the Group reviews the aging of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or saleable in the market. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete items. As at 31 December 2013, the carrying amount of inventories is RMB928,173,000 (net of allowance for inventories of RMB16,180,000) (31 December 2012: carrying amount of RMB697,089,000, net of allowance for inventories of RMB16,197,000).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. A valuation team has been set up, which is headed up by the Chief Financial Officer ("CFO") of the Group, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

The CFO works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

As at 31 December 2013, the fair values of available-for-sale investments, derivative financial assets and derivative financial liabilities were estimated to be RMB172,447,000 (2012: RMB190,134,000), RMB8,702,000 (2012: RMB31,306,000) and RMB4,434,000 (2012: RMB4,670,000) respectively.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013 RMB'000	2012 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	6,705,172	5,549,859
Available-for-sale investments	172,447	190,134
Derivative financial assets	8,702	31,306
Financial liabilities:		
Amortised cost	3,593,759	2,280,253
Derivative financial liabilities	4,434	4,670

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, pledged bank deposits, loan receivables, available-for-sale investments, derivative financial assets, derivative financial liabilities, borrowings and trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group's exposure to foreign currency risk is arising mainly from:

- (1) The Company and certain subsidiaries have bank balances denominated in foreign currencies.
- (2) Certain subsidiaries of the Group also have foreign currency sales and purchases and certain trade receivables and payables of these subsidiaries are denominated in foreign currencies.
- (3) The Company and certain subsidiaries also have borrowings denominated in foreign currencies.

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For the year ended 31 December 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the end of reporting period are as follows:

	Liabilities		Assets	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
United States Dollars ("US\$")	1,031,708	755,072	564,069	537,663
EURO ("EUR")	100,422	1,832	53,940	50,838
Japanese Yen ("JPY")	66,277	170,544	7,263	21,618
Hong Kong Dollars ("HK\$")	585,252	319,943	13,203	20,843
Thai Baht ("THB")	–	–	23	22,017
	1,783,659	1,247,391	638,498	652,979

The Group entered into certain foreign exchange forward contracts to mitigate its foreign currency exposure.

Sensitivity analysis

This sensitivity analysis details the Group's sensitivity to a 5% (2012: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2012: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes (i) outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2012: 5%) change in foreign currency rates; (ii) outstanding foreign currency forward contracts and adjusts for a 5% (2012: 5%) change in foreign currency rates at the year end; and (iii) outstanding swap derivative contracts and adjusts for a 5% change in foreign currency rates at the year end. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% (2012: 5%) against the relevant currency while a negative number indicates a decrease in post-tax profit.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

	2013 RMB'000	2012 RMB'000
If RMB strengthens against US\$	24,750	75,172
If RMB weakens against US\$	(24,750)	(75,172)
If RMB strengthens against EUR	1,952	(2,100)
If RMB weakens against EUR	(1,952)	2,100
If RMB strengthens against JPY	2,479	6,393
If RMB weakens against JPY	(2,479)	(6,393)
If RMB strengthens against HK\$	24,032	12,839
If RMB weakens against HK\$	(24,032)	(12,839)
If RMB strengthens against THB	(1)	(945)
If RMB weakens against THB	1	945

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables and bank borrowings (see notes 22 and 29).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate loan receivables, bank balances, pledged bank deposits and borrowings (see notes 22, 27 and 29).

The Group entered into certain interest rate swaps to minimise its exposure to interest rate risk. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate financial instruments (including bank balances, pledged bank deposits, loan receivables and borrowings) at the end of the reporting period. The analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis point (2012: 10 basis point) increase or decrease in interest rates on variable-rate bank balances and pledged bank deposits and a 50 basis point (2012: 50 basis point) increase or decrease in interest rates on variable-rate loan receivables and borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If interest rates on variable-rate bank balances and pledged bank deposits had been 10 basis point (2012: 10 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease approximately by RMB2,645,000 (2012: increase/decrease approximately by RMB1,552,000). If interest rates on variable-rate loan receivables and borrowings had been 50 basis point (2012: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase approximately by RMB9,705,000 (2012: decrease/increase approximately by RMB4,862,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances, pledged bank deposits, loan receivables and borrowings.

(iii) Price risk

The Group is exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If the prices of the respective equity instruments had been 5% (2012: 5%) higher, the investment revaluation reserve would increase by RMB7,329,000 (2012: RMB8,081,000). If the prices of the equity instruments had been 5% (2012: 5%) lower, the investment revaluation reserve would decrease by the same amount and the Group would consider any potential impairment effect.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the year end exposure does not reflect the exposure during the year.

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the majority of the counterparties are state-owned banks in the PRC or those banks with good reputation.

The Group has concentration of credit risk on trade receivables and loan receivables. At 31 December 2013, the Group's ten largest customers accounted for approximately 38% (31 December 2012: 37%) of the total trade receivables. As at 31 December 2013, 92% of the Group's loan receivables were due from one joint venture of the Group (2012: 100% from one joint venture of the group).

The management of the Group has entered into some credit insurance arrangements for these major customers with certain insurance institutions. The Group reviews the recoverable amount of the loan receivable from the individual joint venture at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any. In these regards, the Directors consider that the credit risk of the Group has been significantly reduced.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 77% (2012: 69%) of the total trade receivables as at 31 December 2013.

Liquidity risk

The Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. In addition, the following tables detail the Group's liquidity analysis for its derivative instruments. The tables have been drawn up based on the undiscounted net (inflows) and outflows on those derivatives.

Liquidity tables

	Weighted average interest rate %	Repayable on demand or less than three months RMB'000	Three months to six months RMB'000	Six months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2013							
Non-derivative financial liabilities							
Trade and other payables	-	1,183,429	-	-	-	1,183,429	1,183,429
Borrowings	2.79	1,789,898	246,678	365,843	25,387	2,427,806	2,410,330
		2,973,327	246,678	365,843	25,387	3,611,235	3,593,759
Derivatives-net settlement	-						
Foreign currency forward contracts							
- net inflow		-	-	(8,602)	-	(8,602)	(8,602)
Swap derivative contracts							
- net inflow		(8)	-	-	(92)	(100)	(100)
- net outflow		1,082	1,007	1,628	-	3,717	3,717
Interest rate swaps							
- net outflow		-	478	239	-	717	717
		1,074	1,485	(6,735)	(92)	(4,268)	(4,268)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	Repayable on demand or less than three months RMB'000	Three months to six months RMB'000	Six months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2012							
Non-derivative financial liabilities							
Trade and other payables	-	822,273	-	-	-	822,273	822,273
Borrowings	2.96	963,917	313,845	2,148	190,399	1,470,309	1,457,980
		1,786,190	313,845	2,148	190,399	2,292,582	2,280,253
Derivatives-net settlement							
Foreign currency forward contracts	-						
- net inflow		(1,286)	(21,230)	(7,182)	(1,070)	(30,768)	(30,768)
Swap derivative contracts							
- net inflow		(538)	-	-	-	(538)	(538)
- net outflow		-	38	2,915	-	2,953	2,953
Interest rate swaps							
- net outflow		-	-	-	1,717	1,717	1,717
		(1,824)	(21,192)	(4,267)	647	(26,636)	(26,636)

Bank loans with a repayment on demand clause are included in the "repayable on demand" time band in the above maturity analysis. As at 31 December 2013, the aggregate undiscounted principal amounts of these bank loans amounted to RMB235,860,000 (2012: RMB243,255,000). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary right to demand immediate repayment. The Directors believe that such bank loans will be repaid within one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows would amount to RMB242,889,000 (2012: RMB283,061,000).

The amounts included above for variable rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of available-for-sale financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

The fair value of derivative instruments is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
	31/12/13	31/12/12		
1) Available-for-sale investments	Listed equity securities on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB172,447,000	Listed equity securities on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB190,134,000	Level 1	Quoted bid prices in an active market.
2) Foreign currency forward contracts classified as derivative financial assets in the consolidated statement of financial position	Assets – RMB8,602,000	Assets – RMB30,768,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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For the year ended 31 December 2013

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
	31/12/13	31/12/12		
3) Swap derivative contracts classified as derivative financial assets and liabilities in the consolidated statement of financial position	Assets – RMB100,000; and Liabilities – RMB3,717,000	Assets – RMB538,000; and Liabilities – RMB2,953,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward exchange rates as determined by the actual exchange rates on each maturity date, discounted at a rate that reflects the credit risk of various counterparties.
4) Interest rate swaps classified as derivative financial liabilities in the consolidated statement of financial position	Liabilities – RMB717,000	Liabilities – RMB1,717,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 and 2 in the current and prior years.

(d) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 29 net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. SEGMENT INFORMATION

Information reported to the Board of Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on goods or services delivered or provided by different geographic location. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 December 2013

	PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
Revenue					
External sales	3,766,651	910,839	423,558	409,337	5,510,385
Segment profit	1,198,121	331,386	158,461	129,199	1,817,167
Investment income					97,325
Other unallocated income, gains and losses					230,514
Unallocated expenses					(889,976)
Interest on borrowings wholly repayable within five years					(63,172)
Share of profits of joint ventures					1,141
Share of profits of associates					32,203
Profit before tax					1,225,202
Income tax expense					(195,788)
Profit for the year					1,029,414

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2012

	PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
Revenue					
External sales	3,019,093	704,998	240,383	365,432	4,329,906
Segment profit	966,683	250,913	82,379	116,807	1,416,782
Investment income					67,838
Other unallocated income, gains and losses					223,416
Unallocated expenses					(691,853)
Interest on borrowings wholly repayable within five years					(26,737)
Share of profits of joint ventures					24,703
Share of profits of associates					29,927
Profit before tax					1,044,076
Income tax expense					(147,695)
Profit for the year					896,381

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment after adjusting impairment of trade receivables relating to its sales. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following table, which is reviewed by the Board of Directors, provides an analysis of the Group's trade receivables and bill receivables by geographical markets based on location of customers, irrespective of the origin of the goods:

Segment assets

	2013		2012	
	RMB'000	%	RMB'000	%
Trade and bill receivables				
PRC	1,235,867	10.7	715,398	7.5
Asia Pacific	83,250	0.7	89,410	1.0
North America	172,205	1.5	165,430	1.8
Europe	111,221	1.0	62,359	0.7
Trade and bill receivables total	1,602,543	13.9	1,032,597	11.0
Unallocated assets	9,890,085	86.1	8,341,863	89.0
Total assets	11,492,628	100.0	9,374,460	100.0

The Board of Directors does not review segment liabilities as the production and the purchases of the Group are mainly located in the PRC. Therefore no further analysis of segment liabilities is presented.

