MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 425

ANNUAL REPORT 2016

CORE VALUES

- Integrity
- Trust
- Teamwork
- Embrace change

VISION

We create beauty in motion with intelligence

MISSION

Make automobiles lighter, prettier and more intelligent

TARGET

To be the top 60 global auto parts supplier in 2021

Minth Global Leadership Conference
25-27 October 2016, Jiaxing, China

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CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive directors

Shi Jian Hui *(Chairman as redesignated on 26 May 2016 and Chief Executive Officer)*
Zhao Feng
Bao Jian Ya
Chin Chien Ya *(appointed on 26 May 2016)*
Huang Chiung Hui *(appointed on 26 May 2016)*

Non-executive directors

Chin Jong Hwa *(redesignated from executive director and Chairman to non-executive director and Honorary Chairman on 26 May 2016)*
He Dong Han *(retired on 26 May 2016)*

Independent non-executive directors

Wang Ching
Zhang Liren *(resigned on 23 August 2016)*
Wu Fred Fong
Yu Zheng *(redesignated from non-executive director to independent non-executive director on 26 May 2016)*

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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Ningbo Economic and Technology Development Zone
Postal Code 315800
China
Tel: (86 574) 8680-1018
Fax: (86 574) 8680-1020
Website: www.minthgroup.com

OFFICE IN HONG KONG

Unit 1901, 19F FWD Financial Centre
308 Des Voeux Road Central
Sheung Wan, 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
No. 3 Garden Road
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
35th Floor, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law
Reed Smith Richards Butler
20th Floor Alexandra House
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				
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	**2016** **RMB'000**
Results					
Turnover	4,329,906	5,510,385	6,683,880	7,654,123	**9,399,992**
Profit before tax	1,044,076	1,225,202	1,355,762	1,568,777	**2,118,599**
Income tax expense	(147,695)	(195,788)	(202,834)	(249,065)	**(339,172)**
Profit for the year	896,381	1,029,414	1,152,928	1,319,712	**1,779,427**
Attributable to:					
Owners of the Company	841,159	971,338	1,117,605	1,271,677	**1,719,141**
Non-controlling interests	55,222	58,076	35,323	48,035	**60,286**
	896,381	1,029,414	1,152,928	1,319,712	**1,779,427**

	As at 31 December				
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000	**2016** **RMB'000**
Assets and Liabilities					
Total assets	9,374,460	11,492,628	12,851,070	13,155,917	**15,050,712**
Total liabilities	(2,392,666)	(3,774,182)	(4,305,599)	(3,749,501)	**(4,195,006)**
	6,981,794	7,718,446	8,545,471	9,406,416	**10,855,706**
Equity attributable to owners of the Company	6,773,546	7,456,752	8,288,552	9,192,237	**10,597,514**
Non-controlling interests	208,248	261,694	256,919	214,179	**258,192**
	6,981,794	7,718,446	8,545,471	9,406,416	**10,855,706**

CHAIRMAN'S STATEMENT

Dear Shareholders,

Looking back on 2016, Brexit, rampant terrorism, influx of refugees into Europe, moderate tension at the Korean Peninsula, and new policies of the Trump administration all cast some uncertainties onto this world. However, the commercialization of artificial intelligence, the momentum of VR and AR as well as the development of bio-pharmaceuticals together prompted some fresh aspirations onto our planet. In 2016, China continued to lead the development of global automotive industry with a robust growth rate of 15.5% in passenger vehicle production. Also, self-driving, new energy vehicles, internet-connected vehicles and car sharing helped to speed up the tremendous changes across the global automotive industry.

Let's share what Minth has achieved during the financial year ended 31 December 2016 (the "Review Year") with a glance at the following encouraging figures:

– revenue amounted to approximately RMB9,399,992,000, representing a year-on-year increase of 22.8%;

– net profit amounted to approximately RMB1,719,141,000, representing a year-on-year increase of 35.2%;

– gross profit margin increased to 34.6% from 31.7% in 2015;

– new business orders reached approximately RMB4.4 billion, ensuring a sound development in the future;

– dividend payout ratio remained at 40% with a final dividend of HKD0.680 per share.

OPERATION AND LAYOUT

In order to achieve a sound development in the long run, during the Review Year, Minth focused on the following aspects in relation to its operation:

1. further optimised global footprint and improved the operational and management capability of overseas factories, in order to respond to the global changes brought by the new policies of the Trump administration;

2. achieved breakthrough in developing business with Audi and Volkswagen, and completed the initial stage of strategic layout for European customers and luxury brands customers;

3. strengthened economies of scale and internal improvement; focused on the enhancement of the operation and management of aluminum products and paid attention to the improvement of overseas operational results; realized a fast recovery in gross profit margin;

4. promoted automation and set up intelligent equipment business unit to initiate a reform of manufacturing model in its factories across the world;

5. established strategic partnership with Haartz, Fujitsu, Clean Wave to develop new materials, automotive electronics, electric motors; in order to build a long term development strategy for new products;

6. emphasized and promoted the building of talent pool and the nurturing of talented staff; outlining a blueprint for globalized management framework system.

OUTLOOK

Looking forward to 2017, Minth will carry forward its glory and maintain a solid and healthy growth and development. First of all, China's passenger vehicle industry is still expected to maintain a sound growth rate of 5% to 8%. Similarly, the global automotive industry will still enjoy stable growth. We are confident that with new business awarded from previous years, Minth will maintain a tremendous growth. Additionally, despite the continued pricing pressure from OEMs and the increase in commodity prices, Minth is capable of maintaining its gross profit margin fairly well as a result of the rising proportion of aluminum products in revenue and the improvement in the operational results in overseas factories. Moreover, while we strive for more orders, we will further optimise our global presence, realize intelligent manufacturing and achieve an upgrade to our manufacturing model by leveraging our global customer base. Besides, we will pay more attention to changes across the automotive industry; invest in auto-parts featuring lightweight, intelligence and electric vehicle application, with an aim to build up a long term product development platform for Minth. Meanwhile, we will keep nurturing the global talent pool for Minth and establish a global management and control system so that we will truly become one of the Top 100 enterprises in the global auto-parts industry.

Globalization, self-driving, new energy vehicles, internet-connected vehicles and car sharing will become the trending key words in the global automotive industry. Amid these momentous changes, Minth will endeavor to grasp the development opportunities to make automobiles lighter, prettier and more intelligent.

Let's join hands to forge ahead with our intelligence put into action!

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.

SHI JIAN HUI
Chairman
21 March 2017

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Year, the production and sales of China's passenger vehicles were approximately 24,421,000 units and approximately 24,377,000 units respectively, representing significant year-on-year growth of approximately 15.5% and approximately 14.9% respectively, ranking first in the global automotive market for eight consecutive years. The economic returns in the industry also made a great improvement, which played a significant role in ensuring stable operation of the macro-economy. The sales increase of China's passenger vehicles during the Review Year was mainly attributable to the sales of SUVs and sedans with emission of 1.6-liter or below, in particular, the sales of SUVs achieved a rapid year-on-year growth of approximately 44.6%, which boded well for the Group due to its higher dollar content per car in SUV models. The implementation of the stimulus policy of automobile purchase tax reduction had played an important role in promoting energy saving and emission reduction and driving the consumption of vehicles with low emission. During the Review Year, the annual sales of new energy vehicles in China were approximately 507,000 units, representing a rapid year-on-year growth of approximately 53%, of which the sales of pure electric vehicles were approximately 409,000 units, representing a year-on-year increase of approximately 65.1%. During the Review Year, the market share of American OEMs in China basically remained stable as compared with last year. Market share of Chinese OEMs recorded growth for two consecutive years while market share of other OEMs decreased. Total sales volume of Chinese OEMs amounted to approximately 10,529,000 units, representing approximately 43.2% of the total sales of passenger vehicles in China and an increase of approximately 2% in market share as compared with the same period of last year, of which the largest contribution came from SUVs, with sales of approximately 5,268,000 units, representing a year-on-year increase of approximately 57.6%, and approximately 58.2% of the total sales of SUVs in the Chinese market, which represented an increase of approximately 4.8% in market share as compared with the same period of last year.

During the Review Year, a slower growth in sales of passenger vehicles was recorded in mature automotive markets. Sales in the U.S. market was approximately 17,550,000 units, representing a slight year-on-year increase of approximately 0.4%, of which the sales of sedans decreased by approximately 8.1% compared to last year. Having achieved a growth of approximately 7.2% in sales, light trucks became the major growth driver. Total sales of passenger vehicles in the 28 nations of the European Union amounted to approximately 14,640,000 units, representing a year-on-year increase of approximately 6.8%. Political issues, such as Brexit and the referendum in Italy did not drag down consumers' confidence, and the top five automotive markets, including Britain, Germany, France, Spain and Italy, recorded various degrees of growth. During the Review Year, sales in emerging markets experienced opposite extremes due to the different economic and policy factors affecting various countries. During the Review Year, automotive markets in Russia and Brazil remained depressed, with year-on-year sales decline of approximately 11% and approximately 20.2%, respectively, hitting a record low for recent years after four years of decline. The Indian market achieved a year-on-year growth of approximately 7.2%, regaining a growth momentum. The Thai market recorded a narrowing decline of approximately 3.9% compared to last year. Sales in the Mexican market grew by approximately 18.6% compared to last year, hitting a new record for two consecutive years.

COMPANY OVERVIEW

The Group is primarily engaged in the design, manufacture and sales of trims, decorative parts, body structural parts, roof racks and other related auto parts. Having its manufacturing bases in China, the U.S., Mexico, Thailand and Germany and its technical centers in China, Germany, North America and Japan, the Group is able to provide services to the major automotive markets around the world and meet the growing demand of its customers.

During the Review Year, the Group obtained more businesses from overseas markets and high-end brands through continuously enhancing the competitiveness of its aluminum products and the promotion and application of new materials and techniques, building a foundation for the rapid development of the Group. During the Review Year, the Group continued to maintain a steady growth in revenue. The Group saw a substantial increase in its gross profit margin as compared to last year and posted record high in its annual results.

During the Review Year, driven by the promotion of Industry 4.0 and China Manufacturing 2025, the Group further upgraded its level of lean production, accelerated its efforts in improving automation level and achieved growth in per capita output by applying robotic arms in order to automatize certain processes. During the Review Year, the aluminum business of the Group maintained rapid growth. The Group not only gained full recognition by high-end customers from all over the world, but also achieved a qualitative breakthrough in terms of surface treatment, being awarded the "BMW Supplier Innovation Award in Quality". The overseas production base for aluminum products commenced operation, which improved overseas logistics and enhanced its quick response capability towards overseas customers, ensuring relatively low logistics costs and further reducing the risk of potential tariff barriers. The Group continued to improve its operational and technological capabilities, which provided a solid support for the expansion of its market share in its core customers.

Mr. Chin Jong Hwa (1st right), Honorary Chairman and non-executive Director, attended the award ceremony of "BMW Supplier Innovation Award 2016"

During the Review Year, the Group strengthened its cooperation with its major customers, suppliers, partners, colleges, research institutes, experts and consultation companies and formed strategic alliances with outstanding platform suppliers. Meanwhile, the Group actively studied the global leading organizational model, explored the research and development ("R&D") systems suitable for the Group, cultivated and retained international elites and core technical talents, improved and enhanced its professional R&D capability and strengthened its technical know-how. Intellectual property rights protection systems were put in place in domestic and overseas markets in order to protect the Group's R&D achievements.

Business and Operation Layout

During the Review Year, the Group's revenue was approximately RMB9,399,992,000, representing an increase of approximately RMB1,745,869,000 or approximately 22.8% compared with approximately RMB7,654,123,000 in the same period in 2015, of which, the domestic revenue of the Group was approximately RMB5,828,053,000, representing an increase of approximately 26.4% compared with approximately RMB4,610,118,000 in the same period in 2015. The increase in domestic revenue was mainly attributable to the increase in production and sales of Japanese and Chinese OEMs in the Chinese market and the significant growth of over 40% in the production and sales of SUV models. The Group's overseas revenue was approximately RMB3,571,939,000, and grew by approximately 17.3% compared with approximately RMB3,044,005,000 in the same period in 2015, mainly due to the business growth of European and American customers.

During the Review Year, the Group made a steady growth in its new business intake, continued to consolidate the new business development with European and Japanese customers, and recorded a significant increase in new business with Chinese customers with a breakthrough in new business awards with GAC Motor. The Group maintained a favorable development momentum in its aluminum products and put great efforts to accelerate the global business cooperation with Volkswagen Group, to break up the monopoly of its original suppliers. While keeping on developing the business of aluminum products for high-end brands, the Group also continued to expand its business with various customers through application of new techniques and new materials, thereby reshaping the competitive landscape. In addition, the Group reinforced the research on lightweight products, and continued to develop the application of aluminum material in other products. The Group secured new business intake of aluminum sunroof guide rail and entrance trim for the first time for overseas markets, continued to put effort on the technology development of high strength steel, and explored the business of bumper beam and high strength door frame. The Group also kept abreast of the development trend in eco-friendly automobiles, made proactive arrangements for new energy business and obtained the aluminum trim and roof rack businesses for electric vehicles of NextEV in Shanghai and Audi in overseas locations.

During the Review Year, the Group continued to strengthen its global production layout, which facilitated the development of the Group's global business. The Group invested in various advanced production lines for aluminum products in Mexico, which laid a solid foundation for conforming with the global layout of OEMs. Significant increase in capacity utilization rate of factories in Thailand satisfied the demands of business development in ASEAN and India markets as well as the growing demand in export business in the future, in particular, the business in North America. In China, investment in high standard, high efficiency and high productivity equipment accelerated, and the Group continued to expand investment in intelligent equipments and construction of flexible production lines, which improved the productivity and technical expertise in different plants of the Group, hence satisfying customers' need for automation and high quality, and enhancing the competitiveness.

On 24 February 2016, Cheerplan (China) Investments Co. Ltd. (展圖(中國)投資有限公司) ("Cheerplan (China)"), an indirect wholly-owned subsidiary of the Company, set up Ningbo Minth Automotive Electronic Technology Co., Ltd. ("Ningbo Minth") in China with a registered capital of USD20,000,000 to engage in the manufacture and sale of automotive electronics. On 15 October 2016, Cheerplan (China) entered into a capital increase agreement with 寧波中嘉科貿有限公司 and 錫瑋投資股份有限公司, pursuant to which 寧波中嘉科貿有限公司 and 錫瑋投資股份有限公司 agreed to make capital contributions of approximately USD1,225,000 respectively to Ningbo Minth. Upon completion of the capital increase, (i) the registered capital of Ningbo Minth increased from USD20,000,000 to USD22,450,000; and (ii) the equity interest in Ningbo Minth was held as to approximately 89.09% by Cheerplan (China), approximately 5.455% by 寧波中嘉科貿有限公司 and approximately 5.455% by 錫瑋投資股份有限公司. On 17 March 2016, Cheerplan (China) entered into a joint venture agreement with Haartz Corporation to establish a joint venture company in China to engage in the manufacture and sale of soft automotive interior trim materials and the provision of relevant technical services. Pursuant to the joint venture agreement, the joint venture company is owned as to 40% by Cheerplan (China), and 60% by Haartz Corporation and has a registered capital of USD12,000,000 (contributed as to USD4,800,000 by Cheerplan (China) and as to USD7,200,000 by Haartz Corporation). On 24 March 2016, Cheerplan (China) entered into a joint venture agreement with Fujitsu Electronics (Shanghai) Co., Ltd. (富士通電子元器件(上海)有限公司) ("Fujitsu (Shanghai)") to establish a joint venture company in China to engage in the development and sale of automotive camera modules. Pursuant to the joint venture agreement, the joint venture company is owned as to 60% by Cheerplan (China), and 40% by Fujitsu (Shanghai) and has a registered capital of RMB5,200,000 (contributed as to RMB3,120,000 by Cheerplan (China) and as to RMB2,080,000 by Fujitsu (Shanghai)). On 16 August 2016, Jiaxing Sinoone Investment Co., Ltd. ("Jiaxing Sinoone"), an indirect wholly-owned subsidiary of the Company, had entered into a joint venture agreement with Clean Wave Technologies Hong Kong, Ltd. ("Clean Wave (HK)") to establish a joint venture in China to engage in the R&D, production, sale and after sale services of electric drive systems. Pursuant to the joint venture agreement, the joint venture is owned as to 51% by Jiaxing Sinoone and 49% by Clean Wave (HK) and has a registered capital of USD29,411,765.

Mr. Shi Jian Hui, Chairman and CEO, attended the signing ceremony of the joint venture between the Company and Haartz Corporation

Research and Development

During the Review Year, the Group increased its investment in innovation research and established the Innovation Research Centre, remained committed to innovation in product and technology. Meanwhile, based on its existing laboratories, the Group set up the welding laboratory, the material laboratory and the mechanics laboratory which serve as technical platforms for innovative experiments. The laboratories had conducted a series of innovative technical research and made progress in different stages, providing sound support for the Group's technical enhancement. In response to the increasing demand in global concurrent design, the Group continued to upgrade its product design capability by integrating global resources with domestic and overseas advanced technologies. The Group entered into the concurrent design system of global high-end OEMs, improved its global R&D network, and strengthened communication and exchange with the R&D organisations of major customers. During the Review Year, the Group provided concurrent design validation, prototype development and completed product design for the global platform vehicles of various OEMs. In respect of production techniques, the Group achieved a breakthrough in the high stability and luster effect features of the processing technique in corrosion resistance for aluminum trim, and was awarded the "BMW Supplier Innovation Award in Quality" due to its strong innovation capability, making it the first Chinese supplier to be granted such recognition in a century. As such, the Group's competitive edge in aluminum products was further enhanced. During the Review Year, the Group procured more than 700 units of robotic arms for various automatic production lines, nearly 30 of which were fully automatic production lines, indicating significant enhancement in the Group's integration capability and automation development capability. Meanwhile, advanced information management system was introduced to build the foundation for intelligent R&D and manufacturing.

The Group placed great emphasis on protecting its intellectual property rights. It has obtained certifications for its intellectual property rights protection system and has actively applied for international patents. During the Review Year, the Group filed 189 patent applications for approval, and 103 patents were authorised by competent institutions.

Corporate Social Responsibility

While pursuing maximum return to shareholders, the Group actively performed its corporate social responsibilities.

During the Review Year, the Group established EHS (environment, health and safety) Headquarter, which is responsible for promoting environmental protection, occupational health and production safety in the Group. The Group promoted the development of environmental protection undertakings based on the principle of sustainable development. Public health was protected through effectively managing the waste emission to prevent pollution and other public hazards. A special team was formed with an aim to promoting energy conservation and emission reduction projects, so as to enhance resources utilization rate within the Group. The Group had disseminated and promoted information on production safety, organized annual physical examination for its staff, and regularly arranged occupational health lectures and healthcare consulting services, so as to ensure production safety and occupational health of its staff.

In respect of the caring for its employees, the Group attaches importance to the mental and physical health of the employees. It has established infirmaries, mental health counselling centers in the principal subsidiaries. In addition to the social insurance coverage for the employees in pursuant with the requirements, the Group has purchased additional supplementary commercial insurance for the employees. Multi-level talent development and training programs are in place to enhance the professional skills of the staff, such as GMTP (General Manager Training Program), MTP (Manager Training Program), SMTP (Senior Manager Training Program), TTT (Train the Trainer) and Turbo Program.

In respect of the supplier management, the Group implemented a mutual sustainable development culture for supplier management. It strictly forbids business corruption of suppliers and upholds an honest and integrity relationship with suppliers. During the Review Year, the Group made more efforts on anti-corruption and provided various forms of education for staff on the relevant subjects including internal presentations and seminars conducted by outside legal counsels. Meanwhile, the Group also reinforced the procurement system and internal audit for the Group and its subsidiaries.

The Group concerns about the education matters in China's poverty-stricken areas and the welfare of the disabled people all along. In 2005, the Group proposed to set up the Minth charity fund. In 2010, the Group's donation to the Ningbo Charity Society were used to set up the "Minth Charity Fund" (敏實慈善愛心基金). In 2013, the Group sponsored the "Zhejiang Minth Foundation" (浙江省敏實愛心基金會), continuing its care for the education in the poverty-stricken areas in China and the promotion of public welfare and charity activities, with the principle of dedication and sharing of love (匯聚愛心，讓愛傳遞). Hope for Pearl (撿回珍珠計劃), Character Education Program (品格教育計劃), Pearl Polishing Program (擦亮珍珠計劃), Pearl Vocational Education Program (珍珠職業教育計劃), Caring Donation Shop (愛心格子鋪), education programs for remote mountainous areas, College Student Leadership Training Program as well as the Nutritious Lunch Program have been launched.

FINANCIAL REVIEW

Results

During the Review Year, the Group's revenue was approximately RMB9,399,992,000, representing an increase of approximately 22.8% from approximately RMB7,654,123,000 in 2015. It was mainly driven by the growth of production and sales of Japanese and Chinese OEMs in the Chinese market, the rapid increase in production and sales of SUVs and the business boost of European and American customers in overseas markets.

During the Review Year, the profit attributable to owners of the Company was approximately RMB1,719,141,000, representing an increase of approximately 35.2% from approximately RMB1,271,677,000 in 2015. It was mainly attributable to sustainable and steady growth in revenue, together with the continuous emphasis on reduction of cost and control of expenses. The Group saw a substantial increase in its gross margin and posted a record high in its annual results.

Sales of Products

During the Review Year, the Group continued focusing on the production of core products including trims, decorative parts and body structural parts, which were mainly supplied to the factories of the major global OEMs.