Revenue from major product

The Group's operation is engaged in the manufacturing and sales of automobile body parts.

Geographical information

The Group's operations are located in the PRC, United States of America, Japan, Thailand, Germany and Mexico. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	2013 RMB'000	2012 RMB'000
PRC	2,752,650	2,273,853
Other countries	553,853	354,999
	3,306,503	2,628,852

Note: Non-current assets excluded financial instruments and deferred tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

6. SEGMENT INFORMATION (CONTINUED)

Information about major customers

Details of the customers accounting for 10% or more of total revenue are as follows:

	For the year ended 31 December	
	2013 RMB'000	2012 RMB'000
Customer A	578,630	470,491

The customer above is located in the PRC.

7. INVESTMENT INCOME

	2013 RMB'000	2012 RMB'000
Interest on bank deposits	89,950	61,574
Interest on loan receivables	1,082	1,162
Dividends from listed equity securities	6,293	5,102
Total investment income	97,325	67,838

8. OTHER INCOME

	2013 RMB'000	2012 RMB'000
Government grants (note)	54,598	55,121
Service and consultation income	26,274	9,756
Sales of scrap and raw materials	29,544	22,356
Rental income	7,600	5,928
Others	11,801	12,858
Total	129,817	106,019

Note: The amounts represent the various subsidies granted by PRC local government authorities to group entities as incentives for their good performance in quality control or environmental protection, or involvement in the hi-tech know-how industry and product development activities. The government grants were unconditional and had been approved by and received from the PRC local government authorities.

9. OTHER GAINS AND LOSSES

	2013 RMB'000	2012 RMB'000
Net foreign exchange gain	25,228	18,392
Allowance for trade and other receivables (note 25)	(4,845)	(17,257)
Reversal of allowance for trade and other receivables (note 25)	3,396	-
Impairment for property, plant and equipment (note 15)	(708)	(2,585)
Loss on disposal of property, plant and equipment	(5,306)	(1,179)
Gain on changes in fair value of derivative financial instruments	26,371	57,484
Gain on fair value changes of financial assets designated as at FVTPL	56,561	62,542
Total	100,697	117,397

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For the year ended 31 December 2013

10. INCOME TAX EXPENSE

	2013 RMB'000	2012 RMB'000
Current tax:		
PRC Enterprise Income Tax	211,352	151,660
Other jurisdictions	842	1,182
Withholding tax paid	11,389	7,938
	223,583	160,780
Over provision in prior years:		
PRC Enterprise Income Tax	(12,841)	(4,364)
Other jurisdictions	(7)	(201)
	(12,848)	(4,565)
Deferred tax (note 23)		
Current year credit	(14,876)	(7,854)
Attributable to a change in tax rate	(71)	(666)
	(14,947)	(8,520)
	195,788	147,695

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group are entitled to exemption from PRC income tax for two years starting from their first profit making year, followed by a 50% reduction for the next three years (the "Tax Holidays"). The tax holidays expired in 2012.

10. INCOME TAX EXPENSE (CONTINUED)

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No.39), certain of the group entities located in the PRC were entitled to the following tax concession under the EIT Law:

- (1) The tax exemption and 50% deduction from enterprise income tax for the foreign investment enterprises is still applicable until the end of the five-year transitional period in 2012 under the EIT Law.
- (2) Those entities that previously enjoyed a preferential tax rate of 15% would increase their applicable tax rate progressively to 25% over a five-year transitional period ended in 2012.
- (3) Those entities which are located in specific provinces of western China and engaged in specific encouraged industries would still enjoy a preferential tax rate of 15% under the EIT Law.
- (4) Those entities which are qualified as “Hi-New Tech Enterprises” would enjoy a preferential tax rate of 15% under the EIT Law and be subject to renewal each year or every three years.

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to interest and dividends payable to investors that are “non-tax resident enterprises”, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to offshore group entities in respect of the undistributed profits attributable to the Group as earned by the Group’s PRC subsidiaries from 1 January 2008 onwards shall be subject to the withholding tax at 10% or a lower treaty rate. Under the relevant tax treaty, the withholding tax rate on distributions to Hong Kong resident companies is 5%. Therefore, withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities.

The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled under the EIT Law and other related tax regulations in other jurisdictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

10. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013		2012	
	RMB'000	%	RMB'000	%
Profit before tax	1,225,202		1,044,076	
Tax at the applicable income tax rate of 25% (2012: 25%)	306,301	25.0	261,019	25.0
Tax effect of share of profits of associates and joint ventures	(8,336)	(0.7)	(13,658)	(1.3)
Tax effect of expenses not deductible for tax purpose	6,436	0.5	8,915	0.8
Tax effect of tax losses not recognised as deferred tax assets	17,820	1.5	5,978	0.6
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	(4,540)	(0.4)	(5,638)	(0.5)
Effect of tax concessions granted to PRC subsidiaries	(119,514)	(9.7)	(105,932)	(10.1)
Withholding tax provision on the profits of PRC subsidiaries	17,112	1.4	14,251	1.3
Tax effect of different tax rates of subsidiaries	(11,922)	(1.0)	(21,001)	(2.1)
Deferred tax charged at different tax rates	5,350	0.4	8,992	0.9
Increase in opening deferred tax assets resulting from an increase in applicable tax rate	(71)	–	(666)	(0.1)
Over provision in respect of prior years	(12,848)	(1.0)	(4,565)	(0.4)
Tax charge and effective tax rate for the year	195,788	16.0	147,695	14.1

11. PROFIT FOR THE YEAR

	2013 RMB'000	2012 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories as recognised (note i)	3,691,820	2,895,867
Directors' remuneration (note 12)	7,477	10,571
Other staff's retirement benefits scheme contributions	34,964	25,249
Other staff's share-based payments	16,486	34,818
Other staff costs	808,184	585,776
Total staff costs	867,111	656,414
Less: Staff costs included in research expenditure	(154,572)	(120,629)
	712,539	535,785
Auditors' remuneration	6,597	6,750
Depreciation for property, plant and equipment	180,690	155,739
Less: Depreciation included in research expenditure	(11,395)	(11,223)
	169,295	144,516
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditure)	11,286	11,226
Release of prepaid lease payments	11,779	9,792
Operating lease rentals of buildings	37,846	26,635
Research expenditure (note ii)	259,782	231,840
Rental income	(10,850)	(9,286)
Less: Outgoings	3,250	3,358
	(7,600)	(5,928)

Notes:

- (i) Included in this amount is the allowance for inventories amounting to RMB6,598,000 (2012: RMB1,788,000).
- (ii) The amount represents expenses incurred in the research phase for the design of new moulds or products of the Group.

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For the year ended 31 December 2013

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to each of the nine (2012: eleven) directors and the Chief Executive, of which none (2012: two) resigned during the year were as follows:

	Other emoluments				Total RMB'000
	Fees RMB'000	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	
2013					
Executive directors:					
Chin Jong Hwa ("Mr. Chin")	–	–	–	–	–
Shi Jian Hui ("Mr. Shi") (note i)	–	1,967	1,019	3	2,989
Zhao Feng	–	1,130	509	7	1,646
Kawaguchi Kiyoshi	–	1,454	255	–	1,709
	–	4,551	1,783	10	6,344
Non-executive directors:					
Yu Zheng	144	–	–	–	144
He Dong Han	120	–	509	–	629
	264	–	509	–	773
Independent non-executive directors:					
Wang Ching	120	–	–	–	120
Zhang Liren	120	–	–	–	120
Wu Fred Fong	120	–	–	–	120
	360	–	–	–	360

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' and Chief Executive's emoluments (Continued)

	Fees RMB'000	Others emoluments			Total RMB'000
		Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	
2012					
Executive directors:					
Mr. Chin	–	–	–	–	–
Mr. Shi	–	1,108	2,157	3	3,268
Zhao Feng	–	1,091	1,079	7	2,177
Kawaguchi Kiyoshi	–	1,714	539	–	2,253
Mu Wei Zhong (note iii)	–	8	270	–	278
	–	3,921	4,045	10	7,976
Non-executive directors:					
Mikio Natsume (note ii)	30	–	–	–	30
Yu Zheng	146	–	–	–	146
He Dong Han	122	–	1,079	–	1,201
Mu Wei Zhong (note iii)	43	–	809	–	852
	341	–	1,888	–	2,229
Independent non-executive directors:					
Wang Ching	122	–	–	–	122
Zhang Liren	122	–	–	–	122
Wu Fred Fong	122	–	–	–	122
	366	–	–	–	366

Notes:

- i) Mr. Shi is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.
- ii) Resigned as a non-executive director with effect from 21 March 2012.
- iii) Re-designated from an executive director to a non-executive director of the Company with effect from 21 March 2012 and resigned as a non-executive director of the Company with effect from 19 December 2012.

During the year ended 31 December 2013, one director waived emoluments of RMB600,000 (2012: one director waived emoluments of RMB600,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Employees' emoluments

During the year, of the five highest paid individuals, two (2012: three) were directors and the Chief Executive of the Company whose emoluments are set out above. The emoluments of the remaining three (2012: two) highest paid individuals were as follows:

	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirements benefits scheme contributions RMB'000	Total RMB'000
2013	7,939	1,131	1	9,071
2012	2,327	1,618	3	3,948

Their emoluments were within the following bands:

	2013 No. of employees	2012 No. of employees
HK\$2,000,001 to HK\$2,500,000	2	2
HK\$2,500,001 to HK\$3,000,000	–	2
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$3,500,001 to HK\$4,000,000	1	–
HK\$4,000,001 to HK\$4,500,000	–	1
HK\$6,000,001 to HK\$6,500,000	1	–

13. DIVIDENDS

	2013 RMB'000	2012 RMB'000
Dividends recognised as distribution during the year:		
2012 Final – HK\$0.385 (2012: 2011 final dividend HK\$0.271) per share	332,404	238,027

In the annual general meeting held on 24 May 2013, a final dividend of HK\$0.385 (2012: HK\$0.271) per share in respect of the year ended 31 December 2012 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK\$0.453 per share for the year ended 31 December 2013 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting to be held on 29 May 2014.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2013 RMB'000	2012 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	971,338	841,159
	2013 '000	2012 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,083,996	1,077,068
Effect of dilutive potential ordinary shares:		
Options (note)	9,842	4,294
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,093,838	1,081,362

Note: Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share for the year ended 31 December 2012 as they did not have dilutive effect on the Company's earnings per share because the exercise prices of these options were higher than the average market prices of the Company's shares during 2012.

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For the year ended 31 December 2013

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Furniture and equipment	Leasehold improvements	Motor vehicles	Plant and machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At 1 January 2012	49,921	601,912	120,114	31,091	27,613	967,412	205,032	2,003,095
Exchange adjustments	(3,114)	(3,442)	290	5	(27)	3,737	865	(1,686)
Additions	62,075	11,550	28,348	7,880	4,912	133,508	364,109	612,382
Arising on acquisition of a subsidiary (note 32)	-	18,699	1	-	-	-	1,797	20,497
Disposals	-	(93)	(1,380)	(180)	(4,796)	(29,534)	-	(35,983)
Transfers	-	54,688	8,655	7,929	320	130,334	(201,926)	-
At 31 December 2012	108,882	683,314	156,028	46,725	28,022	1,205,457	369,877	2,598,305
Exchange adjustments	(12,972)	(13,072)	(2,073)	(66)	(182)	(5,291)	(2,014)	(35,670)
Additions	1,226	42,703	38,132	6,126	3,532	130,707	602,515	824,941
Arising on acquisition of a subsidiary (note 32)	1,978	16,037	908	-	-	37,135	-	56,058
Disposals	-	(12,567)	(8,340)	(3,241)	(896)	(28,589)	(50)	(53,683)
Transfers	-	218,134	11,263	2,164	749	158,968	(391,278)	-
At 31 December 2013	99,114	934,549	195,918	51,708	31,225	1,498,387	579,050	3,389,951
DEPRECIATION AND IMPAIRMENT								
At 1 January 2012	-	122,165	60,422	13,427	17,749	337,347	11,449	562,559
Exchange adjustments	-	(666)	(30)	-	(34)	235	-	(495)
Provided for the year	-	31,155	19,464	6,449	2,249	96,422	-	155,739
Impairment loss recognised in profit or loss (note)	-	-	8	-	-	2,577	-	2,585
Eliminated on disposals	-	(23)	(1,080)	(54)	(4,073)	(6,324)	-	(11,554)
Transfers	-	-	-	-	-	11,449	(11,449)	-
At 31 December 2012	-	152,631	78,784	19,822	15,891	441,706	-	708,834
Exchange adjustments	-	(2,763)	(813)	(6)	(144)	(1,067)	-	(4,793)
Provided for the year	-	33,940	23,641	7,443	2,711	112,955	-	180,690
Impairment loss recognised in profit or loss (note)	-	-	-	-	-	708	-	708
Eliminated on disposals	-	(2,917)	(7,168)	(2,519)	(592)	(28,188)	-	(41,384)
At 31 December 2013	-	180,891	94,444	24,740	17,866	526,114	-	844,055
CARRYING AMOUNT								
At 31 December 2013	99,114	753,658	101,474	26,968	13,359	972,273	579,050	2,545,896
At 31 December 2012	108,882	530,683	77,244	26,903	12,131	763,751	369,877	1,889,471

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following rates per annum:

Freehold land	0%
Buildings	2.6%-5.8%
Furniture and equipment	9%-18%
Leasehold improvements	18%
Motor vehicles	18%
Plant and machinery	8%-9%

The freehold land is located in the United States of America, Mexico, Japan, Thailand and Germany respectively.

The Group has pledged freehold land and buildings having a net book value of approximately RMB18,514,000 (31 December 2012: RMB21,269,000) to secure general banking facilities granted to certain group entities.

Note: An impairment loss amounting to RMB708,000 (2012: RMB2,585,000) has been recognised in respect of certain equipment to the extent that the carrying amount exceeded the recoverable amount based on the best estimate by the management in the current year.

16. PREPAID LEASE PAYMENTS

	2013 RMB'000	2012 RMB'000
Prepaid lease payments	520,165	468,284
Analysed for reporting purposes as:		
Current assets	11,809	11,046
Non-current assets	508,356	457,238
	520,165	468,284

Included in prepaid lease payments are PRC located land use rights with carrying amount of RMB28,454,000 (2012: RMB12,568,000) for which the land use right certificates have not been obtained. The Group is in the process of obtaining the certificates.

The carrying amount represents the prepayment of rentals for medium-term land use rights situated in the PRC for a period of 50 years or the remaining period of the rights, if shorter.

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17. GOODWILL

	2013 RMB'000	2012 RMB'000
COST AND CARRYING VALUES		
At 31 December	15,276	15,276

The goodwill held by the Group as at 31 December 2013 arose on the acquisition of a subsidiary, Jiaxing Minrong Automotive Parts Co., Ltd. ("Jiaxing Minrong"), in 2006 and on the acquisition of the remaining interest in Jiaxing Minrong in 2007. During the year ended 31 December 2007, Jiaxing Minrong became a branch of a principal subsidiary of the Group.

Impairment test of goodwill

As at 31 December 2013, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (2012: RMB15,276,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period with appropriate discount rates. Growth rate beyond the five-year period is assumed to be zero.

Management believes that any reasonably possible change in any of these key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

18. OTHER INTANGIBLE ASSETS

	Patent RMB'000	Technical know-how RMB'000	Total RMB'000
COST			
At 1 January 2012	1,621	84,036	85,657
Additions	–	11,938	11,938
At 31 December 2012	1,621	95,974	97,595
Additions	–	10,696	10,696
Acquired on acquisition of a subsidiary (note 32)	–	7,550	7,550
At 31 December 2013	1,621	114,220	115,841
AMORTISATION			
At 1 January 2012	1,621	51,509	53,130
Charge for the year	–	11,226	11,226
At 31 December 2012	1,621	62,735	64,356
Charge for the year	–	11,286	11,286
At 31 December 2013	1,621	74,021	75,642
CARRYING VALUES			
At 31 December 2013	–	40,199	40,199
At 31 December 2012	–	33,239	33,239

The other intangible assets included above have finite useful lives over which the assets are amortised. The amortisation periods for both patent and technical know-how range from three to ten years.

19. INTERESTS IN JOINT VENTURES

	2013 RMB'000	2012 RMB'000
Cost of unlisted investments in joint ventures	78,150	78,150
Share of post-acquisition profits, net of dividends received	7,837	28,467
Exchange difference	(6,501)	(5,105)
	79,486	101,512

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19. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2013 and 2012, the Group had interests in the following joint ventures:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group		Paid-in capital	Principal activities
		2013 %	2012 %		
Plastic Trim International, Inc. ("PTI")	United States of America ("USA")	49.82	49.82	US\$16,700,000	Manufacture of plastic injection moulding and extrusion
Jiaxing Dura Minth Automotive Parts Co., Ltd. ("Jiaxing Dura")	PRC	49	49	US\$5,000,000	Manufacture of automotive parts

The summarised financial information in respect of the Group's material joint venture which is accounted for using the equity method is set out below, representing amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs:

Jiaxing Dura

	2013 RMB'000	2012 RMB'000
Current assets	123,215	142,433
Non-current assets	30,809	31,498
Current liabilities	50,177	56,727
Non-current liabilities	–	–
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	75,318	73,630
Current financial liabilities (excluding trade and other payables and provisions)	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–

19. INTERESTS IN JOINT VENTURES (CONTINUED)

Jiaxing Dura (Continued)

	For the year ended 31 December 2013 RMB'000	For the year ended 31 December 2012 RMB'000
Revenue	204,722	172,703
Profit for the year	31,074	27,513
Dividend received from the joint venture	21,771	–
The above profit for the year include the following:		
Depreciation and amortisation	3,756	3,999
Interest income	1,036	1,613
Interest expense	–	–
Income tax expense	10,262	5,040

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiaxing Dura recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets of the joint venture	103,847	117,204
Proportion of the Group's ownership interest in the joint venture	49%	49%
Carrying amount of the Group's interest in the joint venture	50,885	57,430

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19. INTERESTS IN JOINT VENTURES (CONTINUED)

Information of PTI that is not individually material

	2013 RMB'000	2012 RMB'000
The Group's share of (loss) profit	(14,085)	11,221
Carrying amount of the Group's interests in PTI	28,601	44,082

20. INTERESTS IN ASSOCIATES

	2013 RMB'000	2012 RMB'000
Cost of unlisted investments in associates	63,847	63,847
Share of post-acquisition profits, net of dividends received	53,443	68,269
	117,290	132,116

As at 31 December 2013 and 2012, the Group had interests in the following associates:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group		Paid-in capital	Principal activities
		2013	2012		
Ningbo Tokai Minh Automotive Parts Co., Ltd.	PRC	48%	48%	US\$4,800,000	Manufacture of automotive parts
Guangzhou Tokai Minh Automotive Parts Co., Ltd. ("Guangzhou Tokai Minh")	PRC	49%	49%	US\$8,000,000	Manufacture of automotive parts
Jiaxing TAB-MINTH Mobility Equipment Co., Ltd.	PRC	35%	35%	US\$1,000,000	Wholesale, sales agency and import and export of automobile parts, and relevant technical consultancy, assembly and maintenance services
Wuhan Sankei Minh Automotive Parts Co., Ltd.	PRC	30%	30%	US\$7,500,000	Manufacture and sales of exhaust systems for automobiles

20. INTERESTS IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of each of the Group's material associates is set out below, representing amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Guangzhou Tokai Minth

	2013 RMB'000	2012 RMB'000
Current assets	193,897	128,732
Non-current assets	39,719	23,928
Current liabilities	92,117	2,211
Non-current liabilities	–	–

	For the year ended 31 December 2013 RMB'000	For the year ended 31 December 2012 RMB'000
Revenue	221,228	151,799
Profit for the year	57,596	35,058
Dividends received from the associate during the year	32,628	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangzhou Tokai Minth recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets of the associate	141,499	150,449
Proportion of the Group's ownership interest in the associate	49%	49%
Carrying amount of the Group's interest in the associate	69,379	73,767

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20. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2013 RMB'000	2012 RMB'000
The Group's share of profit	3,963	12,738
Aggregate carrying amount of the Group's interests in these associates	47,911	58,349

21. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2013 RMB'000	2012 RMB'000
Listed investments:		
– Equity securities listed in PRC	172,447	190,134

22. LOAN RECEIVABLES

	Maturity date	Effective interest rate per annum	Carrying amount	
			2013 RMB'000	2012 RMB'000
Variable-rate loan receivables from a joint venture	31 August 2014 (note a)	the United States Prime Rate-0.5%	26,603	26,697
Variable-rate loan receivables from a joint venture	26 September 2014 (note b)	the United States Prime Rate-0.5%	103,969	–
Fixed-rate loan receivables from a supplier	26 December 2014 to 5 June 2020 (note c)	6.15% to 6.55%	10,925	–
			141,497	26,697
Analysed for reporting purposes as				
Current assets			51,882	26,697
Non-current assets			89,615	–
			141,497	26,697