An analysis on revenue by geographical markets based on locations of the customers is as follows:

Customer category	2016		2015	
	RMB'000	%	RMB'000	%
The PRC	5,828,053	62.0	4,610,118	60.2
North America	2,159,159	23.0	1,890,915	24.7
Europe	829,478	8.8	667,976	8.7
Asia Pacific	583,302	6.2	485,114	6.4
Total	9,399,992	100.0	7,654,123	100.0

Revenue from Overseas Market

During the Review Year, the overseas market revenue amounted to approximately RMB3,571,939,000, representing an increase of approximately 17.3% from approximately RMB3,044,005,000 in 2015. It accounted for approximately 38.0% of the total revenue of the Group in the Review Year, representing a decrease when compared to approximately 39.8% in 2015.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB3,250,445,000, representing a growth of approximately 33.9% from approximately RMB2,427,685,000 in 2015. The gross profit margin was approximately 34.6% in the Review Year, representing an increase of approximately 2.9% from approximately 31.7% in 2015. It was mainly owing to the scale benefit brought by revenue growth of the Group, the positive momentum of aluminum products which have higher gross profit margin, and the favourable impact brought by RMB depreciation on the gross profit margin of exported products during the Review Year. In addition, the Group continued to enhance production efficiency and management efficiency through the measures such as centralized procurement, lean manufacturing, optimization of production layout and technology innovation, which resulted in a significant increase of the overall gross profit margin as compared to 2015.

Investment Income

During the Review Year, the investment income of the Group was approximately RMB65,234,000, representing a decrease of approximately RMB70,201,000 from approximately RMB135,435,000 in 2015. It was mainly due to reduction of interest income resulting from a decrease of average deposit balance of the Group and the lower market interest rate during the Review Year.

Other Income

During the Review Year, the other income of the Group amounted to approximately RMB124,961,000, representing a decrease of approximately RMB16,546,000 from approximately RMB141,507,000 in 2015. It was mainly attributable to a decrease in government subsidies.

Other Gains and Losses

During the Review Year, the Group's other gains and losses amounted to a net gain of approximately RMB124,330,000, representing an increase of approximately RMB102,550,000 as compared to the net gain of approximately RMB21,780,000 in 2015. It was mainly attributable to the increase in exchange losses of the Group in 2015 due to the rapid depreciation of RMB during the second half of 2015; while the Group generated profit by actively adopting control measures for foreign exchange exposure and entering into foreign exchange contracts during the Review Year.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses were approximately RMB376,568,000, representing an increase of approximately RMB145,997,000 from approximately RMB230,571,000 in 2015. It accounted for approximately 4.0% of the Group's revenue, representing an increase of approximately 1.0% from approximately 3.0% in 2015. It was mainly attributable to the additional expenses which were in line with the Group's revenue growth and new business intake during the Review Year.

Administrative Expenses

During the Review Year, the administrative expenses of the Group amounted to approximately RMB661,428,000, representing an increase of approximately RMB75,498,000 from approximately RMB585,930,000 in 2015. It accounted for approximately 7.0% of the revenue of the Group, representing a decrease of approximately 0.7% from approximately 7.7% in 2015. It was mainly attributable to the stringent control of the administrative expenses by the Group despite its revenue growth, so that the proportion of such expenses to the revenue decreased.

Research Expenditures

During the Review Year, the research expenditure of the Group amounted to approximately RMB390,508,000, representing an increase of approximately RMB59,942,000 from approximately RMB330,566,000 in 2015. It was mainly attributable to an increase in labor costs arising from the Group's recruitment of high-level R&D personnel to enhance its R&D capabilities in order to maintain its market competitiveness and sustainable growth, as well as its continuous investment in research.

Share of Profits of Joint Ventures

During the Review Year, the Group's share of profits of joint ventures was approximately RMB9,332,000, representing a decrease of approximately RMB12,260,000 from approximately RMB21,592,000 in 2015, which was mainly because a former joint venture was acquired by the Group and became a subsidiary during the Review Year.

Share of Profits of Associates

During the Review Year, the Group's share of profits of associates was approximately RMB35,567,000, representing a decrease of approximately RMB2,741,000 from approximately RMB38,308,000 in 2015. It was mainly attributable to a newly invested associate which made a loss during the Review Year.

Income Tax Expense

During the Review Year, the Group's income tax expense was approximately RMB339,172,000, representing an increase of approximately RMB90,107,000 from approximately RMB249,065,000 in 2015.

During the Review Year, the effective tax rate was approximately 16.0%, representing an increase of approximately 0.1% from approximately 15.9% in 2015.

Profits Attributable to Non-controlling Interests

During the Review Year, the Group's profits attributable to non-controlling interests were approximately RMB60,286,000, representing an increase of approximately RMB12,251,000 from approximately RMB48,035,000 in 2015. It was mainly attributable to an increase in profit due to the revenue growth of certain non-wholly owned subsidiaries.

Liquidity and Financial Resources

As of 31 December 2016, the Group's total bank balances and cash amounted to approximately RMB2,939,723,000, representing an increase of approximately RMB173,018,000 compared to approximately RMB2,766,705,000 as of 31 December 2015. As of 31 December 2016, the Group's low cost borrowings amounted to approximately RMB1,445,875,000, among which the equivalent of approximately RMB384,690,000, approximately RMB374,598,000, approximately RMB304,000,000, approximately RMB234,637,000, approximately RMB85,554,000, approximately RMB46,515,000 and approximately RMB15,881,000 were denominated in Euro ("EUR"), US Dollar ("USD"), RMB, Mexican Peso ("MXN"), Thai Baht ("THB"), Hong Kong Dollar ("HKD") and Japanese Yen ("JPY") respectively, representing a decrease of approximately RMB512,089,000 as compared to approximately RMB1,957,964,000 as of 31 December 2015. The decrease was mainly due to the amount of borrowings that the Group repaid after considering the consolidated gains from exchange rates, interest rates and capital.

During the Review Year, the net cash flow from the Group's operating activities was approximately RMB1,722,884,000, indicating a sound cash flow condition.

During the Review Year, the Group's trade receivables turnover days were approximately 81 days, increasing by approximately 6 days from approximately 75 days in 2015. It was mainly attributable to an increase in bill receivables balance and higher percentage of revenue generated from customers with longer repayment terms.

During the Review Year, the Group's trade payables turnover days were approximately 55 days, increasing by approximately 6 days from approximately 49 days in 2015. It was mainly attributable to adjusting the payment methods of suppliers responding to the change of repayment terms of customers.

During the Review Year, the Group's inventory turnover days were approximately 62 days, increasing by approximately 3 days from approximately 59 days in 2015. It was mainly attributable to an increase of projects in development with an increase of new business intake.

The Group's current ratio was approximately 2.2 as at 31 December 2016, which increased by approximately 0.1 compared to approximately 2.1 as at 31 December 2015. As at 31 December 2016, the Group's gearing ratio was approximately 9.6% (31 December 2015: approximately 14.9%), which was a percentage based on the interest bearing borrowings divided by total assets.

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

The Group's capital demands had no particular seasonality features.

The Group believed that during the Review Year, the remarkable performance in sales, production and R&D activities, as well as the sound cash reserves provided a strong support for sustainable growth in the future.

COMMITMENTS

As of 31 December 2016, the Group had the following commitments:

	RMB'000
Capital commitment	
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:	
– Acquisition of property, plant and equipment	275,148

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 31 December 2016, the balance of bank borrowings of the Group was approximately RMB1,445,875,000, of which RMB304,000,000 was bearing at fixed interest rates, and approximately RMB1,141,875,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality features. In addition, approximately RMB622,271,000 of the aforesaid borrowings was denominated in currencies other than the functional currencies of the Group's relevant entities, of which the equivalent of approximately RMB282,395,000, approximately RMB277,480,000, approximately RMB46,515,000, and approximately RMB15,881,000 were denominated in EUR, USD, HKD and JPY respectively.

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 Chinese government.

As at 31 December 2016, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB242,392,000 of which approximately RMB129,376,000 was denominated in USD, approximately RMB98,499,000 was denominated in EUR, approximately RMB9,255,000 was denominated in HKD, approximately RMB5,159,000 was denominated in JPY and the remainder of approximately RMB103,000 was denominated in other foreign currencies.

As a result of the constant increase of overseas sales and the vigorous fluctuation in currency markets, the management of the Group expressed more concern on the foreign exchange risk and would take the exchange rate expectations of relevant currencies into full consideration when deciding the billing currency for relevant businesses, and also closely monitored the foreign exchange exposure and adjusted the control strategy.

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no contingent liabilities (31 December 2015: Nil).

MORTGAGED ASSETS

As at 31 December 2016, the Group had bank borrowings of approximately RMB304,000,000 secured by bank deposits of approximately RMB464,000,000. The borrowings are to be settled in RMB(31 December 2015: the Group had borrowings of approximately USD35,000,000 (equivalent to approximately RMB227,276,000) and approximately RMB882,700,000 secured by bank deposits of approximately RMB1,015,000,000. The borrowings are to be settled in USD and RMB respectively). The Group pledged freehold lands and buildings with a net book value of approximately RMB16,968,000 (31 December 2015: approximately RMB16,495,000) 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 RMB1,215,564,000(2015: approximately RMB1,180,082,000). The capital expenditure for the Review Year accommodated the increase of investment in aluminum production bases, electric vehicle business unit, automation improvement and capacity expansion according to the Group's plan for global production layout.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisition or disposal during the Review Year.

EMPLOYEES

As at 31 December 2016, the Group had a total of 13,657 employees. The Group sustained rapid development during the Review Year, particularly in terms of its aluminum business and the business development in China. Additionally, with the development of new businesses of automotive electronics, electric vehicles and intelligent equipments, the total number of employees increased by 2,320 compared to 31 December 2015, which continuously enhanced the Group's talent pool. During the Review Year, the Group actively promoted and practiced core values in its global operations in order to optimise the Group's corporate culture system. The employer brand project was continuously promoted to ensure the implementation of the Group's employer value. In the context that talent recruitment is increasingly competitive and complicated, the Group was able to maintain and implement competitive compensation system and talent retention plan in its global operations. The global talent management system (SuccessFactors) was initiated with an aim to accelerate and promote the training and management of global talents. With the establishment of PeopleSoft and HyperionHPM systems, the global remuneration policy was upgraded and updated to implement the integration of workflow for human resources.

During the Review Year, the Group continued to uphold sound talent strategy in line with the demands of industrial upgrading of the Group and requirements of Industry 4.0 by proactively fostering R&D team and international project team and expediting its talent development. The Group improved the academic classification of corporate university and built the course system framework of FMTP (First-line Manager Training Program), MTP (Manager Training Program), SMTP (Senior Manager Training Program) and GMTP (General Manager Training Program), so as to strengthen the cooperation with universities and to build a more solid foundation for its talent pool.

Based on the theory of holistic health development, the Group has been focusing on a well-balanced development of the physical, mental and holistic health of the staff. Various activities (such as Couple's Camp, Children's Camp for Character Building and Teenagers' Camp for Character Building) were organised with a people-oriented approach, to promote the holistic health development of the staff.

FUTURE PROSPECTS

Looking ahead to the global conventional automotive industry in 2017, it is expected that sales growth could slow down in the U.S. and most of the developed markets in Western Europe, while the Chinese market could maintain a relatively steady growth. Emerging markets such as India, Russia, and Thailand are expected to record recovery, benefitting from improved economic expectation. Based on the projections of research institutes like IHS, the global automotive industry is expected to post a steady growth momentum in 2017, with an increase of approximately 2–3% as compared to that of 2016, and the sales volume is expected to exceed 95,000,000 units throughout the year. In anticipation of the potential change in trade policy following the new president of the U.S. taking office, uncertainties with the economic prospect of the U.S. are set to increase, and certain OEMs are re-considering their future capacity allocation around the globe in response, which may initiate a change in the division of work throughout the global automotive industry. As the largest automotive market in the world, China remains a very attractive market to OEMs, which in turn stimulates OEMs to improve their supply chain system as well as the layout of automotive service and trade in China. It is anticipated that in 2017 capacity relocation to the U.S. and China will become a trend.

Under the development trend of environmental protection in the automotive industry, various countries will continue to roll out stimulus policies for new energy vehicles. Reducing fuel consumption and enhancing engine technologies to meet the fuel consumption standard set by the government have become the main development trend for OEMs. The automotive industry has expanded to the field of electronics and service from manufacturing with tremendous changes in the competition landscape. In respect of automobile manufacturing, the internet and electronic techniques have led to changes in the manufacturing mode, innovation of the business model and restructuring of the value chain. Being intelligent, internet-connected and digitalized will become the development trend for most automobile brands. Many OEMs are building up more globalized structures and platforms so that their products and designs can be put into service in any market around the world with slight changes, so as to improve the efficiency, profitability and scale. Therefore, the technical competence, lean production capability and geographical coverage have become the closely-monitored elements when OEMs choose their long-term suppliers. Through mergers and acquisitions, more and more automotive parts suppliers are keeping abreast of the ever-changing technologies in the automotive industry to satisfy customers' demand for self-driving, infotainment and safety.

While the Group endeavors to lay a solid foundation for its development, it also focuses on the expansion of products and technologies for automobiles in the future. The Group will continuously enhance customers' confidence and promote the development of balanced customer base and product mix, aiming at breaking up the barriers in the existing supply system of its customers, and becoming a change maker which reduces the complex of the supply chain of its customers. In view of the changes in global economic environments, the Group will keep reinforcing the business expansion in North America and focusing on the top three American customers, namely, General Motors, Ford and Chrysler. At the same time, the Group will also proactively explore new business with Japanese and Korean customers in North America to support and promote the strategy to enhance its investment and layout in the U.S. Also, the Group will cater to the customers' need to strategically expand the business with Chinese OEMs and seize the business opportunities in emerging markets, which contributes to the Group's vision of "Minth Journey of Global Excellence". Meanwhile, the Group will remain flexible to the changes in market, not only establishes technical standard and flexible production mode for existing products, but also focuses on the research on lightweight products in respect of materials, structures and techniques, resulting in a perfect integration of existing exterior decorative parts and intelligent sensing products under the intelligence trend. By repeated efforts to integrate global resources and seeking for global cooperation, the Group keeps expanding the product portfolio to satisfy customers' need in terms of intelligence, environment protection and safety.

In response to the development trend of environmental protection in automotive industry, Jiangsu Min'an Electric Cars Co., Ltd. ("Jiangsu Min'an") was granted the approval for the Construction Project for Pure Electric Passenger Vehicles of Jiangsu Min'an Electric Cars Co., Ltd. (Fa Gai Chan Ye [2016] No. 2407《江蘇敏安電動汽車有限公司純電動乘用車建設項目》) on 14 November 2016. Jiangsu Min'an is the fifth enterprise being awarded such approval in China, marking a major milestone for the Group, details of which are set out in the announcement of the Company dated on 16 November 2016.

The Group will continue to follow the development strategy of globalization, standardization and scale production, targeting at building up solid foundation for lean production by refining the Minth Production System (MPS) management mode as well as focusing on the principle of "learning from the workplace, the actual stuff and the real situation", and it also sets to regulate the production line standards, improve on-site workplace management and streamline logistics and total productive maintenance (TPM) to create a lean culture which will continuously enhance the Group's competitiveness. In addition, the Group will further promote the automatic, flexible and intelligent manufacturing models to lay a foundation for Minth Manufacturing 4.0. In order to continuously improve the global supply chain and global presence, the Group will accelerate the manufacturing layout in the U.S. for chrome plating, coating and relevant techniques for door frames. The Group will continue to improve its presence in Mexico and improve the export capability of its factories in Thailand to North America so as to enhance the Group's competitiveness in such market. As for Europe, the PH13.5 anodizing production line is newly built to satisfy the European customers' demands for product performance. As for Asia Pacific, the Group will continue to increase its capacity for global market. As for China market, additional investment will be put in its industry – leading anodizing production line, chrome plating production line and coating production line to facilitate the Group's business expansion requirements for high-end aluminum products and decorative parts.

Since inauguration, the newly-elected US president Trump proposed to bring the automobile manufacturing industry back to the U.S., reduce taxation on domestic enterprises, and impose heavy tariffs to prevent the automobile manufacturing capacity relocating to Asia and Mexico. The new policy may force OEMs to adapt changes in capacity by adjusting launch plans. The new policy may also cause cyclical slide in new car sales in the US market. Withdrawal from the Trans-Pacific Partnership (TPP) and reconsideration of regional and global trade agreements such as NAFTA and WTO imply a more protectionist trade policy by the US government in favor of domestic manufacturers. As such, imported automobiles and spare parts may be exposed to the risk of high tariffs. On Trump's campaign trail, he claimed that China was an exchange rate manipulator and proposed a 45% punitive tariff on Chinese products, though it is hard to assess the possibility of a full implementation. In response to the above new policies and possible measures to be adopted by the Trump administration, the Group will assess the situation and respond actively to make relevant preparations in time. Following the investments by major OEMs to expand their manufacturing capacity in the U.S., changes are expected in local supply system. Thus, the Group will leverage on the chance to secure local business and joint ventures in the U.S. with close attention to monitor the fluctuation of production order forecast among major OEMs, so as to adjust its investment and layout and improve its operating capability in the U.S. The Group will also strengthen the management of its exported products and overseas business, adjust the existing layout of the supply chain and manufacturing bases, expand overseas source for procurement to respond to potential tax hikes by the U.S. on imported Chinese products. The Group will also diversify its export markets by setting Thailand and other emerging countries in Eastern Europe as the second and third export bases so as to reduce the export reliance on a single market. Furthermore, the Group will improve its product quality by ensuring consistent manufacturing standard and quality for its products all over the world to enhance the Group's competitiveness in the international market, in addition to flexibly applying preferential policies in respective regions such as tax incentives and early tax and exchange rate planning to improve the Group's operational capability around the globe.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Shi Jian Hui (石建輝) ("Mr. Shi"), aged 44, is the Chairman (redesignated on 26 May 2016), 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 Chairman and 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 2016, save for his interest in 952,000 Shares and 1,000,000 Share Options, Mr. Shi 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").

Zhao Feng (趙鋒) ("Mr. Zhao"), aged 48, 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 2016, Mr. Zhao was interested in 1,100,000 Shares and 950,000 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 1,200,000 Shares and 950,000 Share Options in the Company. As at 31 December 2016, save as disclosed herein, Mr. Zhao 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 45, is an executive Director of the Company and 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 and was appointed as a Director on 29 May 2014. Ms. Bao also serves as an independent director of Ningbo Powerway Alloy Material Co., Ltd., which is a company listed on the Shanghai Stock Exchange. As at 31 December 2016, save for her interest in 222,000 Shares and 1,050,000 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.

Chin Chien Ya (秦千雅) ("Ms. Chin"), aged 28, is an executive Director of the Company. Ms. Chin is now committed to the planning of overseas expansion strategies, launching new projects and promoting the globalization of the Group. Ms. Chin graduated from Boston College, majoring in Business Management, Accounting and Theoretical Mathematics and later obtained her master's degree from the Harvard Graduate School of Education, researching in adult and organization training, education and development. Prior to joining the Group as assistant to general manager of North America Operations of the Group in August 2015, she was responsible for operations and marketing in a startup company in Taiwan, and afterwards worked in public relations, providing consulting services for international companies on corporate social responsibility. Ms. Chin was appointed as a Director on 26 May 2016, and she is the daughter of Mr. Chin Jong Hwa. As at 31 December 2016, Ms. Chin has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Huang Chiung Hui (黄瓊慧) ("Ms. Huang"), aged 45, is an executive Director of the Company and the Chief Human Resources Officer ("CHO") of the Group. Ms. Huang is a seasoned senior HR executive and brings with her more than 20 years of global HR experience from the banking and manufacturing industries such as Citigroup (in New York, Singapore and Taiwan), Taiwan Cement, and ANZ Banking Group. Prior to joining the Group, she has been in various senior HR leadership roles and particularly focused on driving talent strategy and solutions, organizational development, global leadership development initiatives, M&As and HR transformations. Ms. Huang graduated from National Tsing Hua University where she majored in Economics and obtained her MBA (in Human Resources Management) from City University Business School in London, UK. Ms. Huang was nominated as CHO of the Group on 1 September 2014, and was appointed as a Director on 26 May 2016. As at 31 December 2016, Ms. Huang was interested in 1,000,000 Share Options in the Company. Since Ms. Huang is the spouse of Mr. Bau Hsin Hong ("Mr. Bau"), she is deemed to be also interested in the 530,000 Share Options in which Mr. Bau was interested. Accordingly, Ms. Huang was interested in 1,530,000 Share Options in the Company. As at 31 December 2016, save as disclosed herein, Ms. Huang has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Non-executive Director

Chin Jong Hwa (秦榮華) ("Mr. Chin"), aged 58, is the Honorary Chairman and a non-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 29 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 Jiaxing Association of Enterprises with Investments from Taiwan. Mr. Chin was awarded the titles of Honorary Citizen in Ningbo, Jiaxing 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. On 26 May 2016, Mr. Chin was redesignated from Chairman and executive Director to Honorary Chairman and non-executive Director. As at 31 December 2016, Mr. Chin was interested in approximately 39.55% shareholding interest in the Company through Minth Holdings Limited (formerly Linkfair Investments Limited), a company wholly owned by Mr. Chin, which held 447,072,000 shares of the Company ("Shares"). As at 31 December 2016, save as aforesaid, Mr. Chin 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 62, is an independent non-executive Director and the chairman of the nomination committee of the Company ("Nomination Committee"). Dr. Wang has over 25 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 (the "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 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 2016, save for his interest in 140,000 Share Options in the Company, Dr. Wang has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Wu Fred Fong (胡晃) ("Mr. Wu"), aged 69, 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 Sheng Yuan Holding Limited, a company listed on the Main Board of the Stock Exchange. Mr. Wu joined the Company as an independent non-executive Director on 1 January 2009. As at 31 December 2016, save for his interest in 140,000 Share Options in the Company, Mr. Wu has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Yu Zheng (鄭豫) ("Ms. Zheng"), aged 48, is an independent non-executive Director and Chairman of the remuneration committee of the Company ("Remuneration Committee"). Ms. Zheng is a partner at Advantage Partners Asia fund. She has extensive experience in private equity, management consultancy and corporate management over the last 20 years. She was the managing director at PineBridge Investments (former AIG Investments) from 2008 to 2012. Ms. Zheng was also a senior partner at Roland Berger Strategy Consultants and a Principal with the Boston Consulting Group. Ms. Zheng also served as president of the sales company of Brilliance Auto Group from 2003 to 2004. In addition, she has been serving Fufeng Group (a company listed on the Stock Exchange) as an independent non-executive director. She also worked in the computer industry for years in China and the U.S. Ms. Zheng has a bachelor's degree of science in Computer Science from Beijing Normal University and an MBA from the University of Texas at Austin. Ms. Zheng joined the Group and was appointed as a non-executive Director of the Company on 1 January 2008, and was redesignated as an independent non-executive Director of the Company on 26 May 2016. As at 31 December 2016, Ms. Zheng was interested in 200,000 Share Options in the Company. Since Ms. Zheng is the spouse of Mr. Wei Wei ("Ms. Wei"), she is deemed to be also interested in the 350,000 Shares in which Mr. Wei was interested. Accordingly, Ms. Zheng was interested in 350,000 Shares and 200,000 Share Options in the Company. As at 31 December 2016, save as disclosed herein, Ms. Zheng 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 67, is the Company Secretary of the Company. Dr. Loke has over 40 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 Teknology 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, the Hong Kong Institute of Directors and the Hong Kong Institute of Chartered Secretaries. He currently serves as an independent non-executive director of V1 Group Limited, Matrix Holdings Limited, China Beidahuang Industry Group Holding Limited, China Fire Safety Enterprise Group Limited, Winfair Investment Company Limited, SCUD Group Limited, Zhong An Real Estate Limited, Chiho-Tiande Group Limited, Tianjin Development Holdings Limited, China Household Holding Limited, Lamtex Holdings Limited (formerly China New Energy Power Group Limited), Tianhe Chemicals Group Limited, Forebase International Holdings Limited and Hang Sang (Siu Po) International Holding Company 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 2016, save for his interest in 140,000 Share Options in the Company, Dr. Loke has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Robert Chi Yu (余其瑜) ("Mr. Yu"), aged 56, is the Chief Technology Officer ("CTO") 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. Mr. Yu 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 joined the Group in April 2013 as the Chief Operating Officer ("COO") of the Group. As at 31 December 2016, save for his interest in 1,490,000 Shares Options in the company, Mr. Yu has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Chen Ching Ming (陳淨銘) ("Dr. Chen"), aged 57, is the COO of the Group. Dr. Chen received his PhD of Mechanical Engineering from Auburn University, USA in 1992. Dr. Chen is a seasoned senior executive with a solid track record in automotive parts industry. Prior to joining the Group in September 2015, he worked for TRW and Delphi Automotive in various senior roles and functions, and most recently worked for Autoliv as president for greater China. Dr. Chen has abundant experience in multiple areas of leadership and development of cross-functional teams, operational P&L management, strategic business development, supply chain management, and lean manufacturing system implementation. Dr. Chen was nominated as COO of the Group on 1 September 2015. As at 31 December 2016, Dr. Chen 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 43, 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 2016, save for her interest in 140,000 Shares and 330,000 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 (金正勛) ("Mr. Jin"), aged 43, is the General Manager of the Group's overseas sales. 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, assistant to general manager, the General Manager of North America Operations and the General Manager of Europe Operations of the Group. As at 31 December 2016, save for his interest in 26,000 Shares and 168,000 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 its 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

From 1 January 2016 to 25 May 2016, Mr. Chin was the Chairman of the Board and was responsible for leading the Board in establishing and monitoring the implementation of strategies and plans to create values for Shareholders, while Mr. Shi was the CEO and was 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.