Notes:

- a. Included in the amount is the amount of interest receivables of approximately RMB1,240,000 (2012: RMB549,000). During the year ended 31 December 2013, both the Group and the joint venture agreed to extend the maturity date of the loan from 31 August 2013 to 31 August 2014.
- b. Included in the amount is the amount of interest receivables of approximately RMB322,000 (2012: nil). RMB79,259,700 of the loan receivables was classified as non-current as the Directors anticipated that it would not be recalled by the Group upon maturity but would instead be repaid after 2014.
- c. The amounts represented a number of entrusted loans granted to a supplier through a bank at fixed rates ranging from 6.15% to 6.55% per annum with various maturities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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23. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current year:

Deferred tax assets:

	Allowance for doubtful debts	Allowance for inventories	Unrealised profit for inter-group transactions	Temporary difference of expense	Available- for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	630	2,186	20,321	14,940	1,148	39,225
Credit to profit or loss	1,549	187	5,758	5,205	–	12,699
Charge to other comprehensive income for the year	–	–	–	–	(1,148)	(1,148)
Effect of change in tax rate	–	–	666	–	–	666
At 31 December 2012	2,179	2,373	26,745	20,145	–	51,442
Credit (charge) to profit or loss	(139)	227	14,102	9,523	–	23,713
Credit to other comprehensive income for the year	–	–	–	–	59	59
Arising on acquisition of a subsidiary (note 32)	–	–	–	2,791	–	2,791
Effect of change in tax rate	–	–	71	–	–	71
Exchange adjustment	–	–	–	132	–	132
At 31 December 2013	2,040	2,600	40,918	32,591	59	78,208

23. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities:

	Temporary differences of income RMB'000	Fair value adjustment on acquisition of prepaid lease payments RMB'000	Withholding tax on undistributed dividends RMB'000	Available- for-sale financial assets RMB'000	Total RMB'000
At 1 January 2012	(5,949)	(1,251)	(22,881)	(885)	(30,966)
Credit (charge) to profit or loss	1,438	30	(6,313)	–	(4,845)
Charge to other comprehensive income for the year	–	–	–	(3,698)	(3,698)
At 31 December 2012	(4,511)	(1,221)	(29,194)	(4,583)	(39,509)
(Charge) credit to profit or loss	(3,526)	412	(5,723)	–	(8,837)
Arising on acquisition of a subsidiary (note 32)	(2,782)	(2,747)	–	–	(5,529)
Exchange adjustments	(126)	(114)	–	–	(240)
Credit to other comprehensive income for the year	–	–	–	2,594	2,594
At 31 December 2013	(10,945)	(3,670)	(34,917)	(1,989)	(51,521)

At the end of the reporting period, the Group has unused tax losses of RMB126.7 million (2012: RMB65.1 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. RMB0.1 million (2012: RMB6.1 million) of such tax losses will expire in 2014, RMB6.5 million (2012: RMB2.9 million) of such tax losses will expire in 2015, RMB25.6 million (2012: RMB31.6 million) of such tax losses will expire in 2016, RMB8.9 million (2012: RMB23.9 million) of such tax losses will expire in 2017, and RMB85.6 million (2012: nil) of such tax losses will expire in 2018 and beyond.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not yet been provided for in the consolidated financial statements in respect of certain temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately RMB3,392,139,000 (2012: RMB2,593,063,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, there are no other unrecognised deductible temporary differences.

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24. INVENTORIES

	2013 RMB'000	2012 RMB'000
Raw materials	281,605	235,773
Work in progress	176,437	152,053
Finished goods	167,355	133,250
Moulds	302,776	176,013
	928,173	697,089

During the year, allowance for inventories amounting to RMB6,598,000 (2012: RMB1,788,000) has been recognised and included in cost of sales in the current year.

25. TRADE AND OTHER RECEIVABLES

	2013 RMB'000	2012 RMB'000
Trade receivables		
– associates	14,654	11,129
– joint ventures	54,638	76,967
– non-controlling shareholders of subsidiaries	18,802	10,888
– third parties	1,406,351	866,434
Less: Allowance for doubtful debts	(10,557)	(16,500)
	1,483,888	948,918
Bill receivables	118,655	83,679
	1,602,543	1,032,597
Other receivables	51,742	53,510
Less: Allowance for doubtful debts	(1,547)	(3,290)
	1,652,738	1,082,817
Prepayments	223,560	158,518
Value-added tax recoverable	58,054	56,214
Refundable guarantee deposit for acquisition of land use rights	5,000	20,000
Dividend receivable from a joint venture	–	5,234
	1,939,352	1,322,783

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants a credit period of 60 days to 90 days (2012: 60 days to 90 days) to customers effective from the date when the goods are delivered and accepted by customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2013 RMB'000	2012 RMB'000
Age		
0 to 90 days	1,420,096	894,750
91 to 180 days	40,634	42,574
181 to 365 days	14,401	8,951
Over 1 year	8,757	2,643
	1,483,888	948,918

Bill receivables held by the Group as at 31 December 2013 will mature within 6 months (31 December 2012: within 6 months).

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. 93% (2012: 91%) of the trade receivables with a high credit scoring under the internal credit control system are neither past due nor impaired.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB107,531,000 (2012: RMB90,023,000) which are past due at the end of reporting period. However, the Directors have considered the recoverable amount and credit quality of the relevant customers and concluded that the Group is not required to provide for an impairment loss. The average age of these receivables is 154 days (2012: 113 days).

Ageing of trade receivables which are past due but not impaired

	2013 RMB'000	2012 RMB'000
Age		
0 to 90 days	64,648	42,417
91 to 180 days	27,023	38,688
181 to 365 days	10,179	8,765
1 to 2 years	5,681	153
	107,531	90,023

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25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	2013 RMB'000	2012 RMB'000
1 January	19,790	6,431
Impairment losses recognised on receivables	4,845	17,257
Amounts recovered during the year	(3,396)	–
Amounts written off as uncollectible	(9,135)	(3,898)
31 December	12,104	19,790

The Group first assess whether objective evidence of impairment exists individually for trade and other receivables and then include the trade and other receivables in a group with similar credit risk characteristics including geographical location, past-due status and historical payment record for collective assessment.

The Group determines the allowance for impaired debts based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the assessment of change in credit quality and the past collection history of each client. The Group does not hold any collateral over these balances.

The Group's trade and other receivables which are not denominated in the functional currencies of the respective group entities are as follows:

Original currency	US\$ RMB'000	JPY RMB'000	EUR RMB'000	HK\$ RMB'000
At 31 December 2013	266,383	2,422	35,396	–
At 31 December 2012	214,447	1,707	32,966	14,758

26. DERIVATIVE FINANCIAL ASSETS

	2013 RMB'000	2012 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	8,602	30,768
Swap derivative contracts (b)	100	538
	8,702	31,306
Derivative financial liabilities		
Swap derivative contracts (b)	3,717	2,953
Interest rate swaps (c)	717	1,717
	4,434	4,670

26. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

(a) Foreign exchange forward contracts

At the end of the reporting period, the Group had the following outstanding foreign exchange forward contracts to mitigate its foreign currency exposure.

Major terms of these contracts are as follows:

31 December 2013

Notional amount	Maturity date	Exchange rates
Derivatives – monthly net settlement		
Sell US\$20,000,000	17 October 2014 to 27 October 2014	US\$1: RMB6.5000 to US\$1: RMB6.5100

31 December 2012

Notional amount	Maturity date	Exchange rates
Derivatives – monthly net settlement		
Sell US\$244,000,000	18 March 2013 to 27 October 2014	US\$1: RMB6.3800 to US\$1: RMB6.5100

The derivative financial assets and liabilities arising from foreign exchange forward contracts as at 31 December 2012 and 2013 had been recognised in accordance with the fair value of the above foreign exchange forward contracts. The fair values of the above foreign exchange forward contracts are measured in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

26. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

(b) Swap derivative contracts

At the end of reporting period, the Group had the following outstanding swap derivative contracts which would be settled on a net basis on each settlement day:

31 December 2013

The trade date of the first batch of swap derivative contracts regarding the EUR against US\$ is 22 February 2013 and the monthly maturity date is from 26 March 2013 to 26 February 2014:

- (i) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or below 1.302, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of EUR against US\$ is over 1.302 and below 1.38, the Company has to sell EUR300,000 at the rate of 1.38;
- (iii) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or over 1.38, the Company has to sell EUR600,000 at the rate of 1.38.

The trade date of the second batch of swap derivative contracts regarding the EUR against US\$ is 22 April 2013 and the monthly maturity date is from 24 May 2013 to 24 April 2014:

- (i) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or below 1.255, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of EUR against US\$ is over 1.255 and below 1.35, the Company has to sell EUR300,000 at the rate of 1.35;
- (iii) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or over 1.35, the Company has to sell EUR600,000 at the rate of 1.35.

The trade date of the third batch of swap derivative contracts regarding the EUR against US\$ is 18 October 2013 and the monthly maturity date is from 22 November 2013 to 22 October 2014:

- (i) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or below 1.295, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of EUR against US\$ is over 1.295 and below 1.40, the Company has to sell EUR500,000 at the rate of 1.40;
- (iii) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or over 1.40, the Company has to sell EUR1,000,000 at the rate of 1.40.

26. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

(b) Swap derivative contracts (continued)

The trade date of the fourth batch of swap derivative contracts regarding the EUR against US\$ is 18 October 2013 and the monthly maturity date is from 22 November 2013 to 22 October 2014:

- (i) On each monthly maturity date, if the exchange rate of EUR against US\$ is below 1.392, the Company has to sell EUR500,000 at the rate of 1.392;
- (ii) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or over 1.392, the Company has to sell EUR1,000,000 at the rate of 1.392.

The trade date of the first batch of swap derivative contracts regarding the US\$ against JPY is 22 February 2013 and the monthly maturity date is from 26 March 2013 to 26 February 2014:

- (i) On each monthly maturity date, if the exchange rate of US\$ against JPY is below the knock out rate of 89.7, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against JPY is over 89.7 and below 98, the Company has to sell US\$300,000 at the rate of 98;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against JPY is at or over 98, the Company has to sell US\$600,000 at the rate of 98.