With effect from 26 May 2016, Mr. Chin ceased to be the Chairman of the Board, and Mr. Shi was redesignated as the Chairman of the Board and remained as the CEO.

Paragraph A.2.1 of the Corporate Governance Code provides that the chairman and chief executive officer should be separate and should not be performed by the same individual. The Board was of the view that the above arrangement was in the best interest of the Group, with the business of the Group predominantly managed on a daily basis by Mr. Shi. The Board held periodical meetings to consider major matters related to the Group's operations and believed that such structure will not harm the balance of power and authority between Directors as Mr. Shi was one out of a total of nine Directors at the relevant time. The other executive Directors are designated for different functions, which are supplementary to the role of the chairman and chief executive officer. The Board believes that such structure will help to strengthen and implement the leadership and facilitate the effective operation of the Group. The structure is therefore in the interest of the Company and its shareholders as a whole.

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 2016, there are nine members on the Board, which are the Chairman and CEO, four other executive Directors, one non-executive Director ("NED") 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 21 of the annual report.

NED 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.

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 the NED was for a period up to the next annual general meeting 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 2016, the Audit Committee comprises all INEDs, namely Mr. Wu, Dr. Wang and Ms. Zheng. As of 31 December 2016, 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 21 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) to 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) to ensure no director or any of his associates is involved in deciding his own remuneration;

   (iii) to 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) to 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) to 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) to 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) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.

As of 31 December 2016, the Remuneration Committee comprises all three INEDs namely Mr. Wu, Dr. Wang, and Ms. Zheng. Ms. Zheng 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 21 of the annual report.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company adopted 2005 Share Option Scheme and the Share Option Scheme. 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 11 to the consolidated financial statements and details of the 2005 Share Option Scheme and Share Option Scheme are set out in the Directors' Report and note 36 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) to 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) to identify individuals suitably qualified to become Board members and select or make recommendations on the selection of individuals nominated for;

  (iii) to assess the independence of independent non-executive Directors;

  (iv) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the CEO;

  (v) to do any such things to enable the Nomination Committee to perform its responsibilities and functions conferred on it by the Board; and

  (vi) to 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 of association (the "Articles") or imposed by legislation.

As of 31 December 2016, the Nomination Committee comprises all three INEDs, namely Mr. Wu, Dr. Wang and Ms. Zheng. Dr. Wang was the Chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held two meetings 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. Directors' attendance is shown in the table set out on page 21 of the annual report.

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.

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, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. 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 2016

	2016 AGM	The Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Meetings	1	4	2	1	2
Executive Directors					
Shi Jian Hui *(Chairman and CEO)*	0	4	N/A	N/A	N/A
Zhao Feng	0	4	N/A	N/A	N/A
Bao Jian Ya	0	4	2	N/A	N/A
Chin Chien Ya	0	2	N/A	N/A	N/A
Huang Chiung Hui	0	2	N/A	N/A	N/A
Non-executive Director					
Chin Jong Hwa *(Honorary Chairman)*	1	4	N/A	N/A	N/A
Independent Non-executive Directors					
Wang Ching	0	4	2	1	2
Wu Fred Fong	1	4	2	1	2
Yu Zheng	0	4	0	1	0

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.

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.

During the Review Year, all Directors have participated in professional trainings to update their knowledge and skills. All Directors have provided the Company with their training records for the year.

The Company Secretary has confirmed his attendance of more than 15 hours of professional training during the Review Year.

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		
Shi Jian Hui	√	√
Zhao Feng	√	√
Bao Jian Ya	√	√
Chin Chien Ya	√	√
Huang Chiung Hui	√	√
Non-executive Director		
Chin Jong Hwa	√	
Independent Non-executive Directors		
Wang Ching	√	√
Wu Fred Fong	√	√
Yu Zheng	√	√

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 RMB3,430,000 to the external auditor for its audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board understands that appropriate internal control and risk management are indispensible to the governance and fulfillment of strategic objectives of the Group. The Board has also confirmed that the Board is responsible for ensuring the Group to maintain appropriate and effective internal control at any time to safeguard the assets of the Group. The Board will review the risk management and internal control systems annually. The Board has conducted reviews over the risk management and internal control during the Review Year, and identified the efficiency and sufficiency of risk management and internal control.

The Group has an internal audit function. The Group has established three barriers for risk management and internal control. The first barrier is the identification, evaluation and acknowledgement of risks during the operating process by different levels of management, with internal controls by means such as approval procedures. The second barrier is the internal evaluation on every system and subsidiaries or departments and regular internal evaluation in respects of human rights, financial rights and related procedures for the departments of the Group headquarters, such as Human Resources Department and Finance Department, to ensure the compliance with laws and regulations and requirements of the Stock Exchange, as well as the accuracy and fairness of the financial statements. Due diligence are established in every subsidiary department to conduct self evaluation. The third barrier is the establishment of an audit and supervision department, which is independent of the business operation for the Group, to conduct irregular internal reviews over every system and subsidiaries or departments. In the case of material risks and loophole of internal control, the audit and supervision department will expand its coverage of auditing and report to the Audit Committee in a timely manner. Whilst the three barriers are positioned for risk management and internal control, the Group regularly organizes weekly seminars for all middle-and-senior management to participate in the information sharing, which includes the recent internal issues, risks exposed and counter-measures. Through the above, the Group can ensure that efficient and timely risk management can be conducted within acceptable limit, and internal control can be effectively carried out.

The risk management and internal control system of the Group aims to manage, but not completely eliminate, the risks which hinder the achievement of business objectives, which only provides reasonable assurance, while cannot guarantee that material false statements and damages will be fully avoidable.

INVESTOR RELATIONS AND COMMUNICATION

Through its Investor Relations Department, the Company maintains proactive communications with investors, analysts and other capital market participants so as to enable them to fully understand the operation and development of the Group. The Company's senior management presents the annual results briefing and interim results conference call every year. Through various activities such as analyst meetings and road shows, senior management provides the capital market with the updates of important information and responds to key questions which are of prime concerns to the investors. This has helped to reinforce the understanding of the Company's business and the overall development of the industry. The Company holds the annual general meeting in Hong Kong every year, and Shareholders are encouraged to attend the annual general meeting and voice any concerns or suggestions to the Directors, so as to facilitate the direct communication between Shareholders and the Board.

The Group thoroughly maintains and enhances its transparency. Financial reports, public announcements and calendar of events of the Company are available to investors through its website http://www.minthgroup.com. The Company attaches great importance to maintaining daily communications with investors and analysts. During the Review Year, the Company accommodated over 150 plant visits and conference calls for investors or analysts, and participated in 10 investment forums held by international and Chinese investment banks. Investors and analysts were also invited to attend the opening ceremony of the Group's Chunxiao production base in Ningbo on 18 July 2016, which not only enhanced the communication between the Company and investment community, but also reinforced the understanding of the Group's business from the perspective of the capital market. The Company was shortlisted in two categories for the *IR Magazine Awards – Greater China 2016*, including *Best in Sector (consumer discretionary & consumer staples)* and *Best Investor Relations Officer (small & mid-cap)*, which implies the recognition of the capital market for the Company. The Company will continue to elevate the expertise and professionalism of its investor relations team so as to provide the investors with better 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 37 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.

DIRECTORS' REPORT

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. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Review Year, and an indication of likely future development in the Group's business, can be found in the "Summary of Financial Information", "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report.

RESULTS

The results of the Group for the Review Year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 39 of the annual report.

DIVIDENDS

The Board recommends the payment of a final dividend of HKD0.680 per Share for the Review Year to the Shareholders on the Company's register of members on 8 June 2017.

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB1,215,564,000 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 14 to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

During the Review Year, the Company has issued 23,183,500 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 HKD275,429,440.

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 42 of the annual report.

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB10,192 million as at 31 December 2016. 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 8.1% of the Group's revenue, and the five largest customers accounted for approximately 29.9% of the Group's revenue.

The purchases for the Review Year attributable to the Group's largest supplier and five largest suppliers were approximately 2.9% and approximately 7.9% 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 customers and/or suppliers for the Review Year.

DONATION

During the Review Year, the donations made by the Group amounted to approximately RMB1,433,000 (2015: approximately RMB963,000).

DIRECTORS

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

Executive directors

Shi Jian Hui *(Chairman as redesignated on 26 May 2016 and Chief Executive Officer)*
Zhao Feng
Bao Jian Ya
Chin Chien Ya *(appointed on 26 May 2016)*
Huang Chiung Hui *(appointed on 26 May 2016)*

Non-executive directors

Chin Jong Hwa *(redesignated from executive director and Chairman to non-executive director and Honorary Chairman on 26 May 2016)*
He Dong Han *(retired on 26 May 2016)*

Independent non-executive directors

Wang Ching
Zhang Liren *(resigned on 23 August 2016)*
Wu Fred Fong
Yu Zheng *(redesignated from non-executive director to independent non-executive director on 26 May 2016)*

In accordance with Article 87 of the Articles, Mr. Chin, Mr. Shi and Mr. He retired from office at the annual general meeting of the Company in 2016. Mr. He did not offer himself for re-election and his directorship with the Company ceased on 26 May 2016.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles, every Director of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of the duty, or supposed duty, in his office or trust, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to him. Such permitted indemnity provision was in force during the Review Year and at the time of approval of this report.

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 Company or its subsidiaries within one year without payment of compensation, other than statutory compensation.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wang was appointed as an independent non-executive Director on 26 October 2005 and his appointment was most recently renewed to the Company's forthcoming AGM.

Mr. Wu was appointed as an independent non-executive Director on 1 January 2009 and his appointment was most recently renewed to the Company's forthcoming AGM.

Ms. Zheng was redesignated as an independent non-executive Director on 26 May 2016 for a fixed term of one year. Her appointment will expire on the date of the Company's forthcoming AGM.

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.

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT

The remuneration paid to the Directors, by name, for the year ended 31 December 2016 is set out in note 11 to the consolidated financial statements.

The remuneration of senior management, by band, for the year ended 31 December 2016 is set out below:

	2016 No. of employees
HKD500,001 to HKD1,000,000	1
HKD1,000,001 to HKD1,500,000	1
HKD3,000,001 to HKD3,500,000	1
HKD3,500,001 to HKD4,000,000	1
HKD6,000,001 to HKD6,500,000	1

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 15 to 17 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 2016, 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 Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

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	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital as at 31 December 2016 (Note 1)
Chin Jong Hwa	Company	Long position	Interest of controlled corporation	447,072,000 (Note 2)	39.55%
Shi Jian Hui	Company	Long position	Beneficial owner	1,952,000 (Note 3)	0.17%
Zhao Feng	Company	Long position	Beneficial owner Interest of spouse	2,050,000 100,000 (Note 4)	0.18% 0.01%
Bao Jian Ya	Company	Long position	Beneficial owner	1,272,000 (Note 5)	0.11%
Huang Chiung Hui	Company	Long position	Beneficial owner Interest of spouse	1,000,000 530,000 (Note 6)	0.09% 0.05%
He Dong Han	Company	Long position	Beneficial owner	140,000 (Note 7)	0.01%
Wu Fred Fong	Company	Long position	Beneficial owner	140,000 (Note 8)	0.01%
Wang Ching	Company	Long position	Beneficial owner	140,000 (Note 8)	0.01%
Zhang Liren	Company	Long position	Beneficial owner	200,000 (Note 9)	0.02%
Yu Zheng	Company	Long position	Beneficial owner Interest of spouse	200,000 350,000 (Note 10)	0.02% 0.03%

Note 1: The percentage of the Company's issued share capital is based on the 1,130,354,000 Shares issued as at 31 December 2016.

Note 2: As at 31 December 2016, Minth Holdings Limited ("Minth Holdings", formerly Linkfair Investments Limited) is beneficially interested in 447,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 447,072,000 Shares held by Minth Holdings.

Note 3: This figure represents the aggregated number of 952,000 Shares held by Mr. Shi and 1,000,000 Share 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 1,952,000 Shares.

Note 4: These figures represent (i) the aggregated number of 1,100,000 Shares held by Mr. Zhao and 950,000 Share 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 2,050,000 Shares. Since Mr. Zhao is the spouse of Ms. Zhu, he is deemed to be interested in the aforesaid Shares in which Ms. Zhu is interested.

Note 5: This figure represents the aggregated number of 222,000 Shares held by Ms. Bao and 1,050,000 Share Options granted to Ms. Bao under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Bao will acquire an aggregate of 1,272,000 Shares.

Note 6: These figures represent (i) 1,000,000 Share Options granted to Ms. Huang under the Share Option Scheme that are exercisable and (ii) 530,000 Shares Options granted to Mr. Bau under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Huang will acquire 1,000,000 Shares. Since Ms. Huang is the spouse of Mr. Bau, she is also deemed to be interested in the aforesaid Shares in which Mr. Bau is interested. Ms. Huang was appointed as an executive Director on 26 May 2016.

Note 7: This figure represents the 140,000 Share Options granted to Mr. He under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. He will acquire 140,000 Shares. Mr. He retired from office as a non-executive Director on 26 May 2016.

Note 8: These figures represent the number of Share Options granted to Mr. Wu and Dr. Wang under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Wu and Dr. Wang will acquire 140,000 Shares and 140,000 Shares, respectively.

Note 9: This figure represents the number of Share Options granted to Mr. Zhang under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Zhang will acquire 200,000 Shares. Mr. Zhang resigned as an independent non-executive Director on 23 August 2016.

Note 10: These figures represent (i) 200,000 Share Options granted to Ms. Zheng under the Share Option Scheme that are exercisable and (ii) 350,000 Shares held by Mr. Wei. Upon exercise of the Share Options, Ms. Zheng will acquire 200,000 Shares. Since Ms. Zheng is the spouse of Mr. Wei, she is deemed to be interested in the aforesaid Shares in which Mr. Wei is interested.

Other than as disclosed above, as at 31 December 2016, 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

The 2005 Share Option Scheme was 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 scheme was terminated on 22 May 2012 and the Share Option Scheme with substantively similar terms to the 2005 Share Option Scheme was adopted on the same day at the 2012 annual general meeting of the Company for 10 years.

The purpose of the 2005 Share Option Scheme and the 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 Share Option Scheme will remain in force for a period of 10 years after the date on which the 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 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 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 Share Option Scheme was 69,732,000, representing 6.16% of the 1,131,572,500 Shares in issue as at 21 March 2017, being the date of this report.

Details are as follows:

Name and category of participants	Number of Share Options (Note 1) Outstanding as at 1 January 2016	Granted during the Review Year	Exercised during the Review Year	Cancelled/ Lapsed during the Review Year	Outstanding as at 31 December 2016	Date of grant (Note 6)	Exercise period (Note 7)	Exercise price of the Share Options (HKD) (Note 8)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Directors, chief executives, and substantial Shareholders and their respective connected persons									
Mr. Shi Jian Hui	2,000,000	–	2,000,000	–	–	10-6-2011	1-2-2012 to 12-11-2016	10.89	27.42
	300,000	–	–	–	300,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	700,000	–	–	–	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Zhao Feng	1,000,000	–	1,000,000	–	–	10-6-2011	1-2-2012 to 12-11-2016	10.89	27.94
	250,000	–	–	–	250,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	700,000	–	–	–	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Bao Jian Ya	1,000,000	–	1,000,000	–	–	10-6-2011	1-2-2012 to 12-11-2016	10.89	27.53
	350,000	–	–	–	350,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	700,000	–	–	–	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Huang Chiung Hui (Note 2)	1,000,000	–	–	–	1,000,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. He Dong Han (Note 3)	1,000,000	–	1,000,000	–	–	10-6-2011	1-2-2012 to 12-11-2016	10.89	27.85
	200,000	–	60,000	–	140,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	28.88
Mr. Wu Fred Fong	200,000	–	60,000	–	140,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	26.20
Dr. Wang Ching	200,000	–	60,000	–	140,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	25.20
Mr. Zhang Liren (Note 4)	200,000	–	–	–	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Yu Zheng	200,000	–	–	–	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Bau Hsin Hong (Note 5)	350,000	–	–	–	350,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	180,000	–	–	–	180,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Subtotal	10,530,000	–	5,180,000	–	5,350,000				
Other Participants	12,014,000	–	12,012,000	2,000	–	10-6-2011	1-2-2012 to 12-11-2016	10.89	20.36
	332,000	–	332,000	–	–	31-5-2012	30-5-2013 to 30-5-2017	9.13	20.51
	10,081,000	–	2,794,000	608,500	6,678,500	16-1-2014	1-6-2014 to 31-5-2019	15.84	23.43
	21,600,000	–	2,865,500	1,187,500	17,547,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	21.48
Subtotal	44,027,000	–	18,003,500	1,798,000	24,225,500				
Total	54,557,000	–	23,183,500	1,798,000	29,575,500				

Note 1: Numbers of Shares over which options granted either under the share option scheme which was originally adopted by the Company on 13 November 2005 and was subsequently terminated on 22 May 2012 ("2005 Share Option Scheme") or under the Share Option Scheme are exercisable.

Note 2: Appointed as an executive Director on 26 May 2016.

Note 3: Retired from office as a non-executive Director on 26 May 2016.

Note 4: Resigned as an independent non-executive Director on 23 August 2016.

Note 5: Spouse of Ms. Huang Chiung Hui, and special assistant to the Chairman of the Company.

Note 6: The closing price of the Shares immediately before the date on which the Share Options were granted pursuant to the 2005 Share Option Scheme on 10 June 2011, i.e. on 9 June 2011 was HKD11.02, and pursuant to the Share Option Scheme on (i) 31 May 2012, i.e. on 30 May 2012 was HKD9.14, (ii) 16 January 2014, i.e. on 15 January 2014 was HKD16.00, (iii) 25 March 2015, i.e. on 24 March 2015 was HKD14.02.

Note 7: The option period for the Share Options granted on 10 June 2011 is for five years five months and two days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 February 2012; (ii) up to a further 30% of the Share Options granted on or after 1 February 2013; and (iii) all of the remaining Share Options granted on or after 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 the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 30 May 2013; (ii) up to a further 30% of the Share Options granted on or after 30 May 2014; and (iii) all of the remaining Share Options granted on or after 30 May 2015. The option period for the Share Options granted on 16 January 2014 is for five years four months and fifteen days. If the grantees' period of service within the Company is or more than one year as of 1 June 2014, the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 June 2014; (ii) up to a further 30% of the Share Options granted on or after 1 June 2015; and (iii) all of the remaining Share Options granted on or after 1 June 2016. If the grantees' period of service within the Company is less than one year as of 1 June 2014, the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 June 2015; (ii) up to a further 30% of the Share Options granted on or after 1 June 2016; and (iii) all of the remaining Share Options granted on or after 1 June 2017. The option period for the Share Options granted on 25 March 2015 is for five years nine months and six days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 January 2016; (ii) up to a further 30% of the Share Options granted on or after 1 January 2017; and (iii) all of the remaining Share Options granted on or after 1 January 2018.