The trade date of the second batch of swap derivative contracts regarding the US\$ against JPY is 8 March 2013 and the monthly maturity date is from 12 April 2013 to 12 March 2014:

- (i) On each monthly maturity date, if the exchange rate of US\$ against JPY is below the knock out rate of 90.5, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against JPY is over 90.5 and below 100, the Company has to sell US\$300,000 at the rate of 100;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against JPY is at or over 100, the Company has to sell US\$600,000 at the rate of 100.

The trade date of the third batch of swap derivative contracts regarding the US\$ against JPY is 20 June 2013 and the monthly maturity date is from 24 July 2013 to 24 June 2014:

- (i) On each monthly maturity date, if the exchange rate of US\$ against JPY is below the knock out rate of 93.2, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against JPY is over 93.2 and below 104.2, the Company has to sell US\$300,000 at the rate of 104.2;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against JPY is at or over 104.2, the Company has to sell US\$600,000 at the rate of 104.2.

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26. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

(b) Swap derivative contracts (continued)

The trade date of the fourth batch of swap derivative contracts regarding the US\$ against JPY is 11 July 2013 and the monthly maturity date is from 16 August 2013 to 16 July 2014:

- (i) On each monthly maturity date, if the exchange rate of US\$ against JPY is below the knock out rate of 96.9, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against JPY is over 96.9 and below 106, the Company has to sell US\$250,000 at the rate of 106;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against JPY is at or over 106, the Company has to sell US\$500,000 at the rate of 106.

The trade date of the fifth batch of swap derivative contracts regarding the US\$ against JPY is 3 September 2013 and the monthly maturity date is from 7 October 2013 to 5 September 2014:

- (i) On each monthly maturity date, if the exchange rate of US\$ against JPY is below the knock out rate of 93.5, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against JPY is over 93.5 and below 104, the Company has to sell US\$250,000 at the rate of 104;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against JPY is at or over 104, the Company has to sell US\$500,000 at the rate of 104.

The trade date of the sixth batch of swap derivative contracts regarding the US\$ against JPY is 3 September 2013 and the monthly maturity date is from 5 December 2013 to 5 September 2014:

- (i) On each monthly maturity date, if the exchange rate of US\$ against JPY is below the knock out rate of 96, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against JPY is over 96 and below 106, the Company has to sell US\$250,000 at the rate of 106;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against JPY is at or over 106, the Company has to sell US\$500,000 at the rate of 106.

The trade date of the batch of swap derivative contracts regarding the US\$ against CNY is 26 November 2013 and the monthly maturity date is from 30 June 2014 to 27 February 2015:

- (i) On each monthly maturity date, if the exchange rate of US\$ against CNY is below the knock out rate of 6.02, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against CNY is over 6.02 and below 6.212, the Company has to sell US\$1,000,000 at the rate of 6.212;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against CNY is at or over 6.212, the Company has to sell US\$2,000,000 at the rate of 6.212.

26. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

(b) Swap derivative contracts (continued)

31 December 2012

The trade date of the first batch of swap derivative contracts regarding the EUR against US\$ is 8 February 2012 and the monthly maturity date is from 12 March 2012 to 12 February 2013:

- (i) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or below 1.25, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of EUR against US\$ is over 1.25 and below 1.39, the Company has to sell EUR250,000 at the rate of 1.39;
- (iii) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or over 1.39, the Company has to sell EUR500,000 at the rate of 1.39.

The trade date of the second batch of swap derivative contracts regarding the EUR against US\$ is 27 February 2012 and the monthly maturity date is from 30 March 2012 to 28 February 2013:

- (i) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or below 1.29, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of EUR against US\$ is over 1.29 and below 1.41, the Company has to sell EUR250,000 at the rate of 1.41;
- (iii) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or over 1.41, the Company has to sell EUR500,000 at the rate of 1.41.

The trade date of the third batch of swap derivative contracts regarding the EUR against US\$ is 18 June 2012 and the monthly maturity date is from 20 July 2012 to 20 June 2013:

- (i) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or below 1.213, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of EUR against US\$ is over 1.213 and below 1.34, the Company has to sell EUR250,000 at the rate of 1.34;
- (iii) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or over 1.34, the Company has to sell EUR500,000 at the rate of 1.34.

26. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

(b) Swap derivative contracts (continued)

The trade date of the fourth batch of swap derivative contracts regarding the EUR against US\$ is 13 September 2012 and the monthly maturity date is from 17 October 2012 to 17 September 2013:

- (i) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or below 1.235, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of EUR against US\$ is over 1.235 and below 1.34, the Company has to sell EUR300,000 at the rate of 1.34;
- (iii) On each monthly maturity date, if the exchange rate of EUR against US\$ is at or over 1.34, the Company has to sell EUR600,000 at the rate of 1.34.

The trade date of the first batch of swap derivative contracts regarding the US\$ against JPY is 24 October 2012 and the monthly maturity date is from 26 November 2012 to 28 October 2013:

- (i) On each monthly maturity date, if the exchange rate of US\$ against JPY is below the knock out rate of 77, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against JPY is over 77 and below 82.5, the Company has to sell US\$250,000 at the rate of 82.5;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against JPY is at or over 82.5, the Company has to sell US\$500,000 at the rate of 82.5.

The trade date of the second batch of swap derivative contracts regarding the US\$ against JPY is 19 November 2012 and the monthly maturity date is from 21 December 2012 to 21 November 2013:

- (i) On each monthly maturity date, if the exchange rate of US\$ against JPY is below the knock out rate of 78.8, the settlement will be terminated;
- (ii) On each monthly maturity date, if the exchange rate of US\$ against JPY is over 78.8 and below 84.5, the Company has to sell US\$300,000 at the rate of 84.5;
- (iii) On each monthly maturity date, if the exchange rate of US\$ against JPY is at or over 84.5, the Company has to sell US\$600,000 at the rate of 84.5.

26. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

(c) Interest rate swaps

At the end of the reporting period, the Group had the following outstanding interest rate swaps to reduce its interest rate exposure.

Major terms of these contracts are as follows:

31 December 2013

Notional amount	Maturity date	Swaps
Derivatives – net settlement		
US\$30,000,000	Quarterly, maturing on 2 June 2014 to 5 August 2014	From 0.79% to 1.09% for LIBOR

31 December 2012

Notional amount	Maturity date	Swaps
Derivatives – net settlement		
US\$30,000,000	Quarterly, maturing on 2 June 2014 to 5 August 2014	From 0.79% to 1.09% for LIBOR

At 31 December 2013, derivative financial liabilities of RMB717,000 (2012: RMB1,717,000) has been recognised in accordance with the fair value of the above interest rate swaps. These fair values of the above interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

27. BANK BALANCES AND PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from zero to 3.50% (2012: zero to 4.40%) per annum. The pledged bank deposits carry interest both at fixed and variable interest rate which range from zero to 4.68% (2012: zero to 4.68%) per annum. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group for purchases of materials for manufacturing and are therefore classified as current assets.

The Group's pledged bank deposits and certain bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	US\$ RMB'000	HK\$ RMB'000	EUR RMB'000	JPY RMB'000	THB RMB'000
As at 31 December 2013	297,686	13,203	18,544	4,841	23
As at 31 December 2012	323,216	6,085	17,872	19,911	22,017

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28. TRADE AND OTHER PAYABLES

	2013 RMB'000	2012 RMB'000
Trade payables		
– associates	9,281	12,422
– joint ventures	32,716	42,590
– non-controlling shareholders of subsidiaries	12,967	12,903
– third parties	693,719	463,620
	748,683	531,535
Payroll and welfare payables	155,311	112,313
Advance from customers	17,916	14,456
Consideration payable of acquisition of property, plant and equipment	71,407	60,088
Technology support services fees payable	14,364	14,587
Freight and utilities payable	56,954	31,044
Interest payable	7,435	1,630
Rental payable	2,553	1,628
Received deposits	17,571	3,312
Consideration payables of acquisition of a subsidiary	4,372	–
Dividend payable to minority owners of subsidiaries	900	–
Others	103,879	66,136
Total trade and other payables	1,201,345	836,729

The average credit period on purchases of goods is 30 days to 90 days (2012: 30 days to 90 days).

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013 RMB'000	2012 RMB'000
Age		
0 to 90 days	724,424	491,211
91 to 180 days	15,959	33,940
181 to 365 days	1,835	4,715
1 to 2 years	5,620	864
Over 2 years	845	805
	748,683	531,535

28. TRADE AND OTHER PAYABLES (CONTINUED)

The Group's trade and other payables which are not denominated in the functional currencies of the respective group entities are as follows:

Original currency	US\$ RMB'000	JPY RMB'000	EUR RMB'000	HK\$ RMB'000
As at 31 December 2013	44,175	7,750	14,549	1,105
As at 31 December 2012	94,517	2,874	1,832	2,188

29. BORROWINGS

	2013 RMB'000	2012 RMB'000
Bank loans	2,385,330	1,457,980
Other loans (note i)	25,000	–
	2,410,330	1,457,980
Secured (note ii)	756,430	284,596
Unsecured	1,653,900	1,173,384
	2,410,330	1,457,980
Fixed-rate borrowings	34,600	312,000
Variable-rate borrowings	2,375,730	1,145,980
	2,410,330	1,457,980
Carrying amount repayable:		
On demand or within one year	2,385,330	1,271,398
More than one year, but not exceeding two years	25,000	186,582
	2,410,330	1,457,980
Less: Amounts due within one year shown under current liabilities (note iii)	(2,385,330)	(1,271,398)
Amounts shown under non-current liabilities	25,000	186,582

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29. BORROWINGS (CONTINUED)

Notes:

- (i) The amount represented loans granted by an associate of the Company at an interest rate of 5% per annum. The amount will mature on 23 April 2015.
- (ii) The amount was secured by pledged bank deposits.
- (iii) As at 31 December 2013, included in the amount of the bank borrowings due within one year was RMB235,860,000 (2012: RMB243,255,000) which contained a repayment on demand clause.

The Group has variable-rate borrowings which carry interest at the London Inter-Bank Offer Rate and Hong Kong Inter-Bank Offer Rate. Interest is repiced every one month, three months or one year.