Note 8: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

During the Review Year, pursuant to the requirements and terms of the Share Option Schemes of the Company, 2,000,000 Share Options were exercised by Mr. Shi Jian Hui (executive Director), 1,000,000 Share Options were exercised by Mr. Zhao Feng (executive Director), 1,000,000 Share Options were exercised by Ms. Bao Jian Ya (executive Director), 1,060,000 Share Options were exercised by Mr. He Dong Han subsequent to his retirement as a non-executive Director on 26 May 2016, 60,000 Share Options were exercised by Mr. Wu Fred Fong (independent non-executive Director), 60,000 Share Options were exercised by Dr. Wang Ching (independent non-executive Director), 18,003,500 Share Options were exercised by the grantees who are not Directors, and 1,798,000 Share Options lapsed due to the resignations of the grantees.

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 36 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Review Year or subsisted at the end of the Review Year.

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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance 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 or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of 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 2016, 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	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wei Ching Lien ("Ms. Wei")	Interest of spouse	Long position	447,072,000 (Note 2)	39.55%
Minth Holdings Limited	Beneficial owner	Long position	447,072,000 (Note 3)	39.55%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	91,204,000 (Note 4)	8.07%
Matthews International Capital Management, LLC	Investment manager	Long position	76,211,000	6.74%

Note 1: The percentage of the Company's issued share capital of 1,130,354,000 Shares as at 31 December 2016.

Note 2: As at 31 December 2016, Minth Holdings was beneficially interested in 447,072,000 Shares. Minth Holdings was wholly-owned by Mr. Chin and he was therefore deemed to be interested in the entire 447,072,000 Shares held by Minth Holdings. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei was deemed to be interested in the 447,072,000 Shares in which Mr. Chin was deemed to be interested.

Note 3: As at 31 December 2016, Minth Holdings, a company wholly-owned by Mr. Chin, was beneficially interested in 447,072,000 Shares.

Note 4: As at 31 December 2016, according to the information disclosed to the Company under Division 2 and Division 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 Tokai Minth Automotive Parts Co., Ltd	Tokai Kogyo Co., Ltd.	50%
SPTek Limited	Xi Wei Investment Co., Ltd.	10.9%

Other than as disclosed above, as at 31 December 2016, 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 SHARES OF THE COMPANY

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, no continuing connected transaction was entered into by the Group which is subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 to the Group.

Mr. Chin, the non-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 29 to 31 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 Corporate Governance Code (the "Corporate Governance Code") set out in Appendix 14 to the Rules Governing the Listing of the Securities on the Stock Exchange (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 Code.

As provided for in the code provision A.6.7, independent non-executive Directors and other non-executive Directors should attend the annual general meeting and develop a balanced understanding of the views of shareholders. Ms. Yu Zheng and Mr. He Dong Han, being non-executive Directors, and Dr. Wang Ching and Mr. Zhang Liren, being independent non-executive Directors, were unable to attend the 2016 annual general meeting due to their business arrangements.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to 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 enquiries to all Directors, the Directors confirmed that they had strictly complied with the standards stipulated under the Model Code during the Review Year.

MATERIAL LITIGATION AND ARBITRATION

Save for the petition served by the Securities and Futures Commission ("SFC") to the Company on 11 April 2014, details of which were set out in the Company's announcements dated 14 April 2014, 29 May 2014 and 9 July 2014, the Group is not engaged in any litigation or arbitration of material importance during the Review Year. On 31 August 2016, the SFC amended its Petition in the court proceedings to add further particulars. The formal trial dates for the court proceedings have not yet been fixed.

EVENT AFTER THE REPORTING PERIOD

On 2 March 2017, Cheerplan (China) entered into a capital increase agreement with Huai'an Development Holdings Co., Ltd. (淮安開發控股有限公司) ("Huai'an Development") and Best Treasure (China) Limited (實益(中國)有限公司) ("Best Treasure"), a company indirectly wholly-owned by Mr. Chin Jong Hwa (the ultimate controlling shareholder of the Company and a non-executive Director) and therefore a connected person of the Company. Pursuant to the capital increase agreement, each of Huai'an Development and Best Treasure agreed to make capital contributions of approximately USD49.7 million respectively to Jiangsu Min'an (an indirect subsidiary of which the Group owned 50% equity interests during the Review Year). Upon completion of the capital increase, (i) the registered capital of Jiangsu Min'an will be increased from USD33.0 million to USD130.0 million; and (ii) the equity interest in Jiangsu Min'an will be held as to approximately 12.7% by Cheerplan (China), 50% by Huai'an Development and approximately 37.3% by Best Treasure. Accordingly, Jiangsu Min'an will, upon completion, cease to be an indirect subsidiary of the Company and its results of operations and financial position will cease to be consolidated in the Group's consolidated financial statements. Please refer to the Company's announcement dated 2 March 2017 for further details.

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

UPDATES ON BIOGRAPHICAL DETAILS OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the updates on biographical details of Directors are as follows:

Ms. Chin Chien Ya

– basic monthly salary before tax has been raised by USD343.3 with effect from 1 April 2016

Ms. Huang Chiung Hui

– net monthly salary has been raised by RMB7,142 with effect from 1 April 2016

On behalf of the Board
Minth Group Limited
Shi Jian Hui
Chairman

Hong Kong, 21 March 2017

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

TO THE SHAREHOLDERS OF MINTH GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Minth Group Limited and its subsidiaries (together "the Group") set out on pages 39 to 136, which comprise the consolidated statement of financial position as at 31 December 2016, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables *(Refer to Note 25 to the consolidated financial statements)* We identified the valuation of trade receivables as a key audit matter due to the use of judgment and estimates in assessing the recoverability of trade receivables. In determining the allowance for trade receivables, the management considers the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables. At 31 December 2016, the carrying amount of trade receivables is RMB2,619,008,000 (net of allowance for doubtful debts of RMB17,738,000).	Our procedures in relation to valuation on trade receivables included: • Obtaining an understanding of how allowance for doubtful debts is estimated by the management and testing the key controls of the Group relating to the preparation of the aging analysis of trade receivables; • Reviewing and testing the aging analysis of the trade receivables, on a sample basis, to the source documents; • Understanding the reasons for those past due but not impaired trade receivable balances and assessing the reasonableness of recoverability of those trade receivables with reference to the credit history of the customers, including default or delay in payments, settlement records; and • Testing subsequent settlements on a sample basis.

OTHER INFORMATION

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000
Revenue	5	**9,399,992**	7,654,123
Cost of sales		**(6,149,547)**	(5,226,438)
Gross profit		**3,250,445**	2,427,685
Investment income	6	**65,234**	135,435
Other income	7	**124,961**	141,507
Other gains and losses	8	**124,330**	21,780
Distribution and selling expenses		**(376,568)**	(230,571)
Administrative expenses		**(661,428)**	(585,930)
Research expenditure		**(390,508)**	(330,566)
Interest on borrowings		**(62,766)**	(70,463)
Share of profits of joint ventures		**9,332**	21,592
Share of profits of associates		**35,567**	38,308
Profit before tax		**2,118,599**	1,568,777
Income tax expense	9	**(339,172)**	(249,065)
Profit for the year	10	**1,779,427**	1,319,712
Other comprehensive expense:			
Item that will not be reclassified to profit or loss:			
(Loss) gain on remeasurement of defined benefit obligation		**(1,258)**	311
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(45,886)**	(47,944)
Cumulative exchange differences reclassified from equity to profit or loss arising on disposal of TK Minth (as defined in note 33)		**–**	10,028
Fair value loss on available-for-sale investments		**(5,203)**	(18,930)
Income tax relating to items that may be reclassified subsequently		**780**	2,840
Other comprehensive expense for the year, net of income tax		**(51,567)**	(53,695)
Total comprehensive income for the year		**1,727,860**	1,266,017
Profit for the year attributable to:			
Owners of the Company		**1,719,141**	1,271,677
Non-controlling interests		**60,286**	48,035
		1,779,427	1,319,712
Total comprehensive income attributable to:			
Owners of the Company		**1,665,608**	1,219,544
Non-controlling interests		**62,252**	46,473
		1,727,860	1,266,017
Earnings per share	13		
Basic		**RMB1.536**	RMB1.151
Diluted		**RMB1.515**	RMB1.144

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment	14	**4,956,665**	4,175,383
Prepaid lease payments	15	**610,033**	624,238
Goodwill	16	**83,228**	46,407
Other intangible assets	17	**42,514**	39,398
Interests in joint ventures	18	**91,889**	73,986
Interests in associates	19	**206,435**	105,993
Available-for-sale investments	20	**91,190**	96,392
Deferred tax assets	22	**105,124**	111,949
		6,187,078	5,273,746
Current assets			
Prepaid lease payments	15	**15,350**	15,537
Inventories	23	**1,569,098**	1,196,022
Property under development	24	**341,579**	207,863
Loan receivables	21	**–**	6,269
Trade and other receivables	25	**3,438,171**	2,577,428
Derivative financial assets	26	**34,443**	4,909
Pledged bank deposits	27	**525,270**	1,107,438
Bank balances and cash	27	**2,939,723**	2,766,705
		8,863,634	7,882,171
Current liabilities			
Trade and other payables	28	**2,529,110**	1,589,760
Tax liabilities		**121,411**	92,672
Borrowings	29	**1,445,875**	1,957,964
Derivative financial liabilities	26	**6,586**	28,069
		4,102,982	3,668,465
Net current assets		**4,760,652**	4,213,706
Total assets less current liabilities		**10,947,730**	9,487,452

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	NOTES	2016 RMB'000	2015 RMB'000
Capital and reserves			
Share capital	30	**113,532**	111,570
Share premium and reserves		**10,483,982**	9,080,667
Equity attributable to owners of the Company		**10,597,514**	9,192,237
Non-controlling interests	31	**258,192**	214,179
Total equity		**10,855,706**	9,406,416
Non-current liabilities			
Deferred tax liabilities	22	**71,581**	59,211
Retirement benefit obligation	37	**20,443**	21,825
		92,024	81,036
		10,947,730	9,487,452

The consolidated financial statements on pages 39 to 136 were approved and authorised for issue by the board of directors (the "Board") on 21 March 2017 and are signed on its behalf by:

Shi Jian Hui	**Zhao Feng**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2015	110,801	3,215,086	276,199	41,459	143,082	13,120	49,470	(104,268)	102,879	4,440,724	8,288,552	256,919	8,545,471
Profit for the year	–	–	–	–	–	–	–	–	–	1,271,677	1,271,677	48,035	1,319,712
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(46,382)	–	–	(46,382)	(1,562)	(47,944)
Cumulative exchange difference reclassified on disposal of TK Minth (note 33)	–	–	–	–	–	–	–	10,028	–	–	10,028	–	10,028
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	(18,930)	–	–	–	(18,930)	–	(18,930)
Income tax relating to components of other comprehensive income	–	–	–	–	–	–	2,840	–	–	–	2,840	–	2,840
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	311	311	–	311
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(16,090)	(36,354)	–	1,271,988	1,219,544	46,473	1,266,017
Recognition of share-based payments	–	–	–	–	–	–	–	–	50,922	–	50,922	–	50,922
Transfer to reserve fund	–	–	–	–	209,346	–	–	–	–	(209,346)	–	–	–
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	751	–	–	–	–	(751)	–	–	–	–
Dividends recognised as distribution (note 12)	–	–	–	–	–	–	–	–	–	(450,581)	(450,581)	–	(450,581)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(46,386)	(46,386)
Exercise of share options	769	109,819	–	–	–	–	–	–	(26,788)	–	83,800	–	83,800
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(42,827)	(42,827)
At 31 December 2015	111,570	3,324,905	276,199	42,210	352,428	13,120	33,380	(140,622)	126,262	5,052,785	9,192,237	214,179	9,406,416

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2016	111,570	3,324,905	276,199	42,210	352,428	13,120	33,380	(140,622)	126,262	5,052,785	9,192,237	214,179	9,406,416
Profit for the year	–	–	–	–	–	–	–	–	–	1,719,141	1,719,141	60,286	1,779,427
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(47,852)	–	–	(47,852)	1,966	(45,886)
Fair value loss on available-for-sale financial assets	–	–	–	–	–	–	(5,203)	–	–	–	(5,203)	–	(5,203)
Income tax relating to components of other comprehensive income	–	–	–	–	–	–	780	–	–	–	780	–	780
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	(1,258)	(1,258)	–	(1,258)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(4,423)	(47,852)	–	1,717,883	1,665,608	62,252	1,727,860
Recognition of share-based payments	–	–	–	–	–	–	–	–	27,046	–	27,046	–	27,046
Transfer to reserve fund	–	–	–	–	1,066	–	–	–	–	(1,066)	–	–	–
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	3,106	–	–	–	–	(3,106)	–	–	–	–
Dividends recognised as distribution (note 12)	–	–	–	–	–	–	–	–	–	(520,452)	(520,452)	–	(520,452)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(20,815)	(20,815)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	2,523	2,523
Exercise of share options	1,962	298,906	–	–	–	–	–	–	(67,793)	–	233,075	–	233,075
Non-controlling interests arising on the acquisition of a former joint venture (note 32(b))	–	–	–	–	–	–	–	–	–	–	–	53	53
At 31 December 2016	113,532	3,623,811	276,199	45,316	353,494	13,120	28,957	(188,474)	82,409	6,249,150	10,597,514	258,192	10,855,706

The special reserve of Minth Group Limited and its subsidiaries (together "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 dates.

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 2016

	2016 RMB'000	2015 RMB'000
Operating activities		
Profit before tax	**2,118,599**	1,568,777
Adjustments for:		
Finance costs	**62,766**	70,463
Interest income	**(60,603)**	(132,436)
Dividends from available-for-sale investments	**(4,631)**	(2,999)
Share of profits of joint ventures	**(9,332)**	(21,592)
Share of profits of associates	**(35,567)**	(38,308)
Depreciation of property, plant and equipment	**403,172**	317,885
Amortisation of other intangible assets	**13,077**	13,603
Release of prepaid lease payments	**15,938**	15,252
Share-based payment expense	**27,046**	50,922
Gain on fair value changes of financial assets designated at financial assets at fair value through profit or loss ("FVTPL")	**(50,591)**	(37,972)
Gain on fair value changes of derivative financial instruments	**(83,260)**	(30,339)
Loss on disposal of property, plant and equipment	**18,808**	455
Gain on disposal of prepaid lease payments	**(2,457)**	–
Loss on disposal of assets classified as held for sale	**–**	117
Gain on disposal of TK Minth	**–**	(9,167)
Gain on from remeasurement of previously held joint ventures upon acquisition (note 32)	**(18,611)**	–
Gain on sale of available-for-sale financial assets	**–**	(50,607)
Recognition of allowance for inventories	**23,190**	38,103
Allowance for trade and other receivables	**23,017**	14,805
Reversal of allowance for trade and other receivables	**(507)**	(653)
Net foreign exchange losses	**15,745**	20,499
Impairment loss recognised in respect of property, plant and equipment	**18,300**	8,000
Impairment loss recognised in intangible assets	**745**	–
Impairment loss for investment in a former joint venture (note 18)	**4,221**	–
Loss on deregistration of an associate	**–**	(142)
Operating cash flows before movements in working capital	**2,479,065**	1,794,666
Increase in inventories	**(375,471)**	(137,073)
Increase in trade and other receivables	**(813,242)**	(489,871)
Increase in property under development	**(133,716)**	(75,193)
Increase in trade and other payables	**860,025**	214,537
Cash generated from operations	**2,016,661**	1,307,066
Income taxes paid	**(293,777)**	(264,778)
Net cash from operating activities	**1,722,884**	1,042,288

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 RMB'000	2015 RMB'000
Investing activities		
Proceeds on redemption of other financial assets and derivative financial instruments	**13,574,203**	12,016,539
Interest received	**60,603**	132,436
Dividends received from an associate	**1,500**	45,428
Dividends received from a joint venture	**5,000**	2,067
Dividends received from available-for-sale investments	**4,631**	2,999
Proceeds on disposal of available-for-sale investments	**–**	90,196
Refundable guarantee deposit paid for acquisition of land use rights	**(46,099)**	–
Guarantee deposit refunded	**30,000**	–
Proceeds on disposal of property, plant and equipment	**122,927**	69,500
Proceeds on disposal of assets classified as held for sale	**–**	6,415
Proceeds on disposal of other intangible assets	**420**	–
Proceeds on disposal of prepaid lease payment	**34,228**	3,519
Investment in other financial assets and derivative financial instruments	**(13,494,631)**	(11,934,824)
Purchases of property, plant and equipment	**(1,133,375)**	(1,147,368)
Placement of pledged bank deposits	**(162,832)**	(467,348)
Withdrawal of pledged bank deposits	**745,000**	630,652
Purchases of prepaid lease payments for land use rights	**(33,317)**	(32,714)
Net cash outflow arising on acquisitions (note 32)	**(49,304)**	(12,653)
Net cash outflow arising on deemed disposal of a subsidiary (note 33)	**–**	(10,058)
Consideration received for the disposal of TK Minth	**–**	64,263
Purchases of other intangible assets	**(16,143)**	(10,828)
Payment for investment in an associate	**(66,375)**	–
Payment for investment in joint ventures	**(52,939)**	–
Cash received upon deregistration of an associate	**–**	10,843
Advances to a joint venture	**–**	(6,269)
Repayment from loan advanced to a joint venture	**–**	10,015
Net cash used in investing activities	**(476,503)**	(537,190)
Financing activities		
Repayment of bank loans	**(2,579,859)**	(4,388,561)
New bank loans raised	**2,021,743**	3,605,160
Dividends paid to owners of the Company	**(520,452)**	(450,581)
Dividends paid to non-controlling interests	**(20,815)**	(46,386)
Interest paid	**(62,766)**	(73,799)
Proceeds from exercise of share options	**233,075**	83,800
Capital contributions from non-controlling interests	**2,523**	–
Net cash used in financing activities	**(926,551)**	(1,270,367)
Net increase (decrease) in cash and cash equivalents	**319,830**	(765,269)
Cash and cash equivalents at beginning of the year	**2,766,705**	3,594,209
Effect of foreign exchange rate changes	**(146,812)**	(62,235)
Cash and cash equivalents at the end of the year	**2,939,723**	2,766,705
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**2,939,723**	2,766,705

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. Its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. 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, development, manufacture, processing and sales of automobile body parts and moulds. The principal activities of the Company's subsidiaries are set out in note 41.

In the opinion of the directors of the Company (the "Directors"), the immediate and ultimate holding company is Minth Holdings Limited, a limited company incorporated in the British Virgin Islands on 7 January 2005, which was formerly known as Linkfair Investments Limited.

The consolidated 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 amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time that are mandatorily effective for an accounting period that begins on or after 1 January 2016:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisition of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKFRSs	*Annual improvements to HKFRSs 2012–2014 Cycle*

The application of the amendments to 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.

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

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 7	Disclosure Initiatives[1]
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses[1]

1 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.

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

Except as described below, the new and amendments to HKFRSs that have been issued but are not yet effective have had no material impact on the Group's financial performance and positions and/or on the disclosures set out in the consolidated financial statements in the future.

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial asset.

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be 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 accounting periods.

  Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt instruments and equity instruments are measured at their fair value 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 recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at FVTPL, 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 attributable to a 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 FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

HKFRS 9 *Financial Instruments* (Continued)

Based on an analysis of the Group's financial assets and liabilities as at 31 December 2016 on the basis of the facts and circumstances that exists at that date, the Directors have performed a preliminary assessment of the impact of HKFRS 9 to the Group's consolidated financial statements as follows:

Application of HKFRS 9 in the future may have an impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments will either be measured as FVTPL or be designated as FVTOCI (subject to fulfilment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Specifically, the Standard introduced a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may have an impact on the amounts report as the time of revenue recognition may be affected. However, it is not practical to provide a reasonable estimate of the effect of HKFRS 15 until a detailed review has been completed. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

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

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB50,944,000. HKAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitment in note 34. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until a detailed review has been completed.

Amendments to HKAS 7 *Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other business; (iii) the effect of changes in foreign exchange rate; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

The Directors anticipate that the application of amendments to HKAS 7 in the future will result in more disclosure in the respective reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of the reporting period, 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 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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.

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 relevant components of equity including reserves 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 after re-attribution of the relevant equity component and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in related to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate of a joint venture.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

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 amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less any accumulated impairment losses.

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, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

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.

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.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. 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 recognised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (Continued)

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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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.

Property under development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

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.

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.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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.

Current 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

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. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Current and deferred tax for the year

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.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost;
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item “administrative expenses”.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Contributions from employees to defined benefit plans

Discretionary contributions made by employees reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plan specify that there will be contributions from employees, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised 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).

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Derecognition of intangible assets

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 immediately in profit or loss.

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 instruments.

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 FVTPL) 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 FVTPL are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into loans and receivables, financial assets at 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.

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 40.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

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 securities held by the Group that are traded in an active market are classified as AFS financial assets and are stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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. Changes in the carrying amount of the allowance account are recognised in 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.

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.

Financial liabilities at amortised cost

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 derivative contracts are 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.

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.

Equity-settled share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 36.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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 has 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 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 2016, the carrying amount of the Group's property, plant and equipment is approximately RMB4,956,665,000 (net of accumulated impairment loss of RMB40,807,000) (31 December 2015: carrying amount of RMB4,175,383,000 (net of accumulated impairment loss of RMB25,121,000)).

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 2016, the carrying amount of trade receivable is RMB2,619,008,000 (net of allowance for doubtful debts of RMB17,738,000) (31 December 2015: carrying amount of RMB1,968,988,000 (net of allowance for doubtful debts of RMB8,546,000)).

Allowances for inventories

The Directors 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 Directors estimate 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 2016, the carrying amount of inventories is RMB1,569,098,000 (net of allowance for inventories of RMB54,563,000) (31 December 2015: carrying amount of inventories is RMB1,196,022,000 (net of allowance for inventories of RMB44,512,000)).

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 2016, the fair values of derivative financial assets and derivative financial liabilities were estimated to be RMB34,443,000 (31 December 2015: RMB4,909,000) and RMB6,586,000 (31 December 2015: RMB28,069,000), respectively.

5. SEGMENT INFORMATION

Information reported to the Board, 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 to the Group's customers in different geographic locations. 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 2016

	The PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
Revenue					
External sales	5,828,053	2,159,159	829,478	583,302	9,399,992
Segment profit	2,027,838	710,983	297,592	191,522	3,227,935
Investment income					65,234
Other unallocated income, gains and losses					271,801
Unallocated expenses					(1,428,504)
Interest on borrowings					(62,766)
Share of profits of joint ventures					9,332
Share of profits of associates					35,567
Profit before tax					2,118,599
Income tax expense					(339,172)
Profit for the year					1,779,427

5. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2015

	The PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
Revenue					
External sales	4,610,118	1,890,915	667,976	485,114	7,654,123
Segment profit	1,406,617	574,770	270,411	161,735	2,413,533
Investment income					135,435
Other unallocated income, gains and losses					177,439
Unallocated expenses					(1,147,067)
Interest on borrowings					(70,463)
Share of profits of joint ventures					21,592
Share of profits of associates					38,308
Profit before tax					1,568,777
Income tax expense					(249,065)
Profit for the year					1,319,712

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 the recognition and reversal of the allowance for trade and other receivables. This is the measure reported to the Board for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following table, which is reviewed by the Board, 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

	2016		2015	
	RMB'000	%	RMB'000	%
Trade and bill receivables				
The PRC	2,180,774	14.4	1,492,233	11.3
Asia Pacific	84,457	0.6	96,729	0.7
North America	354,062	2.4	350,998	2.7
Europe	184,767	1.2	127,155	1.0
Trade and bill receivables total	2,804,060	18.6	2,067,115	15.7
Unallocated assets	12,246,652	81.4	11,088,802	84.3
Total assets	15,050,712	100.0	13,155,917	100.0

The Board 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 ("USA"), Japan, Thailand, Germany and Mexico. Information about the Group's non-current assets is presented based on the geographical locations of the assets.

	Non-current assets	
	2016	2015
	RMB'000	RMB'000
The PRC	5,048,528	4,351,073
Other countries	942,236	714,332
	5,990,764	5,065,405

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

5. SEGMENT INFORMATION (CONTINUED)

Information about major customer

Details of the Group's largest customer are as follows:

	For the year ended 31 December	
	2016 **RMB'000**	2015 RMB'000
Customer A	**759,302**	660,240

The customer above is located in the PRC. No single customer contributed 10% or more to the Group's revenue for both 2016 and 2015.

6. INVESTMENT INCOME

	2016 **RMB'000**	2015 RMB'000
Interest on bank deposits	**60,603**	131,976
Interest on loan receivables	**–**	460
Dividends from listed equity securities	**4,631**	2,999
Total investment income	**65,234**	135,435

7. OTHER INCOME

	2016 **RMB'000**	2015 RMB'000
Government grants (note)	**74,960**	90,675
Service and consultation income	**1,876**	4,223
Sales of scrap and raw materials	**29,692**	28,974
Rental income	**6,896**	9,691
Others	**11,537**	7,944
Total	**124,961**	141,507

Note: The amounts represent the various subsidies granted by the 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 the PRC local government authorities.

8. OTHER GAINS AND LOSSES

	2016 RMB'000	2015 RMB'000
Net foreign exchange gain (loss)	33,995	(83,439)
Fair value changes of derivative financial instruments	83,260	30,339
Allowance for trade and other receivables (note 25)	(23,017)	(14,805)
Reversal of allowance for trade and other receivables (note 25)	507	653
Impairment for property, plant and equipment (note 14)	(18,300)	(8,000)
Impairment for other intangible assets	(745)	–
Loss on disposal of property, plant and equipment	(18,808)	(455)
Gain on disposal of prepaid lease payment	2,457	–
Loss on disposal of assets classified as held for sale	–	(117)
Gain on fair value changes of financial assets designated as at FVTPL	50,591	37,972
Cumulative gain reclassified from equity on disposal of available-for-sale investments	–	50,607
Impairment for investment on a former joint venture (note 18)	(4,221)	–
Net gain on loss of control of TK Minth and subsequently disposal of equity interest in TK Minth	–	9,167
Gain from remeasurement of fair value of previously held joint ventures upon acquisition (note 18)	18,611	–
Loss on deregistration of an associate	–	(142)
Total	124,330	21,780

9. INCOME TAX EXPENSE

	2016 RMB'000	2015 RMB'000
Current tax:		
PRC Enterprise Income Tax	338,964	270,516
Other jurisdictions	7,705	2,140
Withholding tax paid	160	40,622
	346,829	313,278
Over provision in prior years:		
PRC Enterprise Income Tax	(26,371)	(25,518)
Deferred tax:		
Current year charge (credit) (note 22)	18,714	(38,695)
	339,172	249,065

9. INCOME TAX EXPENSE (CONTINUED)

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 PRC 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.

According to the EIT Law of PRC, which issued in the year 2007, and the Caishui [2011] No. 58 ("Circular 58"), certain of the group entities located in the PRC were entitled to the following tax concession:

(1) Those entities which are located in specific provinces of western China and engaged in specific encouraged industries would enjoy a preferential tax rate of 15% under the EIT Law.

(2) Those entities which are qualified as "Hi-New Tech Enterprises"("HNTE") would enjoy a preferential tax rate of 15% under EIT Law and subject to every 3-year renewal.

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.

9. 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:

	2016		2015	
	RMB'000	**%**	RMB'000	%
Profit before tax	**2,118,599**		1,568,777	
Tax at the applicable income tax rate of 25% (2015: 25%)	**529,650**	**25.0**	392,194	25.0
Tax effect of share of profits of associates and joint ventures	**(11,225)**	**(0.5)**	(14,975)	(1.0)
Tax effect of expenses not deductible for tax purpose	**9,633**	**0.4**	2,506	0.2
Tax effect of income not taxable for tax purpose	**(1,158)**	**(0.1)**	(669)	–
Tax effect of tax losses not recognised as deferred tax assets	**38,348**	**1.8**	21,762	1.4
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	**(15,031)**	**(0.7)**	(8,838)	(0.6)
Effect of tax concessions granted to the PRC subsidiaries	**(155,526)**	**(7.3)**	(130,320)	(8.3)
Withholding tax provision on the profits of the PRC subsidiaries	**16,812**	**0.8**	17,150	1.1
Tax effect of different tax rates of subsidiaries	**(46,940)**	**(2.2)**	(1,462)	(0.1)
Deferred tax charged at different tax rates	**980**	**–**	(2,765)	(0.2)
Over provision in respect of prior years	**(26,371)**	**(1.2)**	(25,518)	(1.6)
Tax charge and effective tax rate for the year	**339,172**	**16.0**	249,065	15.9

10. PROFIT FOR THE YEAR

	2016 RMB'000	2015 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories as recognised (note i)	**6,149,547**	5,226,438
Directors' remuneration (note 11)	**13,349**	10,628
Other staff's retirement benefits scheme contributions	**84,645**	66,767
Other staff's share-based payments	**22,708**	45,042
Other staff costs	**1,553,271**	1,295,875
Total staff costs	**1,673,973**	1,418,312
Less: Staff costs included in research expenditure	**(235,962)**	(192,758)
	1,438,011	1,225,554
Auditors' remuneration	**10,094**	8,077
Depreciation for property, plant and equipment	**403,172**	317,885
Less: Depreciation included in research expenditure	**(14,179)**	(12,695)
	388,993	305,190
Amortisation of other intangible assets	**13,077**	13,603
Release of prepaid lease payments	**15,938**	15,252
Minimum operating lease rentals of buildings	**41,368**	34,192
Research expenditure (note ii)	**390,508**	330,566
Rental income	**(12,383)**	(16,758)
Less: Outgoings	**5,487**	7,067
	(6,896)	(9,691)

Notes:

(i) Included in this amount is the recognition of allowance for inventories amounting to RMB23,190,000(2015: RMB38,103,000 allowance for inventories).

(ii) The amount represents expenses incurred in the research phase for the design of new moulds or products of the Group.

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

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to directors and the Chief Executive during the year were as follows:

		Other emoluments			
	Fees RMB'000	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2016					
Executive directors:					
Shi Jian Hui ("Mr. Shi") (note)	–	1,649	782	5	2,436
Zhao Feng	–	1,413	768	8	2,189
Bao Jian Ya	–	1,269	796	5	2,070
Huang Chiung Hui (Appointed on 26 May 2016)	–	3,446	997	11	4,454
Chin Chien Ya (Appointed on 26 May 2016)	–	474	–	110	584
	–	8,251	3,343	139	11,733

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Non-executive directors:					
Mr. Chin (Appointed on 26 May 2016)	–	–	–	–	–
He Dong Han (Retired on 26 May 2016)	59	–	199	–	258
	59	–	199	–	258

The non-executive directors' emoluments shown above were for their services as directors of the Company and the Group.

Independent non-executive directors:					
Yu Zheng (Appointed on 26 May 2016)	176	–	199	–	375
Wang Ching	146	–	199	–	345
Zhang Liren (Resigned on 23 August 2016)	94	–	199	–	293
Wu Fred Fong	146	–	199	–	345
	562	–	796	–	1,358

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

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

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

		Other emoluments			
	Fees RMB'000	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2015					
Executive directors:					
Mr. Chin	–	–	–	–	–
Mr. Shi (note)	–	1,529	1,423	4	2,956
Zhao Feng	–	1,309	1,374	8	2,691
Bao Jian Ya	–	1,176	1,473	4	2,653
	–	4,014	4,270	16	8,300

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Non-executive directors:					
Yu Zheng	166	–	322	–	488
He Dong Han	138	–	322	–	460
	304	–	644	–	948

The non-executive directors' emoluments shown above were for their services as directors of the Company and the Group.

Independent non-executive directors:					
Wang Ching	138	–	322	–	460
Zhang Liren	138	–	322	–	460
Wu Fred Fong	138	–	322	–	460
	414	–	966	–	1,380

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Note:

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.

During the year ended 31 December 2016, one director, Mr. Chin, waived emoluments of RMB600,000 (2015: one director waived emoluments of RMB600,000).

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

(b) Employees' emoluments

During the year ended 31 December 2016, no emoluments had been paid by the Group to the Directors or the five highest-paid individuals referred to in (b) as an inducement to join or upon joining the Group or as a compensation for loss of office.

During the year, of the five highest paid individuals, three (2015: three) were directors and the Chief Executive of the Company whose emoluments are set out above. The emoluments of the remaining two (2015: 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
2016	**7,840**	**1,976**	**22**	**9,838**
2015	8,335	3,726	11	12,072

Their emoluments, including the Directors, were within the following bands:

	2016 No. of employees	2015 No. of employees
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	2
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
HK$6,000,001 to HK$6,500,000	**1**	1
HK$8,000,001 to HK$8,500,000	**–**	1

12. DIVIDENDS

	2016 RMB'000	2015 RMB'000
Dividends recognised as distribution during the year:		
2015 Final – HK$0.548 (2014: final dividend HK$0.516) per share	**520,452**	450,581

In the annual general meeting held on 26 May 2016, a final dividend of HK$0.548 (2015: HK$0.516) per share totalling HK$613,821,000 (equivalent to RMB520,452,000) (2015: HK$570,738,000 (equivalent to RMB450,581,000)) in respect of the year ended 31 December 2015 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.680 per share totalling HK$768,752,000 (equivalent to RMB687,656,000) for the year ended 31 December 2016 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting to be held on 31 May 2017.

13. 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:

	2016 RMB'000	2015 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,719,141**	1,271,677

	2016 '000	2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,119,593**	1,104,418
Effect of dilutive potential ordinary shares:		
Options (Note)	**14,940**	7,641
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,134,533**	1,112,059

Note: All of the outstanding share options of the Company as of 31 December 2016 have been included in the computation of the diluted earnings per share because the exercise prices of these Company's share options were lower than the average market prices of the Company's shares during the current year while certain outstanding share options of the Company as of 31 December 2015 have not been included in the computation of diluted earnings per share as the exercise prices of these Company's share options were higher than the average market price of the Company's shares during the year ended 31 December 2015.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Furniture and equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2015	116,945	1,306,605	237,483	68,781	30,914	1,942,308	769,308	4,472,344
Exchange adjustments	(1,033)	17,627	352	(2)	(49)	13,105	(3,019)	26,981
Additions	203	9,546	29,308	5,045	4,005	145,581	984,266	1,177,954
Disposals	(20,746)	(60,528)	(4,137)	(32)	(5,790)	(24,609)	(7,455)	(123,297)
Derecognised on deemed disposal of a subsidiary (note 33)	(4,273)	(32,816)	(2,603)	–	(427)	(32,007)	(4,137)	(76,263)
Transfers	26	390,104	36,213	17,392	1,155	437,016	(881,906)	–
At 31 December 2015	91,122	1,630,538	296,616	91,184	29,808	2,481,394	857,057	5,477,719
Exchange adjustments	7,622	33,082	6,322	101	133	69,501	(20,714)	96,047
Additions	2,539	41,763	73,143	7,901	5	69,031	967,456	1,161,838
Disposals	(43,102)	(23,817)	(19,873)	(7,434)	(1,960)	(91,874)	(228)	(188,288)
Arising on acquisition of subsidiaries (note 32)	41,046	–	651	1,000	62	49,998	–	92,757
Transfers	–	312,111	33,393	1,831	1,008	520,784	(869,127)	–
At 31 December 2016	99,227	1,993,677	390,252	94,583	29,056	3,098,834	934,444	6,640,073
DEPRECIATION AND IMPAIRMENT								
At 1 January 2015	–	221,530	124,167	30,819	17,523	629,214	82	1,023,335
Exchange adjustments	–	697	(749)	(4)	(18)	9,784	–	9,710
Provided for the year	–	68,214	34,423	8,730	4,002	202,516	–	317,885
Impairment loss recognised in profit or loss (note)	–	–	–	–	–	7,173	827	8,000
Eliminated on disposals	–	(22,210)	(3,655)	(6)	(5,232)	(22,157)	(82)	(53,342)
Eliminated on deemed disposal of a subsidiary (note 33)	–	(1,237)	(124)	–	(79)	(1,812)	–	(3,252)
At 31 December 2015	–	266,994	154,062	39,539	16,196	824,718	827	1,302,336
Exchange adjustments	–	8,790	15,812	14	90	(18,605)	52	6,153
Provided for the year	–	95,279	52,906	3,947	3,437	247,603	–	403,172
Impairment loss recognised in profit or loss (note)	–	–	–	–	996	17,304	–	18,300
Eliminated on disposals	–	(7,796)	(17,841)	(1,799)	(2,688)	(16,429)	–	(46,553)
At 31 December 2016	–	363,267	204,939	41,701	18,031	1,054,591	879	1,683,408
CARRYING AMOUNT								
At 31 December 2016	99,227	1,630,410	185,313	52,882	11,025	2,044,243	933,565	4,956,665
At 31 December 2015	91,122	1,363,544	142,554	51,645	13,612	1,656,676	856,230	4,175,383

14. 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	N/A
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 USA, Mexico, Japan, Thailand and Germany, respectively.

The Group has pledged freehold land and buildings having a net book value of approximately RMB16,968,000 (31 December 2015: RMB16,495,000) to secure general banking facilities granted to certain group entities.

Note: During the year ended 31 December 2016, an impairment loss of RMB18,300,000 was recognised mainly representing the carrying amount of certain motor vehicles and plant and equipment which were no longer used. During the year ended 31 December 2015, an impairment loss of RMB8,000,000 has been recognised, representing the carrying amount of certain equipment which was idle during the year.

15. PREPAID LEASE PAYMENTS

	2016 RMB'000	2015 RMB'000
Prepaid lease payments	**625,383**	639,775
Analysed for reporting purposes as:		
Current assets	**15,350**	15,537
Non-current assets	**610,033**	624,238
	625,383	639,775

Included in prepaid lease payments are land use rights located in the PRC with carrying amount of RMB34,786,460 (31 December 2015: RMB62,613,000) 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.

16. GOODWILL

	2016 RMB'000	2015 RMB'000
Cost and carrying amount		
Balance at beginning of year	46,407	46,407
Arising from acquisition of Jiaxing Dura (note 32)	36,821	–
Balance at end of year	83,228	46,407

The goodwill held by the Group as at 31 December 2016 arose on (1) 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, of which became a branch of a principal subsidiary of the Group in 2007; (2) the acquisition of a subsidiary, Plastic Trim International, Inc.("PTI") during the year end 31 December 2014; and (3) the acquisition of a subsidiary, Jiaxing Dura Minth Automotive Parts Co., Ltd. ("Jiaxing Dura") during the current year.

Impairment test on goodwill

i) Jiaxing Minrong

As at 31 December 2016, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (31 December 2015: 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 pre-tax 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. As at 31 December 2016, the recoverable amount of the cash-generating unit is greater than the carrying amount.

ii) PTI

As at 31 December 2016, the carrying amount of goodwill allocated to the cash-generating unit of moulding and extrusion manufacturing of PTI is RMB31,131,000 (31 December 2015: RMB31,131,000). 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 pre-tax 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. As at 31 December 2016, the recoverable amount of the cash-generating unit is greater than the carrying amount.

iii) Jiaxing Dura

As at 31 December 2016, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Dura is RMB36,821,000. 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 pre-tax 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. As at 31 December 2016, the recoverable amount of the cash-generating unit is greater than the carrying amount.

17. OTHER INTANGIBLE ASSETS

	Patent	Technical know-how and trademark	Total
	RMB'000	RMB'000	RMB'000
COST			
At 1 January 2015	1,621	127,579	129,200
Additions	–	10,828	10,828
Exchange adjustments	–	461	461
At 31 December 2015	1,621	138,868	140,489
Additions	–	16,143	16,143
Arising from acquisition of a subsidiary (note 32)	–	454	454
Disposals	–	(1,600)	(1,600)
Exchange adjustments	–	974	974
At 31 December 2016	1,621	154,839	156,460
AMORTISATION			
At 1 January 2015	1,621	86,016	87,637
Charge for the year	–	13,603	13,603
Exchange adjustments	–	(149)	(149)
At 31 December 2015	1,621	99,470	101,091
Charge for the year	–	13,077	13,077
Impairment loss recognised	–	745	745
Eliminated on disposals	–	(1,180)	(1,180)
Exchange adjustments	–	213	213
At 31 December 2016	1,621	112,325	113,946
CARRYING AMOUNT			
At 31 December 2016	–	42,514	42,514
At 31 December 2015	–	39,398	39,398

The other intangible assets included above have finite useful lives over which the assets are amortised. The amortisation periods range from three to ten years.

18. INTERESTS IN JOINT VENTURES

	2016 RMB'000	2015 RMB'000
Cost of unlisted investments in joint ventures	67,997	36,729
Exchange adjustments	640	–
Share of post-acquisition profits, net of dividends received	23,252	37,257
	91,889	73,986

As at 31 December 2016 and 2015, the Group had interests in the following joint ventures:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group 2016 %	Attributable equity interest of the Group 2015 %	Paid-in capital	Principal activities
Jiaxing Dura	the PRC	– (note i)	49	United States dollars ("US$") 5,000,000	Manufacture of automotive parts
Wuhan Minth Nojima Automotive Parts Co., Ltd. ("Wuhan Minth Nojima")	the PRC	50	50	US$4,700,000	Design, manufacture, develop and sales of automobile body parts
SPTek Limited ("SPTek")	Taiwan	– (note ii)	51	New Taiwan Dollars ("NT$") 80,000,000	Design, manufacture, develop and sales of automotive cameras and imaging systems
F&M Technology Limited ("F&M Technology")	the PRC	60 (note iii)	N/A	RMB5,200,000	Development and sale of camera module for the automotive industry
Jiaxing Clean Wave E-Drive System Co.,Ltd. ("Jiaxing Clean Wave")	the PRC	51 (note iv)	N/A	US$29,412,000	Research and development, production, sale and after sale services of electric drive systems
Haartz-Minth (Ningbo) Automotive Ltd. ("Haartz-Minth")	the PRC	40 (note v)	N/A	US$12,000,000	Manufacture and sale of soft automotive interior trim materials and provide relevant technical services

Notes:

(i) Jiaxing Dura became a wholly-owned subsidiary of the Group during the current year. Gain of RMB18,076,000 arising from the remeasurement on fair value of previously held 49% equity interest in Jiaxing Dura was recognised upon the acquisition. The relevant disclosure is made in note 32.

(ii) SPTek became a subsidiary of the Group during the current year. Prior to the step-acquisition, an impairment loss of RMB4,221,000 was recognised in the profit or loss on the investment cost in SPTek as to the difference between the carrying amount of the investment cost and its recoverable amount. Gain of RMB535,000 arising from the remeasurement on fair value of previously held 51% equity interest in SPTek was recognised upon the acquisition. The relevant disclosure is made in note 32.

18. INTERESTS IN JOINT VENTURES (CONTINUED)

Notes: (continued)

(iii) F&M Technology was established on 14 June 2016 by Cheerplan (China) Investments Co., Ltd. ("Cheerplan (China)"), a wholly-owned subsidiary of the Company and Fujitsu Electronics (Shanghai) Co., Ltd.. Pursuant to the shareholders agreement, unanimous consent from the directors is required to direct the relevant activities of F&M Technology. As such, it is classified as a joint venture.

(iv) Jiaxing Clean Wave was established on 10 August 2016 by Sinoone Investment Co., Ltd., a wholly-owned subsidiary of the Company, and Clean Wave Technologies Hong Kong Ltd.. Pursuant to the shareholders agreement, unanimous consent from the directors is required to direct the relevant activities of Jiaxing Clean Wave. As such, it is classified as a joint venture.

(v) Haartz-Minth was established on 10 October 2016 by Cheerplan (China), a wholly-owned subsidiary of the Company, and Haartz Corporation. Pursuant to the shareholder agreement, unanimous consent from both shareholders is required to direct the relevant activities of Haartz-Minth. As such, it is classified as a joint venture.