The ranges of the effective interest rates on the Group's borrowings are as follows:

	2013	2012
Effective interest rate:		
Fixed-rate borrowings	5% to 6.60%	4.35% to 4.50%
Variable-rate borrowings	1.64% to 3.95%	1.52% to 2.84%

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	US\$ RMB'000	HK\$ RMB'000	EUR RMB'000	JPY RMB'000	THB RMB'000
As at 31 December 2013	987,533	584,147	85,873	58,527	–
As at 31 December 2012	660,555	317,755	–	167,670	–

30. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2013 '000	2012 '000	2013 HK\$'000	2012 HK\$'000
Ordinary shares of HK\$0.1 each				
Authorised				
At beginning and end of year	5,000,000	5,000,000	500,000	500,000

	Number of shares		Share capital	
	2013 '000	2012 '000	2013 RMB'000	2012 RMB'000
Issued and fully paid				
At beginning of year	1,077,473	1,076,647	109,206	109,139
Exercise of share options	14,216	826	1,136	67
At end of year	1,091,689	1,077,473	110,342	109,206

31. NON-CONTROLLING INTERESTS

	2013 RMB'000	2012 RMB'000
Balance at beginning of year	208,248	155,248
Share of total comprehensive income for the year	53,433	55,498
Non-controlling interest arising on the acquisition of Jiaxing Minth Hashimoto (note)	–	(23,004)
Capital contribution	27,766	53,511
Dividends paid to non-controlling interests during the year	(27,753)	(33,005)
Balance at end of year	261,694	208,248

Note:

On 16 April 2012, the Group acquired the remaining 35% equity interest in Jiaxing Minth Hashimoto Automotive Parts Co., Ltd. ("Jiaxing Minth Hashimoto"), a subsidiary of the Group, from the non-controlling shareholder for a cash consideration of JPY200,000,000 (equivalent to approximately RMB15,308,000), and since then Jiaxing Minth Hashimoto had become a wholly owned subsidiary of the Company. On the date of acquisition, the shortfall between the net carrying amounts of the remaining 35% equity interest in Jiaxing Minth Hashimoto of RMB23,004,000 and the consideration paid by the Group of RMB15,308,000 amounted to RMB7,696,000, which was credited to other reserve in the consolidated statement of changes in equity. Jiaxing Minth Hashimoto then changed its name to Jiaxing Minrui Automotive Parts Co., Ltd. (嘉興敏瑞汽車零部件有限公司) during the year ended 31 December 2012.

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For the year ended 31 December 2013

31. NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

Guangzhou Minhui Automobile Parts Co., Ltd.

	2013 RMB'000	2012 RMB'000
Current assets	368,665	243,902
Non-current assets	90,455	71,564
Current liabilities	242,315	72,146
Non-current liabilities	37,211	38,398
Equity attributable to owners of the Company	127,086	163,027
Non-controlling interests	52,508	41,895
	For the year ended 31 December 2013 RMB'000	For the year ended 31 December 2012 RMB'000
Revenue	536,547	379,633
Expenses	437,690	310,249
Profit for the year	98,857	69,384
Profit attributable to owners of the Company	69,200	48,569
Profit attributable to non-controlling interests	29,657	20,815
Dividends paid to non-controlling shareholders	19,044	26,016
Net cash inflow from operating activities	84,912	85,993
Net cash (outflow) inflow from investing activities	(83,501)	158
Net cash outflow from financing activities	(82,206)	(149,105)
Net cash outflow	(80,795)	(62,954)

31. NON-CONTROLLING INTERESTS (CONTINUED)

Tianjin Shintai Automotive Parts Co., Ltd.

	2013 RMB'000	2012 RMB'000
Current assets	357,844	244,552
Non-current assets	74,166	63,939
Current liabilities	253,811	193,377
Non-current liabilities	15,242	15,714
Equity attributable to owners of the Company	131,173	80,175
Non-controlling interests	31,784	19,225
	For the year ended 31 December 2013 RMB'000	For the year ended 31 December 2012 RMB'000
Revenue	535,888	402,782
Expenses	472,331	368,298
Profit for the year	63,557	34,484
Profit attributable to owner of the Company	50,998	27,670
Profit attributable to non-controlling interests	12,559	6,814
Dividends paid to non-controlling shareholders	–	6,989
Net cash inflow from operating activities	17,975	18,506
Net cash outflow from investing activities	(15,687)	(26,493)
Net cash outflow from financing activities	(70)	(7,004)
Net cash inflow (outflow)	2,218	(14,991)

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32. ACQUISITION OF SUBSIDIARIES

- (1) On 25 March 2013, the Group acquired 100% equity interest in CST GmbH, Germany ("CST"), from an independent third party, for a cash consideration of EUR2,839,000 (equivalent to approximately RMB22,815,000). CST is principally engaged in polishing and bright anodisation of aluminum and was acquired with the objective of improving the Group's polishing technology.

Pursuant to the share transfer agreement, the cash consideration amounting to EUR2,320,000 (equivalent to approximately RMB18,642,000) shall be paid at the acquisition date and the remaining amount of EUR519,000 (equivalent to approximately RMB4,173,000) shall be paid within one year after the date of acquisition.

This transaction has been accounted for as a business combination using acquisition accounting.

Acquisition-related costs amounting to RMB1,203,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Property, plant and equipment	56,058
Other intangible assets	7,550
Derivative financial assets	426
Deferred tax assets	2,791
Inventories	849
Trade and other receivables (note)	5,148
Bank balances and cash	1,727
Trade and other payables	(42,933)
Deferred tax liabilities	(5,529)
Borrowings	(3,272)
	<hr/> 22,815 <hr/>

Note: The receivables acquired (which principally comprised trade receivables) with a fair value of RMB5,148,000 at the date of acquisition had gross contractual amounts of RMB5,241,000. The best estimate at the acquisition date of the contractual cash flows not expected to be collected amounted to RMB93,000.

Consideration transferred

	RMB'000
Cash	18,642
Consideration payables	4,173
	<hr/> 22,815 <hr/>

32. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	(18,642)
Less: cash and cash equivalent balances acquired	1,727
	(16,915)

Impact of acquisition on the results of the Group

Included in the profit for the year is a profit of RMB1,545,000 attributable to CST. Revenue for the year includes RMB35,233,000 attributable to CST.

Had the acquisition of CST been effected at the beginning of the year, the total revenue of the Group for the year would have been RMB5,515,869,000, and the profit for the year would have been RMB1,027,688,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had CST been acquired at the beginning of the year, the Directors calculated depreciation and amortisation of plant and equipment based on the recognised amounts of plant and equipment at the date of the acquisition.

- (2) On 28 September 2012, the Group entered into a share transfer agreement to acquire 100% equity interest in Tianjin Minshin Machinery Industrial Co., Ltd. ("Tianjin Minshin") from Rich Advance Holdings Ltd., which was wholly-owned by Mr. Chin, the Chairman and executive director of the Company, for a cash consideration of RMB38,000,000. On the date of acquisition, Tianjin Minshin was inactive and its major asset contained a land use right in respect of a piece of leasehold land and property, plant and equipment situated in Tianjin, the PRC.

This transaction had been accounted for as purchase of assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

32. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The assets acquired and liabilities assumed through acquisition of 100% equity interest in Tianjin Minshin, which was completed on 12 December 2012, were as follows:

	RMB'000
Property, plant and equipment	20,497
Prepaid lease payments	16,428
Bank balances and cash	1,356
Other payables	(281)
	38,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(38,000)
Bank balances and cash acquired	1,356
	(36,644)

33. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments to make the following future minimum lease payments in respect of buildings rented under non-cancellable operating leases which fall due as follows:

	2013 RMB'000	2012 RMB'000
Within one year	4,732	1,857
In the second to fifth year inclusive	291	871
Over five years	125	136
	5,148	2,864

Operating lease payments represent rentals payable by the Group for certain of its properties. The leases are negotiated for terms ranging from 1 to 5 years and rentals are fixed for the terms.

33. OPERATING LEASES (CONTINUED)

The Group as lessor

The Group let a part of its buildings under operating leases. Property rental income earned during the year was RMB7,600,000 (2012: RMB5,928,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2013 RMB'000	2012 RMB'000
Within one year	2,679	425
In the second to fifth year inclusive	1,749	–
	4,428	425

34. COMMITMENTS

	2013 RMB'000	2012 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	307,088	203,568
Acquisition of land use rights	3,162	38,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

35. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme:

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 13 November 2005 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 13 November 2015. Under the Scheme, the Board of Directors may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Scheme has been terminated and replaced by a new share option scheme, which was approved in the annual general meeting held on 22 May 2012 and will be valid for 10 years from the date of its adoption (the "New Scheme").

Under the New Scheme, the total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors, or any of their respective associates in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders. Options granted must be taken up within 28 days of the date of grant, upon payment of HK\$1.00.

In respect of the share options granted in 2008 ("2008 Options"), 50% of the total granted options can be exercised after 1 February 2010 and the remaining 50% of options can be exercised after 1 February 2011. The exercise price is HK\$5.34. In respect of the share options granted in 2011 ("2011 Options"), 30% of the total granted options can be exercised after 1 February 2012, 30% of the total granted options can be exercised after 1 February 2013 and the remaining 40% of options can be exercised after 1 February 2014. The exercise price is HK\$10.89. In respect of the share options granted in 2012 ("2012 Options"), 30% of the total granted options can be exercised after 30 May 2013, 30% of the total granted options can be exercised after 30 May 2014 and the remaining 40% of options can be exercised after 30 May 2015. The exercise price is HK\$9.13. The exercise price of each Option was determined as the highest of: (i) the closing price per share as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price per share as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share on the date of grant.

At 31 December 2013, the number of shares in respect of which options had been granted and remained outstanding under the New Scheme was 33,098,000 (2012: 48,942,000), representing 3.0% (2012: 4.5%) of the shares of the Company in issue at end of the reporting period.