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:

Wuhan Minth Nojima

	2016 RMB'000	2015 RMB'000
Current assets	**116,104**	110,058
Non-current assets	**16,893**	16,958
Current liabilities	**56,210**	60,289
Non-current liabilities	**9**	58
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**19,894**	10,057

18. INTERESTS IN JOINT VENTURES (CONTINUED)

Wuhan Minth Nojima (Continued)

	For the year ended 31 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000
Revenue	**199,871**	182,758
Profit for the year	**20,110**	19,595
Dividend declared from the joint venture to the Group	**5,000**	–
The above profit for the year include the following:		
Depreciation and amortisation	**2,772**	4,504
Interest income	**45**	43
Interest expense	**–**	460
Income tax expense	**6,290**	6,326

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

	2016 RMB'000	2015 RMB'000
Net assets of Wuhan Minth Nojima	**76,778**	66,668
Proportion of the Group's ownership interest in Wuhan Minth Nojima	**50%**	50%
Carrying amount of the Group's interest in Wuhan Minth Nojima	**38,389**	33,334

Aggregate information of joint ventures that are not material

	2016 RMB'000	2015 RMB'000
The Group's share of (loss) profit	**(723)**	11,683
Aggregate carrying amount of the Group's interests in these joint ventures	**53,500**	40,652

19. INTERESTS IN ASSOCIATES

	2016 RMB'000	2015 RMB'000
Cost of unlisted investments in associates	110,816	44,441
Share of post-acquisition profits, net of dividends received	95,619	61,552
	206,435	105,993

As at 31 December 2016 and 2015, 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
		2016 %	2015 %	2016	2015	
Guangzhou Tokai Minth Automotive Parts Co., Ltd. ("Guangzhou Tokai Minth")	the PRC	49	49	US$8,000,000	US$8,000,000	Manufacture of automotive parts
Jiaxing TAB-MINTH Mobility Equipment Co., Ltd.	the PRC	35	35	US$1,000,000	US$1,000,000	Wholesale, sales agency and import and export of automobile parts, and relevant technical consultancy, assembly and maintenance services
Wuhan Sankei Minth Automotive Parts Co., Ltd.	the PRC	30	30	US$7,500,000	US$7,500,000	Manufacture and sales of exhaust systems for automobiles
Clean Wave Technologies Limited ("Clean Wave")	USA	13.2 (note)	N/A	Ordinary share: US$11,439 Preferences share: US$27,126,263	N/A	Producing the next generation of electric motors, power electronic controls for electric& hybrid electric vehicles

Note: On 27 June 2016, Enboma Investments Limited ("Enboma"), a wholly-owned subsidiary of the Company, entered into a share subscription agreement with Clean Wave, pursuant to which Enboma is to subscribe 3,389,678 shares in Clean Wave with cash consideration of US$10,000,000 (equivalent to RMB66,375,000). The board of directors of Clean Wave consists of 4 directors, of which one is appointed by Enboma. The Company is of the opinion that Enboma has the right to appoint one director and therefore has significant influence over Clean Wave. As a result, it is treated as an associate of the Company.

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.

19. INTERESTS IN ASSOCIATES (CONTINUED)

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

(a) Guangzhou Tokai Minth

	2016 RMB'000	2015 RMB'000
Current assets	**260,589**	160,650
Non-current assets	**47,032**	44,133
Current liabilities	**76,829**	41,975

	For the year ended 31 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000
Revenue	**219,221**	219,657
Profit for the year	**67,984**	67,659
Dividends declared from the associate to the Group	**–**	33,996

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

	2016 RMB'000	2015 RMB'000
Net assets of the associate	**230,792**	162,808
Proportion of the Group's ownership interest in the associate	**49%**	49%
Carrying amount of the Group's interest in the associate	**113,160**	79,827

19. INTERESTS IN ASSOCIATES (CONTINUED)

(b) Clean Wave

	2016 RMB'000	2015 RMB'000
Current assets	89,974	N/A
Non-current assets	6,386	N/A
Current liabilities	11,425	N/A

	For the year ended 31 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000
Revenue	4,898	N/A
Loss for the year	(14,855)	N/A

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

	2016 RMB'000	2015 RMB'000
Net assets of the associate	84,935	N/A
Capital contribution from other investors	(34,694)	N/A
Proportion of the Group's ownership interest in net assets of the associate	13.2%	N/A
	6,632	N/A
Goodwill	57,782	N/A
Carrying amount of the Group's interest in the associate	64,414	N/A

Aggregate information of associates that are not individually material

	2016 RMB'000	2015 RMB'000
The Group's share of profit	4,195	5,134
Aggregate carrying amount of the Group's interests in these associates	28,861	26,166

20. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2016 RMB'000	2015 RMB'000
Listed investments:		
– Equity securities listed in the PRC	**91,190**	96,392

21. LOAN RECEIVABLE

The amount as of 31 December 2015 represents a loan to a former joint venture of the Company, carring an interest rate of 1.5% per annum with maturity date on 18 August 2016. The joint venture was acquired by the Group as a subsidiary in 2016 (see note 32). Accordingly the loan receivable has been eliminated on the Group consolidated financial statement.

22. 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 RMB'000	**Allowance for inventories** RMB'000	**Allowance for property, plant and equipment** RMB'000	**Unrealised profit for intra-group transactions** RMB'000	**Temporary differences of expense** RMB'000	**Tax loss carry forwards** RMB'000	**Defined benefit obligation** RMB'000	**Total** RMB'000
At 1 January 2015	2,585	3,140	12,683	46,051	18,234	10,014	7,456	100,163
Credit (charge) to profit or loss	848	5,346	987	9,936	(612)	(4,512)	–	11,993
Charge to other comprehensive income for the year	–	–	–	–	–	–	(207)	(207)
At 31 December 2015	3,433	8,486	13,670	55,987	17,622	5,502	7,249	111,949
(Charge) credit to profit or loss	(379)	4,942	1,092	(2,824)	(3,977)	(4,840)	–	(5,986)
Charge to other comprehensive income for the year	–	–	–	–	–	–	(839)	(839)
At 31 December 2016	3,054	13,428	14,762	53,163	13,645	662	6,410	105,124

22. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities:

	Temporary differences of income RMB'000	Fair value adjustment on acquisition of subsidiaries RMB'000	Withholding tax on undistributed dividends RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
At 1 January 2015	(19,151)	(19,412)	(45,240)	(8,730)	(92,533)
Credit (charge) to profit or loss	(1,275)	4,505	23,472	–	26,702
Credit to other comprehensive income for the year	–	–	–	2,840	2,840
Exchange adjustments	75	3,705	–	–	3,780
At 31 December 2015	(20,351)	(11,202)	(21,768)	(5,890)	(59,211)
(Charge) credit to profit or loss	(668)	4,752	(16,812)	–	(12,728)
Credit to other comprehensive income for the year	–	–	–	780	780
Exchange adjustments	(64)	(358)	–	–	(422)
At 31 December 2016	(21,083)	(6,808)	(38,580)	(5,110)	(71,581)

At the end of the reporting period, the Group has following tax losses available for offset against future profits. Only RMB5 million deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

	2016 RMB'000	2015 RMB'000
Tax loss expire in 2016	–	19,000
Tax loss expire in 2017	3,091	6,000
Tax loss expire in 2018	22,377	63,400
Tax loss expire in 2019	95,434	177,800
Tax loss expire in and after 2020	107,324	89,600
Tax loss expire in and after 2021	164,777	–
	393,003	355,800

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the 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 RMB7,650 million (2015: RMB5,990 million) 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.

23. INVENTORIES

	2016 RMB'000	2015 RMB'000
Raw materials	**406,167**	350,807
Work in progress	**360,375**	259,601
Finished goods	**409,661**	240,047
Moulds	**392,895**	345,567
	1,569,098	1,196,022

During the year, allowance for inventories amounting to RMB23,190,000 has been recognised in cost of sales (2015: RMB38,103,000 allowance for inventories recognized in cost of sales).

24. PROPERTY UNDER DEVELOPMENT

Property under development mainly represents land and buildings under construction located in Jiaxing City, Zhejiang Province, the PRC. The land are held under medium-term lease and are for construction of residential properties.

25. TRADE AND OTHER RECEIVABLES

	2016 RMB'000	2015 RMB'000
Trade receivables		
– associates	**46,741**	6,442
– joint ventures	**11,829**	25,762
– non-controlling shareholders of subsidiaries	**1,133**	544
– third parties	**2,577,043**	1,944,786
Less: Allowance for doubtful debts	**(17,738)**	(8,546)
	2,619,008	1,968,988

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

	2016 RMB'000	2015 RMB'000
Bill receivables	**185,052**	98,127
Other receivables	**81,736**	94,727
Less: Allowance for doubtful debts	**(5,573)**	(9,863)
	76,163	84,864
	2,880,223	2,151,979
Prepayments	**363,007**	212,045
Prepaid expense	**12,592**	17,104
Value-added tax recoverable	**136,250**	127,020
Refundable guarantee deposits	**46,099**	30,000
Dividend receivable from a joint venture	**–**	39,280
Total trade and other receivables	**3,438,171**	2,577,428

The Group normally grants a credit period of 60 days to 90 days (2015: 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:

	2016 RMB'000	2015 RMB'000
Age		
0 to 90 days	**2,539,794**	1,905,273
91 to 180 days	**59,565**	55,025
181 to 365 days	**13,787**	1,540
1 to 2 years	**5,862**	7,150
	2,619,008	1,968,988

Bill receivables held by the Group as at 31 December 2016 will mature within 6 months (31 December 2015: 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. 96% (2015: 95%) 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 RMB121,991,000 (2015: RMB95,026,000) 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 102 days (2015: 97 days).

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of trade receivables which are past due but not impaired based on revenue recognition date

Age

	2016 RMB'000	2015 RMB'000
0 to 90 days	89,742	76,438
91 to 180 days	19,954	11,882
181 to 365 days	8,710	564
1 to 2 years	3,585	6,142
	121,991	95,026

Movement in the allowance for doubtful debts

	2016 RMB'000	2015 RMB'000
1 January	18,409	12,789
Provision made during the year	23,017	14,805
Amounts recovered during the year	(507)	(653)
Amounts written off as uncollectible	(17,608)	(8,532)
31 December	23,311	18,409

The Group first assesses 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 judgment 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	Japanese Yen ("JPY") RMB'000	Euro ("EUR") RMB'000	Hong Kong dollars ("HK$") RMB'000
At 31 December 2016	239,887	40	95,118	15,343
At 31 December 2015	217,789	775	67,002	14,393

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2016 RMB'000	2015 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	4,872	1,037
Cross currency swap contracts (b)	27,109	3,872
Interest rate swap contracts (d)	1,846	–
Structural option contracts (c)	616	–
	34,443	4,909
Derivative financial liabilities		
Foreign exchange forward contracts (a)	4,763	24,736
Cross currency swap contracts (b)	1,823	–
Structural option contracts (c)	–	3,333
	6,586	28,069

(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 2016

Notional amount	Maturity dates	Exchange rates
Derivatives Sell US$5,000,000 Buy RMB34,000,000	4 January 2017	US$1: RMB6.8000
Derivatives Sell RMB32,857,500 Buy US$5,000,000	4 January 2017	RMB1: US$0.1522
Derivatives Sell US$11,737,000 Buy EUR10,573,000	15 May 2017	US$1: EUR0.8999 and US$1: EUR0.9018
Derivatives Sell EUR10,000,000 Buy US$11,110,000	10 January 2017 to 10 May 2017	Range from EUR1:US$1.1080 to EUR1:US$1.1140

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(a) Foreign exchange forward contracts (Continued)

31 December 2015

Notional amount	Maturity dates	Exchange rates
Derivatives Sell US$215,000,000 Buy RMB1,414,582,000	20 January 2016 to 4 January 2017	US$1: RMB6.4000 to US$1: RMB6.8000
Derivatives Sell US$11,737,000 Buy EUR10,570,000	15 May 2017 and 16 May 2017	US$1: EUR0.8998 and US$1: EUR0.9018
Derivatives Sell RMB880,892,000 Buy US$135,000,000	5 February 2016 to 9 December 2016	RMB1: US$0.15099 to RMB1: US$0.15686

The derivative financial assets and liabilities arising from foreign exchange forward contracts as at 31 December 2016 and 2015 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 dealer quotes for similar instruments.

(b) Cross currency swap contracts

31 December 2016

Major terms of these contracts outstanding at 31 December 2016 are as follows:

Notional amount	Maturity dates	Swaps
US$6,000,000/EUR5,300,000	15 May 2015 to 15 May 2017	From US$6,000,000 to EUR5,300,000 at the final maturity date and interest from US$ – London Inter-Bank Offered Rate ("LIBOR") to -0.01% per annum, quarterly settlement
US$6,000,000/EUR5,272,000	22 June 2015 to 22 June 2017	From US$6,000,000 to EUR5,272,000 at the final maturity date and interest from US$ – LIBOR to –0.01% per annum, quarterly settlement
US$6,000,000/EUR5,172,000	5 May 2016 to 5 May 2018	From US$6,000,000 to EUR5,172,000 at the final maturity date and interest from US$ – LIBOR to -0.30% per annum, quarterly settlement
US$2,243,000/EUR2,000,000	8 November 2016 to 8 November 2019	From US$2,243,000 to EUR2,000,000 at the final maturity date and interest from US$ – LIBOR to -0.35% per annum, quarterly settlement

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Cross currency swap contracts (Continued)

31 December 2016 (Continued)

Major terms of these contracts outstanding at 31 December 2016 are as follows: (Continued)

Notional amount	Maturity dates	Swaps
US$2,240,000/EUR2,000,000	8 November 2016 to 8 November 2019	From US$2,240,000 to EUR2,000,000 at the final maturity date and interest from US$ – LIBOR to -0.35% per annum, quarterly settlement
US$2,256,000/EUR2,000,000	8 November 2016 to 8 November 2019	From US$2,256,000 to EUR2,000,000 at the final maturity date and interest from US$ – LIBOR to -0.35% per annum, quarterly settlement
US$20,000,000/RMB129,500,000	21 April 2016 to 21 April 2017	From US$20,000,000 to RMB129,500,000 at the final maturity date and interest from US$ – LIBOR +0.60% to +3.10% per annum, quarterly settlement
US$20,000,000/RMB130,200,000	27 April 2016 to 27 April 2017	From US$20,000,000 to RMB130,200,000 at the final maturity date and interest from US$ – LIBOR +0.60% to +3.10% per annum, quarterly settlement

31 December 2015

Major terms of these contracts outstanding at 31 December 2015 are as follows:

Notional amount	Maturity dates	Swaps
US$6,000,000/EUR5,300,000	15 May 2015 to 15 May 2017	From US$6,000,000 to EUR5,300,000 at the final maturity date and interest from US$ – LIBOR to -0.01% per annum, quarterly settlement
US$6,000,000/EUR5,272,000	22 June 2015 to 22 June 2017	From US$6,000,000 to EUR5,272,000 at the final maturity date and interest from US$ – LIBOR to -0.01% per annum, quarterly settlement

At 31 December 2016, derivative financial assets of RMB27,109,000 (31 December 2015: RMB3,872,000) and derivative financial liabilities of RMB1,823,000 (31 December 2015: nil) have been recognised in accordance with the fair value of the above cross currency swap contracts. The fair values of the above cross currency swap contracts are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted fixed interest rates.

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Structural option contracts

31 December 2016

As of 31 December 2016, the Group had the following outstanding structural option contracts.

A structural option contract begins on 09 November 2016 with settlement dates of 14 March 2017, 18 April 2017 and 15 May 2017 regarding EUR against US$:

At each valuation date:

(i) if the EUR to US$ reference rate (the "Reference Rate"), as defined in the agreement, is below the fade rate as stipulated in the agreement (the "Fade Rate") of 1.0500, there would have no settlements;

(ii) if the Reference Rate is equal to or between 1.0500 and the strike rate of 1.1480 as stipulated in the agreement (the "Strike Rate"), net settlement is calculated based on the difference between the Reference Rate and the Strike Rate then times a notional amount of EUR1,000,000, settled in US$ equivalent;

(iii) if the Reference Rate is greater than the Strike Rate of 1.1480, net settlement is calculated based on the difference between the Reference Rate and the Strike Rate then times a notional amount of EUR2,000,000, settled in US$ equivalent.

A structural option contract begins on 09 November 2016 with settlement dates of 17 January 2017 and 14 February 2017 regarding EUR against US$:

At each valuation date:

(i) if the Reference Rate is below the Fade Rate of 1.0850, there would have no settlements;

(ii) if the Reference Rate is equal to or between the Fade Rate of 1.0850 and the Strike Rate of 1.1370, net settlement is calculated based on the difference between the Reference Rate and the Strike Rate then times a notional amount of EUR1,000,000, settled in US$ equivalent;

(iii) if the Reference Rate is greater than the Strike Rate of 1.1370, net settlement is calculated based on the difference between the Reference Rate and the Strike Rate then times a notional amount of EUR2,000,000, settled in US$ equivalent.

31 December 2015

As of 31 December 2015, the Group had the following outstanding structural option contracts.

The structural option contract as at 31 December 2015 represented structural option contract regarding the US$ against RMB which begins on 2 January 2014 comprises non-deliverable settlement on a monthly basis, that is, measured at 24 different valuation dates up to 6 January 2016, save for the event leading to the knock-out and termination contract as discussed below:

At each valuation date:

(i) if the US$ to RMB fixing rate (the "Fixing Rate 1"), as defined in the agreement, is between the Strike Rates, that is greater than 6.13 and less than or equal to 6.40, there would have no settlements;

26. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Structural option contracts (Continued)

(ii) if the Fixing Rate 1 is greater than the Strike Rates, the Group would pay to the bank a net settlement calculated based on the difference between the Fixing Rate 1 and the Strike Rates over the Fixing Rate 1 then times a notional amount of US$20,000,000, settled in US$ equivalent;

(iii) if the Fixing Rate 1 is less than or equal to the Strike Rates, the bank would pay to the Group a net settlement calculated based on the difference between the Fixing Rate 1 and the Strike Rates over the Fixing Rate 1 then times a notional amount of US$10,000,000, settled in US$ equivalent;

(iv) if on any valuation date, the aggregate in-the-money intrinsic value of each valuation date from first valuation date up to that valuation date is greater than or equal to 0.5, the contract would be terminated on that date and the bank shall pay the Group a net settlement calculated based on the difference between 0.5 and the accumulated in-the-money intrinsic value over the Fixing Rate 1 then times a notional amount of US$10,000,000, settled in US$ equivalent.

(d) Interest rate swap contracts

Major terms of these contracts outstanding at 31 December 2016 are as follows:

Notional amount	Maturity dates	Swaps
US$10,000,000	1 April 2016 to 29 March 2019	Interest from US$-LIBOR to fixed rate 0.99% on a quarterly basis
US$10,000,000	16 June 2016 to 14 June 2019	Interest from US$-LIBOR to fixed rate 0.93% on a quarterly basis

At 31 December 2016, derivative financial assets of RMB1,846,000 (31 December 2015: nil) have been recognised in accordance with the fair value of the above interest rate swap contracts. The fair values of the above interest rate swap contracts 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 6.12% (2015: zero to 6.80%) per annum. The pledged bank deposits carry interest at fixed interest rates which range from zero to 4.80% (2015: zero to 4.80%) 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
At 31 December 2016	**129,376**	**9,255**	**98,499**	**5,159**
At 31 December 2015	220,882	6,466	23,113	2,466

28. TRADE AND OTHER PAYABLES

	2016 RMB'000	2015 RMB'000
Trade payables		
– associates	37,183	790
– joint ventures	21,829	18,144
– non-controlling shareholders of subsidiaries	405	2,571
– third parties	1,226,954	830,359
	1,286,371	851,864
Bill payables	19,447	–
Other payables		
– associates	83	135
– joint ventures	–	12,525
– non-controlling shareholders of subsidiaries	24,052	22,813
	24,135	35,473
	1,329,953	887,337
Payroll and welfare payables	307,769	237,040
Advance from customers	397,565	58,806
Consideration payable of acquisition of property, plant and equipment	148,651	120,187
Technology support services fees payable	795	135
Freight and utilities payable	72,646	47,336
Value-added tax payable	49,395	39,896
Interest payable	8,676	6,801
Rental payable	3,752	1,900
Deposits received	5,431	9,271
Others	204,477	181,051
Total trade and other payables	2,529,110	1,589,760

The average credit period on purchases of goods is 30 days to 90 days (2015: 30 days to 90 days).

28. TRADE AND OTHER PAYABLES (CONTINUED)

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

	2016 **RMB'000**	2015 RMB'000
Age		
0 to 90 days	**1,237,916**	794,826
91 to 180 days	**30,765**	26,109
181 to 365 days	**7,401**	19,523
1 to 2 years	**9,170**	9,425
Over 2 years	**1,119**	1,981
	1,286,371	851,864

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 2016	**57,395**	**28,597**	**13,857**	**2,761**
As at 31 December 2015	10,337	12,344	12,320	1,113

29. BORROWINGS

	2016 RMB'000	2015 RMB'000
Secured (note)	304,000	1,109,976
Unsecured	1,141,875	847,988
	1,445,875	1,957,964
Fixed-rate borrowings	304,000	882,700
Variable-rate borrowings	1,141,875	1,075,264
	1,445,875	1,957,964
Carrying amount repayable:		
Within one year	1,445,875	1,957,964

Note: As at 31 December 2016 and 31 December 2015, the amount was secured by pledged bank deposits.

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

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

	2016	2015
Effective interest rate:		
Fixed-rate borrowings	4.30%	2.96% to 4.37%
Variable-rate borrowings	0.45% to 6.50%	0.85% to 4.58%

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
At 31 December 2016	277,480	46,515	282,395	15,881
At 31 December 2015	514,065	224,258	77,338	39,410

30. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2016	2015	**2016**	2015
	'000	'000	**HK$'000**	HK$'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	
	2016	2015	**2016**	2015
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid				
At beginning of year	**1,107,171**	1,097,447	**111,570**	110,801
Exercise of share options under the Company's employee share option scheme (note 36)	**23,183**	9,724	**1,962**	769
At end of year	**1,130,354**	1,107,171	**113,532**	111,570

31. NON-CONTROLLING INTERESTS

	2016	2015
	RMB'000	RMB'000
Balance at beginning of year	**214,179**	256,919
Share of total comprehensive income for the year	**62,252**	46,473
Derecognised on deemed disposal of a subsidiary (note 33)	**–**	(42,827)
Capital contribution from a non-controlling shareholder	**2,523**	–
Non-controlling interests arising on the acquisition of a former joint venture (note 32)	**53**	–
Dividends declared to non-controlling interests during the year	**(20,815)**	(46,386)
Balance at end of year	**258,192**	214,179

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.