Details of the specific categories of options are as follows:

Option type	Date of grant	Vesting period	Exercise period	Exercise price	Fair value at
				HK\$	grant date
				HK\$	HK\$
2008A	04/07/08	04/07/08 to 31/01/10	01/02/10 to 12/11/13	5.34	0.76
2008B	04/07/08	04/07/08 to 31/01/11	01/02/11 to 12/11/13	5.34	0.96
2011A	10/06/11	10/06/11 to 31/01/12	01/02/12 to 12/11/16	10.89	2.99
2011B	10/06/11	10/06/11 to 31/01/13	01/02/13 to 12/11/16	10.89	3.38
2011C	10/06/11	10/06/11 to 31/01/14	01/02/14 to 12/11/16	10.89	3.69
2012A	31/05/12	31/05/12 to 29/05/13	30/05/13 to 30/05/17	9.13	2.45
2012B	31/05/12	31/05/12 to 29/05/14	30/05/14 to 30/05/17	9.13	2.66
2012C	31/05/12	31/05/12 to 29/05/15	30/05/15 to 30/05/17	9.13	2.77

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The following tables disclose movements of the Company's share options held by employees and directors during the year ended 31 December 2013 and 2012:

Option type	Outstanding at 01/01/2013	Granted during the year	Exercised during the year	Forfeited during the year (note)	Expired during the year	Outstanding at 31/12/2013
2008A	3,146,000	–	(3,133,000)	(13,000)	–	–
2008B	7,766,000	–	(7,753,000)	(13,000)	–	–
2011A	10,626,000	–	(1,573,000)	(435,600)	–	8,617,400
2011B	10,626,000	–	(1,573,000)	(435,600)	–	8,617,400
2011C	14,168,000	–	–	(580,800)	–	13,587,200
2012A	783,000	–	(184,000)	(45,000)	–	554,000
2012B	783,000	–	–	(45,000)	–	738,000
2012C	1,044,000	–	–	(60,000)	–	984,000
	48,942,000	–	(14,216,000)	(1,628,000)	–	33,098,000
Exercisable at the end of the year						17,788,800
Weighted average exercise price	HK\$9.56	–	HK\$6.62	HK\$10.64	–	HK\$10.77

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35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

Option type	Outstanding at 01/01/2012	Granted during the year	Exercised during the year	Forfeited during the year (note)	Expired during the year	Outstanding at 31/12/2012
2008A	3,579,000	–	(413,000)	(20,000)	–	3,146,000
2008B	8,199,000	–	(413,000)	(20,000)	–	7,766,000
2011A	11,700,000	–	–	(1,074,000)	–	10,626,000
2011B	11,700,000	–	–	(1,074,000)	–	10,626,000
2011C	15,600,000	–	–	(1,432,000)	–	14,168,000
2012A	–	807,000	–	(24,000)	–	783,000
2012B	–	807,000	–	(24,000)	–	783,000
2012C	–	1,076,000	–	(32,000)	–	1,044,000
	50,778,000	2,690,000	(826,000)	(3,700,000)	–	48,942,000
Exercisable at the end of the year						21,538,000
Weighted average exercise price	HK\$9.60	HK\$9.13	HK\$5.34	HK\$10.79	–	HK\$9.56

Note: The forfeiture represented the share options granted to the eligible directors and employees of the Group, which were forfeited upon their resignation in both years.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK\$14.38 (2012: HK\$8.92).

The Black-Scholes option pricing model has been used to estimate the fair value of the 2008 Options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Binomial model has been used to estimate the fair value of the 2012 Options and 2011 Options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The estimated fair values of 2012 Options at the grant date are HK\$7,104,000. The following assumptions were used to calculate the fair value of share options:

	Option type		
	2012A	2012B	2012C
Grant date share price	HK\$9.10	HK\$9.10	HK\$9.10
Exercise price	HK\$9.13	HK\$9.13	HK\$9.13
Expected volatility	48%	48%	48%
Option life	5 years	5 years	5 years
Vesting period	1 year	2 years	3 years
Risk-free rate	0.49%	0.49%	0.49%
Expected dividend yield	2.71%	2.71%	2.71%
Early exercise multiple	1.5	1.5	1.5

The estimated fair values of the options of 2011 Options at the grant date are HK\$132,115,000. The following assumptions were used to calculate the fair value of share options:

	Option type		
	2011A	2011B	2011C
Grant date share price	HK\$10.70	HK\$10.70	HK\$10.70
Exercise price	HK\$10.89	HK\$10.89	HK\$10.89
Expected volatility	46%	46%	46%
Option life	5.43 years	5.43 years	5.43 years
Vesting period	0.65 years	1.65 years	2.65 years
Risk-free rate	1.38%	1.38%	1.38%
Expected dividend yield	2.60%	2.60%	2.60%
Early exercise multiple	2	2	2

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35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The estimated fair values of the options of 2008 Options at the grant date are HK\$17,888,000. The inputs into the model were as follows:

	Option type	
	2008A	2008B
Grant date share price	HK\$5.09	HK\$5.09
Exercise price	HK\$5.34	HK\$5.34
Expected volatility	34.4%	34.1%
Expected life	1.75 years	2.80 years
Risk-free rate	2.43%	2.86%
Expected dividend yield	2.95%	2.95%

Expected volatility for the 2012 Options and 2011 Options was determined by using the historical volatility of the Company's share price over the previous 5 and 5.53 years. Expected volatility for the 2008 Options was determined by using the historical volatility of the share price of entities in the same industry over the previous 1.75 and 2.80 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of RMB18,778,000 for the year ended 31 December 2013 (2012: RMB40,751,000) in relation to share options granted by the Company.

36. RETIREMENT BENEFITS SCHEME

The employees of the Group's PRC subsidiaries are members of the state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The total cost charged to profit or loss of RMB34,974,000 (2012: RMB25,259,000) represents contributions paid to the retirement benefits scheme by the Group in respect of the current accounting period.

37. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Saved as disclosed in notes 22, 25, 28, 29, 31, 32 and 35, the Group has the following significant transactions with related/connected parties during the year:

Relationship with related/connected party	Nature of transactions	2013 RMB'000	2012 RMB'000
Joint venture, in which the Company has a 49% equity interest	Sales of finished goods	19,166	17,989
	Sales of raw materials and moulds	1,245	4,165
	Purchases of raw materials and moulds	36,493	86,208
	Purchase of semi-finished/finished goods	163,942	86,477
	Property rental income	3,119	2,686
	Testing services income	224	80
Joint venture, in which the Company has a 49.82% equity interest	Sales of finished goods	183,375	116,484
	Sales of raw materials and moulds	397	26,983
	Consulting service income	24,767	12,253
	Purchase of semi-finished/finished goods	11,324	–
	Interest income	1,081	907
	Property rental charges	6,370	–
Associates, in which the Company has a 48%, 49% and 35% equity interest	Sales of finished goods	58,183	65,047
	Sales of raw materials and moulds	13,050	10,597
	Purchase of raw materials and moulds	21,652	40,511
	Purchase of semi-finished/finished goods	14,650	37,050
	Disposal of property, plant and equipment	650	–
	Property rental income	821	1,715
	Consulting service income	1,143	70
	Testing services charges	–	319
	Purchase of property, plant and equipment	6,568	15,972
Interest income	–	–	
Non-controlling shareholders of subsidiaries*	Sales of finished goods and moulds	108,132	176,279
	Purchase of raw materials and moulds	66,334	83,135
	Technology support services charges	14,595	14,480
	Purchase of intangible assets	–	–
	Consulting service charges	768	–

The transactions mentioned above also include connected transactions or continuing connected transactions (denoted as *) as defined in Chapter 14A of the Stock Exchange's listing rules.

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37. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

The remuneration of directors and other members of key management during the year was as follows:

	2013 RMB'000	2012 RMB'000
Short-term benefits	15,763	9,489
Post-employment benefits	22	19
Share-based payments	4,442	9,703
	20,227	19,211

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

38. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2013 and 31 December 2012 are as follows:

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group		Issued shares	Principal activities
		2013	2012		
Wealthfield Holdings Limited (Note i)	British Virgin Islands	100%	100%	US\$1	Investment holding
Cheerplan Holdings Limited (Note i)	British Virgin Islands	100%	100%	US\$1	Investment holding
Decade Industries Limited	British Virgin Islands	100%	100%	US\$1	Investment holding
Forecast Industries Limited	British Virgin Islands	100%	100%	US\$1	Investment holding
Mindway Holdings Limited	British Virgin Islands	100%	100%	US\$1	Investment holding
Sinoone Holdings Limited	British Virgin Islands	100%	100%	US\$1	Investment holding
Franshoke Investments Limited	British Virgin Islands	100%	100%	US\$1	Investment holding
Enboma Investments Limited	British Virgin Islands	100%	100%	US\$46,000,000	Investment holding
Magic Figure Investments Limited	British Virgin Islands	100%	100%	US\$1	Investment holding
Constant Gain International Limited	British Virgin Islands	100%	100%	US\$1	Investment holding

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38. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group		Issued shares	Principal activities
		2013	2012		
明拓投資有限公司 (Minth Investment Limited)	Hong Kong	100%	100%	HK\$10,000	Investment holding
司諾(香港)有限公司 (Sinoone (HK) Limited)	Hong Kong	100%	100%	HK\$10,000	Investment holding
時銘(香港)有限公司 (Decade (HK) Limited)	Hong Kong	100%	100%	HK\$10,000	Investment holding
睿途(香港)有限公司 (Mindway (HK) Limited)	Hong Kong	100%	100%	HK\$10,000	Investment holding
展圖(香港)有限公司 (Cheerplan (HK) Limited)	Hong Kong	100%	100%	HK\$10,000	Investment holding
泰琳發展有限公司 (Talentlink Development Limited)	Hong Kong	100%	100%	HK\$10,000	Investment holding
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co., Ltd.)	PRC as a wholly-owned foreign investment enterprise ("WOFE")	100%	100%	US\$1,050,000	Manufacture, process and sales of automobile body parts
重慶長泰汽車零部件有限公司 (Chongqing Changtai Automobile Spare Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$4,200,000	Manufacture and sales of automobile body parts
廣州敏惠汽車零部件有限公司 (Guangzhou Minhui Automobile Parts Co., Ltd.)	PRC as a foreign equity joint venture enterprise	70%	70%	US\$5,350,000	Manufacture, process and sales of automobile body parts
海南精瑞汽車零部件有限公司 (Hainan Jingrui Automotive Co., Ltd.)	PRC as a WOFE	100%	100%	US\$3,000,000	Manufacture and sales of automobile body parts
嘉興敏惠汽車零部件有限公司 (Jiaxing Minhui Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$93,510,000	Manufacture and sales of automobile body parts
寧波國鴻汽車零部件有限公司 (Ningbo Guohong Automotive Co., Ltd.)	PRC as a WOFE	100%	100%	US\$4,800,000	Design, manufacture, develop and sales of automobile body parts
寧波信泰機械有限公司 (Ningbo Shintai Machines Co., Ltd.)	PRC as a WOFE	100%	100%	US\$27,340,000	Design, manufacture, develop and sales of automobile body parts