	2016 RMB'000	2015 RMB'000
Current assets	277,504	279,090
Non-current assets	91,413	79,561
Current liabilities	179,663	220,344
Non-current liabilities	5	–
Equity attributable to owners of the Company	145,327	98,247
Non-controlling interests	43,922	40,060

	For the year ended 31 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000
Revenue	578,623	552,885
Expenses	511,366	496,580
Profit for the year	67,257	56,305
Profit attributable to owners of the Company	47,080	39,414
Profit attributable to non-controlling interests	20,177	16,891
Dividends declared to non-controlling shareholders	16,315	21,175
Net cash outflow from operating activities	(56,199)	(26,218)
Net cash inflow from investing activities	34,955	2,772
Net cash outflow from financing activities	(19,291)	(70,984)
Net cash outflow	(40,535)	(94,430)

31. NON-CONTROLLING INTERESTS (CONTINUED)

Changchun Minth Automotive Parts Co., Ltd.

	2016 RMB'000	2015 RMB'000
Current assets	**132,701**	83,282
Non-current assets	**58,359**	58,592
Current liabilities	**78,345**	39,670
Non-current liabilities	**204**	–
Equity attributable to owners of the Company	**61,881**	56,212
Non-controlling interests	**50,630**	45,992

	For the year ended 31 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000
Revenue	**195,228**	120,694
Expenses	**174,921**	107,329
Profit for the year	**20,307**	13,365
Profit attributable to owners of the Company	**11,169**	7,351
Profit attributable to non-controlling interests	**9,138**	6,014
Dividends paid to non-controlling shareholders	**4,500**	4,500
Net cash inflow from operating activities	**5,548**	12,015
Net cash outflow from investing activities	**(6,283)**	(4,978)
Net cash outflow from financing activities	**(10,295)**	(2,900)
Net cash (outflow) inflow	**(11,030)**	4,137

31. NON-CONTROLLING INTERESTS (CONTINUED)

Wuhan Tokai Minth Automotive Parts Co., Ltd.

	2016 RMB'000	2015 RMB'000
Current assets	**179,713**	104,692
Non-current assets	**86,993**	88,144
Current liabilities	**63,045**	45,154
Non-current liabilities	**33**	–
Equity attributable to owners of the Company	**101,814**	73,841
Non-controlling interests	**101,814**	73,841

	For the year ended 31 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000
Revenue	**235,396**	191,688
Expenses	**179,452**	145,000
Profit for the year	**55,944**	46,688
Profit attributable to owners of the Company	**27,972**	23,344
Profit attributable to non-controlling interests	**27,972**	23,344
Dividends paid to non-controlling shareholders	**–**	4,745
Net cash inflow from operating activities	**57,527**	41,572
Net cash outflow from investing activities	**(4,176)**	(15,451)
Net cash outflow from financing activities	**–**	(15,426)
Net cash inflow	**53,351**	10,695

32. ACQUISITIONS

For the year ended 31 December 2016

(a) Acquistion of Jiaxing Dura

Jiaxing Dura was previously a joint venture of the Group, of which 51% equity interest was owned by Dura Automotive Handels and Beteiligungs GmbH ("Dura") and 49% equity interest was owned by the Group. On 23 December 2015, the Group entered into a sale and purchase agreement with Dura, pursuant to which Dura had agreed to sell and the Group had agreed to purchase 51% equity interests of Jiaxing Dura at the consideration of RMB56,415,000 after Jiaxing Dura making distribution to its shareholders the undistributed profits for the four financial years from 2011 to 2014. The acquisition was completed on 28 January 2016. Upon completion, Jiaxing Dura becomes a wholly-owned subsidiary of the Group.

The acquisition had been accounted for as business combination using the acquisition accounting.

Consideration transferred

	RMB'000
Cash paid	56,415

Analysis of identifiable assets and liabilities recognised on the date of acquisition

	RMB'000
Non-current assets	
Property, plant and equipment	48,872
Intangible assets	454
Current assets	
Inventories	19,761
Trade and other receivables	43,935
Bank balances and cash	5,509
Current liabilities	
Trade and other payables	(42,677)
Tax payables	(2,057)
Net assets acquired	73,797

32. ACQUISITIONS (CONTINUED)

For the year ended 31 December 2016 (Continued)

(a) Acquistion of Jiaxing Dura (Continued)

Goodwill arising from the acquisition

	RMB'000
Consideration transferred	56,415
Add: fair value of previously held equity interest	54,203
Less: recognised amount of identifiable net assets acquired	(73,797)
Goodwill arising on acquisition	36,821

Goodwill arose on the acquisition of Jiaxing Dura is mainly attributable to the synergies expected to be achieved from integrating Jiaxing Dura into the Group's existing business operations.

None of the goodwill arising on this acquisition was expected to be deductible for tax purpose.

Net cash outflow on the acquisition

	RMB'000
Consideration paid in cash	(56,415)
Less: cash and cash equivalent balances acquired	5,509
	(50,906)

Impact of the acquisition on the results of the Group

Included in the profit for the year is RMB8,657,000 attributable to the additional business generated by Jiaxing Dura. Revenue for the year includes RMB66,966,000 generated by Jiaxing Dura.

Had the acquisition been completed on 1 January 2016, total group revenue for the year would have been RMB9,407,597,000, and profit for the year would have been RMB1,720,444,000. The pro-forma financial 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 on 1 January 2016, nor is it intended to be a projection of future results.

32. ACQUISITIONS (CONTINUED)

For the year ended 31 December 2016 (Continued)

(b) Acquistion of SPTek

SPTek was previously a joint venture of the Group, 6.25% equity interest of SPTek was owned by Tin Wei Investment Co., Ltd. ("Tin Wei"), an independent third party, 42.75% equity interest was owned by other independent individual shareholders and 51% equity interest was owned by i-Sun Limited ("i-Sun"), a wholly-owned subsidiary of the Group. On 31 May 2016, i-Sun entered into a shareholder exit agreement with the other individual shareholders, pursuant to which the other individual shareholders had agreed to deregister their shares in SPTek. After the capital reduction, the equity interest in SPTek owned by i-Sun has been effectively increased from 51% to 89.1% and equity interest in SPTek owned by Tin Wei has been effectively increased from 6.25% to 10.9%. The acquisition of SPTek was completed on 1 July 2016. Upon completion, SPTek becomes a subsidiary of the Group.

The acquisition had been accounted for as business combination using the acquisition accounting.

There is no cash consideration paid for the acquisition of SPTek.

Analysis of identifiable assets and liabilities recognised on the date of acquisition

	RMB'000
Non-current asset	
Property, plant and equipment	43,885
Current assets	
Inventories	1,034
Trade and other receivables	9,977
Bank balances and cash	1,602
Non-current liability	
Long-term loan	(32,294)
Current liabilities	
Trade and other payables	(8,184)
Loan	(15,540)
Net assets acquired	480

Goodwill arising from the acquisition

	RMB'000
Consideration transferred	–
Add: fair value of previously held equity interest	427
Add: non-controlling interests	53
Less: recognised amount of identifiable net assets acquired	(480)
Goodwill arising on acquisition	–

There is no goodwill arising on this acquisition.

32. ACQUISITIONS (CONTINUED)

For the year ended 31 December 2016 (Continued)

(b) Acquistion of SPTek (Continued)

Net cash inflow arising on the acquisition

	RMB'000
Consideration paid in cash	–
Less: cash and cash equivalent balances acquired	1,602
	1,602

Impact of the acquisition of SPTek on the results of the Group

Included in the profit for the year is RMB4,989,000 losses incurred by SPTek. Revenue for the year includes RMB2,166,000 generated by SPTek.

Had the acquisition been completed on 1 January 2016, total group revenue for the year would have been RMB9,406,665,000, and profit for the year would have been RMB1,717,914,000. The pro-forma financial 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 on 1 January 2016, nor is it intended to be a projection of future results.

For the year ended 31 December 2015

During the year ended 31 December 2015, the Group entered into an agreement with an independent third party, pursuant to which the Group advanced NT$62,494,000 (equivalent to RMB12,721,000) to i-Sun, an investee of the independent third party, and i-Sun will utilise such advance to acquire 51% equity interest of SPTek, which was assessed to be a joint venture of i-Sun. SPTek is specialising in automotive cameras and imaging systems.

Upon completion, the Group will be obliged to acquire the entire equity interest of i-Sun from the independent third party at the nominal value of US$1 (equivalent to RMB6).

The acquisition was completed in 2015 and accounted for as acquisition of assets.

Consideration transferred

	RMB
Nominal value paid for the acquisition of i-Sun	6

32. ACQUISITIONS (CONTINUED)

For the year ended 31 December 2015 (Continued)

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Non-current asset	
Interest in a joint venture	4,466
Current assets	
Trade and other receivables	8,200
Bank balances and cash	68
Current liabilities	
Trade and other payables	(13)
Amount due to the Group (note)	(12,721)
	–

Net cash inflow arising on acquisition

	RMB'000
Total cash consideration paid for acquisition of i-Sun and SPTek	
– nominal value for the acquisition of i-Sun	–
– advance to i-Sun for the acquisition of SPTek (note)	12,721
	12,721
Less: cash and cash equivalent balances acquired	(68)
	12,653

Note: The advance to i-Sun was subsequently utilised by the Group as its additional capital contribution made to i-Sun, which was credited as fully paid and completed on 25 December 2015.

There is no profit or loss impact of acquisition on the results of the Group.

33. DEEMED DISPOSAL OF A SUBSIDIARY

For the year ended 31 December 2015

On 26 March 2015, the article of association of TK Minth was changed. After the change, all the resolutions of TK Minth must be approved by all the directors from both shareholders of Talentlink Development Limited, a subsidiary of the Company, and TokaiKogyo Co., Ltd., an independent third party. TK Minth was then de-consolidated and changed from a 50%-owned subsidiary to a joint venture of the Group and was accounted for using the equity method thereafter.

There is no consideration received on the Group's deemed disposal of TK Minth.

Analysis of assets and liabilities over which control was lost

	RMB'000
Non-current asset	
Property, plant and equipment	73,011
Current assets	
Inventories	32,307
Trade and other receivables	11,360
Bank balances and cash	10,058
Current liabilities	
Trade and other payables	(41,082)
Net assets derecognised	85,654

Loss on deemed disposal of a subsidiary

	RMB'000
Interest in a joint venture	42,827
Non-controlling interest	42,827
Net assets disposed of	(85,654)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	(10,028)
	(10,028)

Net cash outflow arising on deemed disposal of a subsidiary

	RMB'000
Cash consideration	–
Less: bank balances and cash derecognised	(10,058)
	(10,058)

34. 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:

	2016 RMB'000	2015 RMB'000
Within one year	19,566	5,399
In the second to fifth year inclusive	31,378	11,314
Over five years	–	4,845
	50,944	21,558

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.

The Group as lessor

The Group lets a part of its buildings under operating leases. Property rental income earned during the year was RMB12,383,000 (2015: RMB16,758,000).

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

	2016 RMB'000	2015 RMB'000
Within one year	4,950	340
In the second to fifth year inclusive	5,744	1,282
Over five years	961	1,603
	11,655	3,225

35. COMMITMENTS

	2016 RMB'000	2015 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	275,148	346,973

36. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme:

The Company's share option scheme (the "2005 Share Option 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 originally adopted for a term of 10 years. Under the 2005 Share Option 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 2005 Share Option 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 "Share Option Scheme").

Under the Share Option Scheme, the total number of shares in respect of which options may be granted under the Share Option 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 Share Option 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.

The Group has granted a series of share options in 2008, 2011, 2012 and 2014 under the 2005 Share Option Scheme and Share Option Scheme, respectively. Approved by the Board, the Group granted share options to certain directors and employees in March 2015 under the Share Option Scheme ("2015 Options"), 30% of the granted options can be exercised on or after 1 January 2016, 30% of the granted options can be exercised on or after 1 January 2017 and the remaining 40% of options can be exercised on or after 1 January 2018. The exercise price is HK$14.08. The exercise price of each 2015 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. Details of the share options granted were shown in the below table.

At 31 December 2016, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 29,575,500 (31 December 2015: 54,557,000), representing 2.6% (31 December 2015: 4.9%) of the shares of the Company in issue at end of the reporting period.

36. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

Details of the specific categories of options are as follows:

Option type	Date of grant	Tranche	Vesting period	Exercise period	Exercise price HK$	Fair value at grant date HK$
2011	10/06/11	A	10/06/11 to 31/01/12	01/02/12 to 12/11/16	10.89	2.99
	10/06/11	B	10/06/11 to 31/01/13	01/02/13 to 12/11/16	10.89	3.38
	10/06/11	C	10/06/11 to 31/01/14	01/02/14 to 12/11/16	10.89	3.69
2012	31/05/12	C	31/05/12 to 29/05/15	30/05/15 to 30/05/17	9.13	2.77
2014-I	16/01/14	A	16/01/14 to 31/05/14	01/06/14 to 31/05/19	15.84	3.99
	16/01/14	B	16/01/14 to 31/05/15	01/06/15 to 31/05/19	15.84	4.64
	16/01/14	C	16/01/14 to 31/05/16	01/06/16 to 31/05/19	15.84	4.97
	16/01/14	E	16/01/14 to 31/05/14	01/06/14 to 31/05/19	15.84	3.63
	16/01/14	F	16/01/14 to 31/05/15	01/06/15 to 31/05/19	15.84	4.43
	16/01/14	G	16/01/14 to 31/05/16	01/06/16 to 31/05/19	15.84	4.86
2014-II	16/01/14	A	16/01/14 to 31/05/15	01/06/15 to 31/05/19	15.84	4.64
	16/01/14	B	16/01/14 to 31/05/16	01/06/16 to 31/05/19	15.84	4.97
	16/01/14	C	16/01/14 to 31/05/17	01/06/17 to 31/05/19	15.84	5.22
2015 (note)	25/03/15	A	25/03/15 to 31/12/15	01/01/16 to 31/12/20	14.08	3.54
	25/03/15	B	25/03/15 to 31/12/16	01/01/17 to 31/12/20	14.08	3.91
	25/03/15	C	25/03/15 to 31/12/17	01/01/18 to 31/12/20	14.08	4.13
	25/03/15	E	25/03/15 to 31/12/15	01/01/16 to 31/12/20	14.08	3.68
	25/03/15	F	25/03/15 to 31/12/16	01/01/17 to 31/12/20	14.08	4.00
	25/03/15	G	25/03/15 to 31/12/17	01/01/18 to 31/12/20	14.08	4.19

Note: For the share options granted in 2015, the tranche A, B and C are granted to directors, while the tranche E, F and G are granted to employees.

36. 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 2016 and 2015:

2016:

Option type	Outstanding at 01/01/2016	Exercised during the year	Forfeited during the year (note)	Outstanding at 31/12/2016
2011A	4,462,200	(4,462,200)	–	–
2011B	4,462,200	(4,462,200)	–	–
2011C	8,089,600	(8,087,600)	(2,000)	–
2012C	332,000	(332,000)	–	–
2014-I-A	2,564,600	(752,400)	(157,650)	1,654,550
2014-I-B	2,785,600	(752,400)	(157,650)	1,875,550
2014-I-C	3,868,800	(559,200)	(210,200)	3,099,400
2014-I-E	474,750	(199,000)	(6,000)	269,750
2014-I-F	509,250	(199,000)	(6,000)	304,250
2014-I-G	687,000	(166,000)	(8,000)	513,000
2014-II-A	147,000	(128,100)	(18,900)	–
2014-II-B	126,000	(37,900)	(18,900)	69,200
2014-II-C	168,000	–	(25,200)	142,800
2015A	5,943,600	(2,116,000)	(237,900)	3,589,700
2015B	5,943,600	–	(237,900)	5,705,700
2015C	7,924,800	–	(317,200)	7,607,600
2015E	1,820,400	(929,500)	(118,350)	772,550
2015F	1,820,400	–	(118,350)	1,702,050
2015G	2,427,200	–	(157,800)	2,269,400
	54,557,000	(23,183,500)	(1,798,000)	29,575,500
Exercisable at the end of the year				12,147,950
Weighted average exercise price	HK$13.42	HK$11.88	HK$14.67	HK$14.55

36. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

2015:

Option type	Outstanding at 01/01/2015	Granted during the year	Exercised during the year	Forfeited during the year (note)	Outstanding at 31/12/2015
2011A	6,817,500	–	(2,355,300)	–	4,462,200
2011B	6,817,500	–	(2,355,300)	–	4,462,200
2011C	11,230,000	–	(3,140,400)	–	8,089,600
2012A	333,200	–	(333,200)	–	–
2012B	561,200	–	(561,200)	–	–
2012C	831,600	–	(499,600)	–	332,000
2014-I-A	3,025,800	–	(326,500)	(134,700)	2,564,600
2014-I-B	3,025,800	–	(105,500)	(134,700)	2,785,600
2014-I-C	4,034,400	–	–	(165,600)	3,868,800
2014-I-E	534,000	–	(40,500)	(18,750)	474,750
2014-I-F	534,000	–	(6,000)	(18,750)	509,250
2014-I-G	712,000	–	–	(25,000)	687,000
2014-II-A	204,000	–	–	(57,000)	147,000
2014-II-B	204,000	–	–	(78,000)	126,000
2014-II-C	272,000	–	–	(104,000)	168,000
2015A	–	5,954,100	–	(10,500)	5,943,600
2015B	–	5,954,100	–	(10,500)	5,943,600
2015C	–	7,938,800	–	(14,000)	7,924,800
2015E	–	1,845,900	–	(25,500)	1,820,400
2015F	–	1,845,900	–	(25,500)	1,820,400
2015G	–	2,461,200	–	(34,000)	2,427,200
	39,137,000	26,000,000	(9,723,500)	(856,500)	54,557,000
Exercisable at the end of the year					23,827,200
Weighted average exercise price	HK$12.40	HK$14.08	HK$10.88	HK$15.59	HK$13.42

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$22.90 (2015: HK$17.68).

The Binomial model has been used to estimate the fair value of the 2015 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.

36. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The estimated fair values of 2015 Options at the grant date are RMB80,477,000. The following assumptions were used to calculate the fair value of share options:

			Option type			
	2015A	**2015B**	**2015C**	**2015E**	**2015F**	**2015G**
Grant date share price	HK$14.08	HK$14.08	HK$14.08	HK$14.08	HK$14.08	HK$14.08
Exercise price	HK$14.08	HK$14.08	HK$14.08	HK$14.08	HK$14.08	HK$14.08
Expected volatility	47%	47%	47%	47%	47%	47%
Option life	5.78 years	5.78 years	5.78 years	5.78 years	5.78 years	5.78 years
Vesting period	0.77 year	1.77 years	2.77 years	0.77 year	1.77 years	2.77 years
Risk-free rate	1.32%	1.32%	1.32%	1.32%	1.32%	1.32%
Expected dividend yield	3%	3%	3%	3%	3%	3%
Early exercise multiple	1.5	1.5	1.5	1.5	1.5	1.5

Expected volatility for the 2015 Options was determined by using the historical volatility of the Company's share price over the previous 5.78 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 RMB27,046,000 (2015: RMB50,922,000) for the year ended 31 December 2016 in relation to share options granted by the Company.

37. RETIREMENT BENEFITS SCHEME

Defined contribution plans

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 RMB80,741,000 (2015: RMB64,419,000) represents contributions paid to the retirement benefits scheme by the Group in respect of the current accounting period.

37. RETIREMENT BENEFITS SCHEME (CONTINUED)

Defined benefit plan

The Group operates a funded defined benefit plan for qualifying employees of PTI in the USA. The defined benefit plan is administered by a separate fund that is legally separated from the entity. The pension committee is composed of one or more members. The pension committee is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The pension committee is responsible for the investment policy with regard to the assets of the fund.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2016 by Cuni, Rust & Strenk, Fellow of the Society of Actuaries in the USA. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The pension plan has been frozen since 1 January 2007.

The total cost charged to profit or loss is RMB4,043,000 (2015: RMB2,364,000), representing the net interest on the net defined benefit liability.

The actuarial valuation showed that the market value of plan assets was RMB38,807,000 (2015: RMB34,997,000) and that the actuarial value of these assets represented 65.5% (2015: 61.6%)of the benefits that had accrued to members. The shortfall of RMB20,443,000 (2015: RMB21,825,000) is to be cleared by the contributions to be made by the Group in the future years.

	2016 RMB'000	2015 RMB'000
Present value of funded defined benefit obligations	**59,250**	56,822
Fair value of plan assets	**(38,807)**	(34,997)
Funded status and net liability arising from defined benefit obligation	**20,443**	21,825

38. EVENT AFTER THE REPORTING PERIOD

On 2 March 2017, Cheerplan (China), a wholly owned subsidiary of the Company, entered into a capital increase agreement with Huai'an Development Holdings Co., Ltd. ("Huai'an Development"), an independent third party, and Best Treasure (China) Limited ("Best Treasure"), a company wholly owned by Mr. Chin, pursuant to which each of Huai'an Development and Best Treasure agreed to make capital contributions of approximately US$49.7 million (equivalent to RMB341,105,000), respectively, to Jiangsu Min'an Electric Cars Co., Ltd.("Jiangsu Min'an"), a subsidiary of the Group.

Upon completion of the capital increase, the registered capital of Jiangsu Min'an will be increased from US$33.0 million (equivalent to RMB232,092,000) to US$130.0 million (equivalent to RMB891,593,000), and the equity interest in Jiangsu Min'an will be held as to approximately 12.7% by Cheerplan (China), 50% by Huai'an Development and approximately 37.3% by Best Treasure.

Based on the information available to the Company, it is estimated that the gain on the deemed disposal of approximately 37.3% equity interest in Jiangsu Min'an amounting to approximately RMB55.3 million will be recognised in the Group's consolidated financial statements upon the completion of the capital increase.

39. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Saved as disclosed elsewhere, the Group has the following significant transactions with related/connected parties during the year:

Relationship with related/connected party	Nature of transactions	2016 RMB'000	2015 RMB'000
A former joint venture, in which the Company had a 49% equity interest (note i)	Sales of finished goods	–	40,964
	Sales of raw materials and moulds	–	3,796
	Purchases of raw materials and moulds	–	1,620
	Purchases of semi-finished/finished goods	–	111,519
	Property rental income	–	3,722
Joint venture, in which the Company has a 50% equity interest	Sales of finished goods	36,438	3,921
	Sales of raw materials	1,667	12,742
	Purchases of raw materials	24,453	39,905
	Purchases of finished goods	1,675	397
	Purchases of fixed assets	1,033	10,742
	Property rental income	1,211	3,271
A former joint venture, in which the Company had a 50% equity interest (note ii)	Sales of finished goods	–	18
	Sales of moulds	–	1,075
	Purchases of moulds	–	1,579
An associate, in which the Company has a 35% equity interest	Sales of raw materials and moulds	3,906	164
An associate, in which the Company has a 49% equity interest	Sales of finished goods/raw materials and moulds	80,763	39,580
	Purchases of finished goods/raw materials	13,415	6,577
	Sales of property, plant and equipment	5,389	98
Non-controlling shareholders of subsidiaries	Sales of finished goods	12,077	21,880
	Purchases of raw materials and moulds	25,922	23,412
	Technology support services charges	15,455	16,067

39. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

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

	2016 RMB'000	2015 RMB'000
Short-term benefits	16,929	15,291
Post-employment benefits	156	37
Share-based payments	5,555	9,894
	22,640	25,222

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

Notes:

(i) Jiaxing Dura was previously a joint venture of the Company. On 28 January 2016, Jiaxing Dura was acquired by the Group and became a wholly-owned subsidiary of the Group as disclosed in note 32.

(ii) TK Minth was previously a subsidiary of the Company. On 26 March 2015, the Company lost the control over TK Minth and it became a joint venture as disclosed in note 33. In addition, the Group's 50% equity interest in TK Minth was subsequently disposed of to an independent third party as disclosed in note 33. The disclosure includes the transaction amounts after the date the control lost and prior to disposal.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 RMB'000	2015 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	6,391,315	6,101,671
Available-for-sale investments	91,190	96,392
Derivative financial assets	34,443	4,909
Financial liabilities:		
Amortised cost	3,220,256	3,211,982
Derivative financial liabilities	6,586	28,069

40. FINANCIAL INSTRUMENTS (CONTINUED)

(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, 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.

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**	
	2016 RMB'000	2015 RMB'000	**2016 RMB'000**	2015 RMB'000
US$	**334,875**	524,402	**369,263**	438,671
EUR	**296,252**	89,658	**193,617**	90,115
JPY	**44,478**	51,754	**5,199**	3,241
HK$	**49,276**	225,371	**24,598**	20,859
	724,881	891,185	**592,677**	552,886

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% (2015: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2015: 5%) 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% (2015: 5%) change in foreign currency rates; (ii) outstanding foreign currency forward contracts and adjusts for a 5% (2015: 5%) change in foreign currency rates at the year end; and (iii) outstanding structural option contracts and adjusts for a 5% (2015: 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% (2015: 5%) against the relevant currency while a negative number indicates a decrease in post-tax profit.

40. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

	2016 RMB'000	2015 RMB'000
If RMB strengthens against US$	(1,243)	42,961
If RMB weakens against US$	1,243	(42,961)
If RMB strengthens against EUR	4,311	(20)
If RMB weakens against EUR	(4,311)	20
If RMB strengthens against JPY	1,644	2,040
If RMB weakens against JPY	(1,644)	(2,040)
If RMB strengthens against HK$	1,036	8,561
If RMB weakens against HK$	(1,036)	(8,561)

(ii) Interest rate risk

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

The Group is also exposed to cash flow interest rate risk in relation to bank balances and borrowings (see notes 27 and 29).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

The Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate financial instruments (including bank balances 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 (2015: 10 basis point) increase or decrease in interest rates on variable-rate bank balances and a 50 basis point (2015: 50 basis point) increase or decrease in interest rates on variable-rate borrowings represent management's assessment of the reasonably possible change in interest rates.

If interest rates on variable-rate bank balances had been 10 basis point (2015: 10 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease approximately by RMB1,682,000 (2015: increase/decrease approximately by RMB1,158,000). If interest rates on variable – rate borrowings had been 50 basis point (2015: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase approximately by RMB4,373,000 (2015: decrease/increase approximately by RMB4,523,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and borrowings.

40. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(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% (2015: 5%) higher, other comprehensive income (net of tax) would increase by RMB3,876,000 (2015: RMB4,097,000) as a result of the changes in fair value of available-for-sale investments. If the prices of the equity instruments had been 5% (2015: 5%) lower, other comprehensive income (net of tax) would decrease by the same amount.

Credit risk

As at 31 December 2016, 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 Directors have 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 2016, the Group's ten largest customers accounted for approximately 43% (31 December 2015: 34%) of the total trade receivables.

The Directors have entered into some credit insurance arrangements for the trade receivables from these major customers with certain insurance institutions. The Group reviews the recoverable amount of the trade receivables and loan receivables 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.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 78% (31 December 2015: 72%) of the total trade receivables as at 31 December 2016.

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.

40. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

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
2016							
Non-derivative financial liabilities							
Trade and other payables	–	1,774,381	–	–	–	1,774,381	1,774,381
Borrowings	2.80	846,886	131,286	479,589	–	1,457,761	1,445,875
		2,621,267	131,286	479,589	–	3,232,142	3,220,256
Derivatives-gross settlement							
Foreign currency forward contracts							
– net inflow		(3,758)	(1,114)	–	–	(4,872)	(4,872)
– net outflow		940	3,823	–	–	4,763	4,763
Derivatives-net settlement							
Interest rate swap contracts							
– net inflow		–	–	–	(1,846)	(1,846)	(1,846)
Cross currency swap contracts							
– net inflow		–	(22,285)	–	(4,824)	(27,109)	(27,109)
– net outflow		–	1,823	–	–	1,823	1,823
Structural option contracts							
– net inflow		(61)	(555)	–	–	(616)	(616)
		(2,879)	(18,308)	–	(6,670)	(27,857)	(27,857)
2015							
Non-derivative financial liabilities							
Trade and other payables	–	1,254,018	–	–	–	1,254,018	1,254,018
Borrowings	2.65	1,316,307	326,980	328,172	–	1,971,459	1,957,964
		2,570,325	326,980	328,172	–	3,225,477	3,211,982
Derivatives-gross settlement							
Foreign currency forward contracts							
– net inflow		(450)	–	(576)	(11)	(1,037)	(1,037)
– net outflow		7,850	2,885	13,821	180	24,736	24,736
Derivatives-net settlement							
Structural option contracts							
– net outflow		3,333	–	–	–	3,333	3,333
Cross currency swap contracts							
– net inflow		–	–	–	(3,872)	(3,872)	(3,872)
		10,733	2,885	13,245	(3,703)	23,160	23,160

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.

40. 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 input(s) 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 31/12/16	Fair value as at 31/12/15	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
1)	Available-for-sale investments	Listed equity securities on the Shanghai Stock Exchange: – Automobile manufacturing industry – RMB91,190,000	Listed equity securities on the Shanghai Stock Exchange: – Automobile manufacturing industry – RMB96,392,000	Level 1	For listed equity securities, quoted bid prices in an active market.
2)	Foreign exchange forward contracts classified as derivative financial assets and liabilities in the consolidated statement of financial position	Assets – RMB4,872,000 Liabilities – RMB4,763,000	Assets – RMB1,037,000 Liabilities – RMB24,736,000	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.

40. 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 31/12/16	Fair value as at 31/12/15	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
3)	Structural option contracts classified as derivative financial liabilities in the consolidated statement of financial position	Assets – RMB616,000	Liabilities – RMB3,333,000	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)	Cross currency swaps classified as derivative financial assets in the consolidated statement of financial position	Assets – RMB27,109,000 Liabilities – RMB1,823,000	Assets – RMB3,872,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.

40. 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 31/12/16	Fair value as at 31/12/15	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
5)	Interest rate swaps classified as derivative financial assets in the consolidated statement of financial position	Assets – RMB1,846,000	Nil	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, 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.

41. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2016 and 31 December 2015 are as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group		Issued capital/ registered capital	Principal activities
		2016	2015		
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
i-Sun Limited	British Virgin Islands	100%	100%	US$2,000,000	Investment holding
明炻投資有限公司 (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$9,912	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$540,256,000	Investment holding
泰琳發展有限公司 (Talentlink Development Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2016	Attributable equity interest of the Group 2015	Issued capital/ registered capital	Principal activities
敏實智能控股有限公司 (Minth Intelligence Holdings Limited) (Note i)	Hong Kong	100%	N/A	US$10,000	Investment holding
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co., Ltd.)	the 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.)	the 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.)	the 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.)	the 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.)	the PRC as a WOFE	100%	100%	US$136,510,000	Manufacture and sales of automobile body parts
寧波信泰機械有限公司 (Ningbo Shintai Machines Co., Ltd.)	the PRC as a WOFE	100%	100%	US$27,340,000	Design, manufacture, development and sales of automobile body parts
天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.)	the PRC as a sino foreign equity joint venture enterprise	80.2%	80.2%	US$2,530,000	Manufacture and sale of automobile body parts
天津敏信機械有限公司 (Tianjin Minshin Machines Co., Ltd.)	the PRC as a WOFE	100%	100%	US$13,210,000	Research and development, design production and sales of automobile parts and related products

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2016	Attributable equity interest of the Group 2015	Issued capital/ registered capital	Principal activities
廣州敏瑞汽車零部件有限公司 (Guangzhou Minrui Automobile Parts Co., Ltd.)	the 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.)	the 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.)	the 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.)	the 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.)	the 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.)	the PRC as a WOFE	**100%**	100%	US$273,310,000	Investment holding
寧波敏禾機械有限公司 (Ningbo Minhe Machines Co., Ltd.)	the 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.)	the PRC as a sino foreign equity joint venture enterprise	**55%**	55%	US$5,000,000	Manufacture and sales of automobile body parts
Minth North America, Inc.	USA	**100%**	100%	US$15,940,000	Research and marketing development
嘉興敏實機械有限公司 (Jiaxing Minth Machines Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$40,000,000	Design, manufacture, development 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

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2016	Attributable equity interest of the Group 2015	Issued capital/ registered capital	Principal activities
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.)	the PRC as a WOFE	**100%**	100%	US$26,500,000	Design, manufacture, import, export of stamping dies
嘉興信元精密模具科技有限公司 (Jiaxing Shinyou Mould Tech Co., Ltd.)	the 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.)	the 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%	Thai Baht ("THB") 378,500,000	Design, manufacture, development and sales of automobile body parts
敏實財務有限公司 (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.)	the PRC as a WOFE	**100%**	100%	US$32,000,000	Manufacture and sales of automobile body parts
嘉興思途汽車零部件有限公司 (Jiaxing Situ Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$8,000,000	Design, manufacture, development 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.)	the PRC as a WOFE	**100%**	100%	US$10,000,000	Design, manufacture, development 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.)	the PRC as a WOFE	**100%**	100%	US$50,000,000	Design, manufacture, development and sales of automobile body parts

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2016	Attributable equity interest of the Group 2015	Issued capital/ registered capital	Principal activities
Minth Mexico, S.A. de C.V.	Mexico	100%	100%	Mexican Peso ("MXN") 173,420,800	Design, manufacture, development 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.)	the PRC as a WOFE	100%	100%	US$30,000,000	Design, manufacture, development 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.)	the PRC as a WOFE	100%	100%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
江蘇和興汽車科技有限公司 (Jiangsu Hexing Automotive Technology Co., Ltd.)	the PRC as a WOFE	100%	100%	US$80,000,000	Design, manufacture, development and sales of automobile body parts
淮安和泰汽車零部件有限公司 (Huaian Hetai Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$20,000,000	Manufacture, development 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.)	the PRC as a WOFE	100%	100%	US$12,000,000	Manufacture, development and sales of automobile body parts and motor system for electric vehicle
武漢和盛汽車零部件有限公司 (Wuhan Hesheng Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$27,000,000	Design, manufacture, development 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.)	the PRC as a WOFE	100%	100%	US$100,000	Design, manufacture and sales of automobile drive
淮安和欣日資工業園管理有限公司 (Huaian Hexin Rizi Industrial Park Management Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB2,000,000	Management consulting

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2016	Attributable equity interest of the Group 2015	Issued capital/ registered capital	Principal activities
武漢東海敏實汽車零部件有限公司 (Wuhan Tokai Minth Automotive Parts Co., Ltd.) (Note ii)	the PRC as a foreign equity joint venture enterprise	50%	50%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
Minth International Macau Commercial Offshore Limited	Macau	100%	100%	Macau Pataca 100,000	Investment holding
嘉興和豐汽車動力電池有限公司 (Jiaxing Hefeng Vehicle Battery Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB500,000	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.)	the 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.)	the 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.)	the PRC as a WOFE	100%	100%	RMB65,000,000	Design, manufacture, development 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.)	the PRC as a WOFE	100%	100%	US$27,300,000	Manufacture and sales of automobile body parts
敏實投資有限公司 (Minth Investment Limited)	the PRC as a WOFE	100%	100%	US$98,000,000	Investment holding
湖州恩馳汽車有限公司 (Huzhou Enchi Automotive Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB466,700,000	Manufacture of bus and modified car
湖州敏馳汽車有限公司 (Huzhou Minchi Automotive Co., Ltd.)	the PRC as a WOFE	100%	100%	US$70,000,000	Development of pure electric vehicle, development and sales of new energy automobile body parts
嘉興裕廷房地產開發有限公司 (Jiaxing Yuting Properties Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB80,000,000	Develop and manage of ordinary real estate, property management

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2016	2015	Issued capital/ registered capital	Principal activities
寧波康栢貿易有限公司 (Ningbo Kangbai Trade Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB5,000,000	Wholesale of packaging materials, import and export trading
江蘇敏安電動汽車有限公司 (Jiangsu Min'an Electric Cars Co., Ltd.) (Note v)	the PRC as a WOFE	100%	100%	US$33,000,000	Design, development and wholesale of automobile body parts for electric vehicle
湖州格勵德驅動系統有限公司 (Huzhou Gelide Drive System Co., Ltd.)	the PRC as a WOFE	100%	100%	US$30,000,000	Design, development and sales of drive system for electric vehicle
Minth Automobile Part (Thailand) Co., Ltd.	Thailand	100%	100%	THB800,000,000	Manufacture and sales of automobile body parts
Minth Development (Thailand) Co., Ltd.	Thailand	100%	100%	THB85,000,000	Manufacture and sales of automobile body parts
CST GmbH	Germany	100%	100%	EUR250,000	Polishing and bright anodisation of aluminum
Plastic Trim International, Inc.	USA	100%	100%	US$16,700,000	Manufacture of plastic injection moulding and extrusion
Minth Mexico Coating, S.A. de C.V.	Mexico	100%	100%	MXN955,120,100	Design, manufacture, import, export and sales of automobile body parts
嘉興裕惠房地產開發有限公司 (Jiaxing Yuhui Properties Co., Ltd.)	the PRC as a WOFE	100%	N/A	RMB42,000,000	Develop and manage of ordinary real estate property management
寧波藍聖智能科技有限公司 (Ningbo Lansheng Intelligent Co., Ltd.)	the PRC as a WOFE	100%	N/A	US$7,800,000	Design and development import, export of robot
廣州藍聖智能科技有限公司 (Guangzhou Lansheng Intelligent Co., Ltd.)	the PRC as a WOFE	100%	N/A	RMB16,000,000	Design and development import, export of robot

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2016	2015	Issued capital/ registered capital	Principal activities
敏實汽車技術研發有限公司 (Minth Automotive Technology Research & Development Co., Ltd.)	the PRC as a WOFE	100%	N/A	US$20,000,000	Design, manufacture, import, export of automobile body parts
寧波敏實汽車電子科技有限公司 (Ningbo Minth Automotive Electronics Technology Co., Ltd.)	the PRC as a WOFE	89.1%	N/A	US$22,450,000	Design, manufacture, import, export of automobile body parts
嘉興敏德汽車零部件有限公司 (Jiaxing Dura Minth Automotive Parts Co.,Ltd.) (Note iii)	the PRC as a WOFE	100%	49%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
中升興業股份有限公司 (SPTek Limited) (Note iv)	Taiwan	89.1%	51%	NT$45,800,000	Design and manufacture of automobile body parts
嘉興司諾投資有限公司 (Jiaxing Sinoone Investments Co.,Ltd.)	the PRC as a WOFE	100%	N/A	US$50,000,000	Investment holding

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

Note ii By virtue of shareholders' agreement, 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 iii Jiaxing Dura was previously a joint venture of the Group. It became a subsidiary of the Group as disclosed in note 32 in current year.

Note iv SPTek was previously a joint venture of the Group. It became a subsidiary of the Group as disclosed in note 32 in current year.

Note v The registered capital of Jiangsu Min'an is US$33,000,000, of which US$16,500,000 was subscribed by Cheerplan (China), a wholly owned subsidiary of the Company, while the other US$16,500,000 was subscribed by Huai'an Development. As of 31 December 2016, only the part subscribed by Cheerplan (China) was paid in. As such, Jiangsu Min'an is treated as a wholly owned subsidiary of the Group as of 31 December 2016.

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

42. 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:

	2016 RMB'000	2015 RMB'000
Non-current assets		
Furniture and equipment	130	197
Unlisted investments in subsidiaries	757,651	757,585
	757,781	757,782
Current assets		
Amounts due from subsidiaries	4,820,874	3,559,193
Derivative financial assets	8,014	–
Other current assets	16,669	17,470
Bank balances and cash	287,906	485,842
	5,133,463	4,062,505
Current liabilities		
Amounts due to subsidiaries	3,490,646	1,753,268
Other payables	40,243	9,116
Loans from group companies	839,725	762,212
Bank borrowings	772,271	1,155,070
Derivative financial liabilities	–	9,546
	5,142,885	3,689,212
Net current (liabilities) assets	(9,422)	373,293
Total assets less current liabilities	748,359	1,131,075
Capital and reserves		
Share capital	113,532	111,570
Share premium and reserves	580,387	965,065
Total equity	693,919	1,076,635
Non-current liability		
Loans from group companies	54,440	54,440
	748,359	1,131,075

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

Movement in share capital and the reserves of the Company was set forth below:

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2015	110,801	3,215,086	410,321	6,523	102,879	(2,310,092)	1,535,518
Total comprehensive expense for the year	–	–	–	–	–	(143,024)	(143,024)
Recognition of share-based payments	–	–	–	–	50,922	–	50,922
Dividends recognised as distribution	–	–	–	–	–	(450,581)	(450,581)
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	751	(751)	–	–
Exercise of share options	769	109,819	–	–	(26,788)	–	83,800
At 31 December 2015	111,570	3,324,905	410,321	7,274	126,262	(2,903,697)	1,076,635
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(122,384)**	**(122,384)**
Recognition of share-based payments	**–**	**–**	**–**	**–**	**27,046**	**–**	**27,046**
Dividends recognised as distribution	**–**	**–**	**–**	**–**	**–**	**(520,453)**	**(520,453)**
Transfer to other reserve for share options forfeited after the vesting date	**–**	**–**	**–**	**3,106**	**(3,106)**	**–**	**–**
Exercise of share options	**1,962**	**298,906**	**–**	**–**	**(67,793)**	**–**	**233,075**
At 31 December 2016	**113,532**	**3,623,811**	**410,321**	**10,380**	**82,409**	**(3,546,534)**	**693,919**

43. SIGNIFICANT EVENT

On 11 April 2014, the Securities and Futures Commission ("SFC") served a petition to the Company and also named as respondents the Company, its wholly owned subsidiary, Decade (HK) Limited ("Decade") and several of the then executive directors of the Company, in respect of the Group's acquisition of Talentlink Development Limited and Magic Figure Investments Limited ("Talentlink HK" and "Magic Figure") from the nephew and niece of Mr. Chin (now the Honorary Chairman of the Board and non-executive director of the Company), the then chairman, then executive director and controlling shareholder of the Company in 2008 ("the Acquisition"). The then executive directors named in the petition are Mr. Chin, Mr. Shi and Mr. Zhao Feng.

In summary, the SFC petition alleges that, in connection with the Acquisition approved by shareholders of the Company in 2009, there has been incorrect or misleading disclosure or a failure to disclose information relating to the Acquisition and as a result, there has been misfeasance or other misconduct towards the Company and some or all of its shareholders and that, further, some or all of its shareholders have not been given information that they might reasonably expect or that there has been unfair prejudice to some or all of its shareholders. The SFC petition also alleges that Mr. Chin was the true beneficial owner of Magic Figure and Talentlink HK and that the Acquisition was not genuine and is void or voidable. For more details, please refer to the SFC petition dated 10 April 2014 (available to the public at the High Court of Hong Kong) and the Company's announcement on 14 April 2014 regarding the legal proceedings.

The SFC does not seek any claim for compensation against the Group and has joined the Company and Decade as parties to the legal proceedings in connection with claims the SFC makes against the relevant executive directors of the Company at the time so that in the event the SFC succeeds in its claims against the relevant executive directors at the time, the SFC can seek consequential orders from the court for the benefit of the Company.

The Directors are of the opinion that Magic Figure and Talentlink HK have been subsidiaries of the Company since completion of the Acquisition and that the SFC petition does not have any significant impact on the consolidated financial statements of the Group for the year ended 31 December 2016.

The first three directions hearings in connection with the SFC petition took place on 9 July 2014, 31 October 2014 and 11 February 2015, respectively. On 27 June 2016, the SFC indicated that it intended to amend its petition in the court proceedings to add further particulars. On 30 August 2016, the SFC was granted leave by the court to amend its petition in the court proceedings to add further particulars. On 30 November 2016, the Directors filed their respective amended points of defence. As of the end of the reporting period, the trial dates for the court proceedings have not yet been fixed. The Company does not know when the court will deal with the substantive claims in this matter.