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38. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group		Issued shares	Principal activities
		2013	2012		
天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.)	PRC as a sino foreign equity joint venture enterprise	80.2%	80.2%	US\$2,530,000	Manufacture and sales of automobile body parts
天津敏信機械有限公司 (Tianjin Minshin)	PRC as a WOFE	100%	100%	US\$13,210,000	Research and development, design, production and sales of automobile parts and related products
廣州敏瑞汽車零部件有限公司 (Guangzhou Minrui Automobile Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$16,000,000	Manufacture and sales of automobile body parts
武漢敏惠汽車零部件有限公司 (Wuhan Minhui Automobile Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$9,500,000	Manufacture and sales of automobile body parts
嘉興敏勝汽車零部件有限公司 (Jiaxing EL Triumph Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$17,700,000	Manufacture and sales of automobile body parts
上海亞昊汽車產品設計有限公司 (Shanghai Cogen Research and Design Co., Ltd.)	PRC as a WOFE	100%	100%	US\$600,000	Design of automobile exterior, interior decorative parts
重慶敏特汽車零部件有限公司 (Chongqing Minte Automobile Spare Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$5,000,000	Manufacture and sales of automobile body parts
展圖(中國)投資有限公司 (Cheerplan (China) Investments Co., Ltd.)	PRC as a WOFE	100%	100%	US\$273,310,000	Investment holding
嘉興興禾汽車零部件有限公司 (Jiaxing Xinghe Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$18,000,000	Manufacture and sales of automobile body parts
寧波敏禾機械有限公司 (Ningbo Minhe Machines Co., Ltd.)	PRC as a WOFE	100%	100%	US\$3,000,000	Design, manufacture and sales of automobile body parts
長春敏實汽車零部件有限公司 (Changchun Minth Automotive Parts Co., Ltd.)	PRC as a sino foreign equity joint venture enterprise	55%	55%	US\$5,000,000	Manufacture and sales of automobile body parts

38. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group		Issued shares	Principal activities
		2013	2012		
Minth North America, Inc.	USA	100%	100%	US\$15,940,000	Research and marketing development
煙臺敏實汽車零部件有限公司 (Yantai Minth Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$1,200,000	Manufacture and sales of automobile body parts
嘉興敏實機械有限公司 (Jiaxing Minth Machines Co., Ltd.)	PRC as a WOFE	100%	100%	US\$25,000,000	Design, manufacture, develop and sales of automobile body parts
銘仕國際有限公司 (Minth International Limited)	Hong Kong	100%	100%	HK\$4,000,000	Import and export trading, logistics, technology import, and investment holding
寧波敏實汽車零部件技術研發有限公司 (Ningbo Minth Automotive Parts Research & Development Co., Ltd.)	PRC as a WOFE	100%	100%	US\$26,500,000	Design, manufacture, import, export and consulting of stamping dies
嘉興信元精密模具科技有限公司 (Jiaxing Shinyou Mould Tech Co., Ltd.)	PRC as a WOFE	100%	100%	US\$14,000,000	Design and manufacture of mould
嘉興敏瑞汽車零部件有限公司 (Jiaxing Minrui Automotive Parts Co., Ltd.) ("Jiaxing Minrui")	PRC as a WOFE	100%	100%	US\$8,000,000	Manufacture of automotive parts
Minth Japan 株式會社 (Minth Japan Co., Ltd.)	Japan	100%	100%	JPY95,000,000	Act as an agent of sales of automobile body parts and purchase of raw materials
Minth Aapico (Thailand) Co., Ltd	Thailand	60%	60%	THB178,500,000	Design, manufacture, develop and sales of automobile body parts
Minth Financial Limited	Hong Kong	100%	100%	HK\$10,000	Bookkeeping service
寧波泰甬汽車零部件有限公司 (Ningbo Taiyong Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$32,000,000	Manufacture and sales of automobile body parts

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38. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group		Issued shares	Principal activities
		2013	2012		
嘉興思途汽車零部件有限公司 (Jiaxing Situ Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$8,000,000	Design, manufacture, develop and sales of automobile body parts
嘉興國威汽車零部件有限公司 (Jiaxing Guowei Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$6,660,000	Design, manufacture, develop and sales of automobile body parts
嘉興敏凱汽車零部件有限公司 (Jiaxing Kittel-Minth Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$50,000,000	Design, manufacture, develop and sales of automobile body parts
Minth Mexico, S.A. DE C.V.	Mexico	100%	100%	MXN173,420,800	Design, manufacture, develop and sales of automobile body parts
Minth GmbH	Germany	100%	100%	EUR500,000	Customer service and market development
廣州敏實汽車零部件有限公司 (Guangzhou Minth Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$30,000,000	Design, manufacture, develop and sales of automobile body parts
煙臺和瑞汽車零部件有限公司 (Yantai Herui Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$10,000,000	Design, manufacture, develop and sales of automobile body parts
江蘇和興汽車科技有限公司 (Jiangsu Hexing Automotive Technology Co., Ltd.)	PRC as a WOFE	100%	100%	US\$53,000,000	Design, manufacture, develop and sales of welfare vehicle, development of new energy vehicle
淮安和泰汽車零部件有限公司 (Huaian Hetai Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$20,000,000	Manufacture, develop and sales of automobile body parts and battery for electric vehicle
淮安和通汽車零部件有限公司 (Huaian Hetong Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$12,000,000	Manufacture, develop and sales of automobile body parts and motor system for electric vehicle

38. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group		Issued shares	Principal activities
		2013	2012		
武漢和盛汽車零部件有限公司 (Wuhan Hesheng Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$27,000,000	Design, manufacture, develop and sales of automobile body parts
武漢敏島汽車零部件有限公司 (Wuhan Minth Nojima Automotive Parts Co., Ltd.) (Note iii)	PRC as a foreign equity joint venture enterprise	50%	50%	US\$4,700,000	Design, manufacture, develop and sales of automobile body parts
嘉興和鑫汽車零部件有限公司 (Jiaxing Hexin Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$1,000,000	Design, manufacture and sales of automobile drive
淮安和欣日資工業園管理有限公司	PRC as a WOFE	100%	100%	RMB76,200,000	Management consulting
武漢東海敏實汽車零部件有限公司 (Wuhan Tokai Minth Automotive Parts Co., Ltd.) (Note iii)	PRC as a foreign equity joint venture enterprise	50%	50%	US\$10,000,000	Design, manufacture, develop and sales of automobile body parts
Minth International Macau Commercial Offshore Limited	Macau	100%	100%	MOP100,000	Investment holding
柳州敏瑞汽車零部件有限公司 (Liuzhou Minrui Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	RMB7,000,000	Design, develop and sales of automobile body parts
嘉興和豐汽車動力電池有限公司	PRC as a WOFE	100%	100%	RMB6,000,000	Manufacture of car-used lithium battery
鄭州敏惠汽車零部件有限公司 (Zhengzhou Minhui Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	RMB90,000,000	Design, manufacture and sales of automobile body parts
寧波和悅汽車零部件有限公司 (Ningbo Heyue Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$500,000	Wholesale of automobile body parts
北京敏實汽車零部件有限公司 (Beijing Minth Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	RMB65,000,000	Design, manufacture, develop and sales of automobile body parts
清遠敏惠汽車零部件有限公司 (Qingyuan Minhui Automotive Parts Co., Ltd.)	PRC as a WOFE	100%	100%	US\$14,300,000	Manufacture and sales of automobile body parts

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For the year ended 31 December 2013

38. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group		Issued shares	Principal activities
		2013	2012		
敏實投資有限公司	PRC as a WOFE	100%	100%	US\$98,000,000	Investment holding
湖州恩馳汽车有限公司(Note iv)	PRC as a WOFE	100%	N/A	RMB50,000,000	Manufacture of bus and modified car
Minth Automobile Part (Thailand) Co., Ltd.	Thailand	100.0%	100.0%	THB800,000,000	Manufacture and sales of automobile body parts
Minth Development (Thailand) Co., Ltd.	Thailand	100.0%	100.0%	THB85,000,000	Manufacture and sales of automobile body parts
Minth Automotive Parts (India) Private Limited	India	100%	100%	US\$100,000	Manufacture and sales of automobile body parts
TK MINTH MEXICO, S.A. DE C.V. (Notes iii)	Mexico	50%	50%	MXN211,719,068	Design, manufacture, import, export and sales of automobile body parts
CST GmbH (Notes ii)	Germany	100%	N/A	EUR250,000	Polishing and bright anodisation of aluminum

Note i Directly held by the Company. All other interests shown above are indirectly held by the Company.

Note ii Newly acquired in 2013. Details were set out in note 32.

Note iii By virtue of shareholders' agreements, or terms set out in the articles of association of the relevant entities, the Group has control over these entities in which the Group has the right to variable returns from its involvement with the entities and use its power to affect such returns through its majority voting power at meetings of the relevant governing bodies of the entities.

Note iv Newly established in 2013.

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

39. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2013 RMB'000	2012 RMB'000
Unlisted investments in subsidiaries	4,897,314	4,183,088
Furniture and equipment	327	395
Derivative financial assets	–	7,143
Bank balances and cash	21,271	55,553
Other current assets	15,096	15,597
Total assets	4,934,008	4,261,776
Amounts due to subsidiaries	762,468	669,777
Borrowings	2,241,376	1,319,805
Derivative financial liabilities	718	–
Other payables	8,688	3,698
Total liabilities	3,013,250	1,993,280
Net assets	1,920,758	2,268,496
Share capital	110,342	109,206
Reserves	1,810,416	2,159,290
Total equity	1,920,758	2,268,496

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For the year ended 31 December 2013

39. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement in reserves

	Share capital RMB'000	Special reserve RMB'000	Other reserve RMB'000	Share options reserve RMB'000	Share premium and retained profits RMB'000	Total RMB'000
At 1 January 2012	109,139	410,321	1,589	50,196	1,937,878	2,509,123
Total comprehensive expense for the year	–	–	–	–	(46,938)	(46,938)
Recognition of share-based payments	–	–	–	40,751	–	40,751
Dividends recognised as distribution	–	–	–	–	(238,027)	(238,027)
Transfer to other reserve for share options forfeited after the vesting date	–	–	1,687	(1,687)	–	–
Exercise of share options	67	–	–	(618)	4,138	3,587
At 31 December 2012	109,206	410,321	3,276	88,642	1,657,051	2,268,496
Total comprehensive expense for the year	–	–	–	–	(109,235)	(109,235)
Recognition of share-based payments	–	–	–	18,778	–	18,778
Dividends recognised as distribution	–	–	–	–	(332,404)	(332,404)
Transfer to other reserve for share options forfeited after the vesting date	–	–	1,942	(1,942)	–	–
Exercise of share options	1,136	–	–	(17,284)	91,271	75,123
At 31 December 2013	110,342	410,321	5,218	88,194	1,306,683	1,920,758

40. EVENT AFTER THE END OF THE REPORTING PERIOD

On 16 January 2014, the Company announced that it would grant share options to a number of eligible participants to subscribe for up to 13,580,000 shares of HK\$0.10 each in the issued share capital of the Company pursuant to the New Scheme. Details of the grant of the share options can be found in the Company's announcement published on 16 January 2014. The management of the Company is still in the process of determining the fair value of the options granted.