CHINA VEHICLE COMPONENTS TECHNOLOGY HOLDINGS LIMITED
中國車輛零部件科技控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1269)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

(RMB' million)	**2012**	**2011**	**(Reduction)**
Revenue	**498.8**	556.9	(10.4%)
Profit for the year attributable to owners of the Company	**7.4**	56.9	(87.0%)
Earnings per share	**RMB0.02**	RMB0.23	(91.3%)

(RMB' million)	**As at 31 December 2012**	**As at 31 December 2011**	**Growth**
Total assets	**945.4**	904.5	4.5%
Equity attributable to owners of the Company	**281.5**	274.3	2.6%
Net asset value per share *(note)*	**RMB0.88**	RMB0.86	2.3%

Note: Net asset value per share is arrived at by dividing equity attributable to owners of the Company by the number of issued shares as at the end of the year.

FINAL RESULTS

The Board of Directors (the "Board") of China Vehicle Components Technology Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results for the year ended 31 December 2012 of the Company and its subsidiaries (collectively, the "Group") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012**	2011
		RMB'000	*RMB'000*
			(Restated)
Revenue	*4*	**498,834**	556,868
Cost of sales		**(400,622)**	(436,163)
Gross profit		**98,212**	120,705
Other income and expenses, other gains and losses	*5*	**5,979**	53,212
Selling and distribution expenses		**(25,575)**	(24,236)
Research and development expenditure		**(17,600)**	(17,743)
Administrative expenses		**(36,483)**	(32,817)
Listing expenses		**–**	(14,908)
Finance costs	*6*	**(13,317)**	(15,113)
Profit before tax	*7*	**11,216**	69,100
Taxation	*8*	**(3,794)**	(12,207)
Profit for the year		**7,422**	56,893
Other comprehensive expense			
Exchange difference arising on translation		**(207)**	–
Profit and total comprehensive income for the year		**7,215**	56,893
Earnings per share – Basic *(RMB)*	*9*	**0.02**	0.23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	NOTES	**2012** **RMB'000**	2011 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**373,894**	194,525
Prepaid lease payments		**135,746**	100,845
Deposits paid for acquisition of land use rights		**3,650**	46,211
Deposits for acquisition of property, plant and equipment		**3,678**	73,573
Intangible assets		**861**	1,310
Goodwill		**29,655**	29,655
Deferred tax assets		**3,807**	2,907
Trade receivables	*10*	**10,053**	–
		561,344	449,026
CURRENT ASSETS			
Inventories		**79,548**	56,182
Trade and other receivables	*10*	**230,305**	232,580
Prepaid lease payments		**2,894**	2,153
Restricted bank balances		**45,000**	41,985
Bank balances and cash		**26,300**	122,621
		384,047	455,521
TOTAL ASSETS		**945,391**	904,547
CURRENT LIABILITIES			
Trade and other payables	*11*	**279,161**	255,541
Advance from customers		**3,246**	1,185
Borrowings – due within one year	*12*	**272,153**	181,000
Income tax payable		**17,082**	16,001
Deferred income		**928**	1,556
Provisions		**7,454**	7,628
		580,024	462,911
NET CURRENT LIABILITIES		**(195,977)**	(7,390)
TOTAL ASSETS LESS CURRENT LIABILITIES		**365,367**	441,636

	NOTES	2012 RMB'000	2011 RMB'000
NON-CURRENT LIABILITIES			
Borrowings – due after one year	*12*	**74,000**	156,210
Other payables		**1,496**	2,048
Deferred income		**8,332**	9,054
		83,828	167,312
TOTAL LIABILITIES		**663,852**	630,223
OWNERS' EQUITY			
Share capital		**26,217**	26,217
Reserves		**255,322**	248,107
TOTAL OWNERS' EQUITY		**281,539**	274,324
TOTAL LIABILITIES AND OWNERS' EQUITY		**945,391**	904,547

NOTE:

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap.22 (Law 3 of 1961, as consolidated and revised) on 27 April 2011. The Company is an investment holding and has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 November 2011. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands.

The principal activities of Group include research, development and manufacture of automobile shock absorber and suspension system products.

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company became the holding company of the companies now comprising the Group on 22 May 2011 by acquiring the entire issued share capital of Merit Leader Investment Limited ("Merit Leader"), a company incorporated in the British Virgin Islands, and shareholders' loans owed by Guang Da (China) Automotive Components Holdings Limited ("Guang Da Automotive") by allotment and issue ordinary shares of the Company to the then existing shareholders of Merit Leader in proportion to their then existing shareholding in Merit Leader.

Since the shareholders' interest in Merit Leader is the same before and after the Second Transfer, the Group, comprising the Company, Merit Leader and its subsidiaries, resulting from the Group reorganisation is regarded as a continuing entity. The consolidated financial statements of the Group for the year ended 31 December 2011 have been prepared as if the Company had been the holding company of Merit Leader and its subsidiaries throughout the year.

As at 31 December 2012, the Group had net current liabilities of approximately RMB195,977,000. The directors of the Company are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements that is for at least the next twelve months commencing from the date of the consolidated financial statements. Hence, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following amended HKFRSs issued by the HKICPA.

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets;
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets; and
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012.

Except as described below, the application of the amended 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 disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements
(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs (2009–2011 Cycle). The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013). HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position. Upon the adoption of this amendment, as there is no effect on the consolidated statement of financial position resulting from reclassification, the consolidated statement of financial position as at 1 January 2011 is not presented.

The Group has not early applied the following new and revised HKFRSs, HKASs, amendments and interpretation (collectively referred to as the "new and revised HKFRSs") that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle, except for the amendments HKAS 1[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements, Disclosure of Interests in Other Entities: Transition and Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

The directors of the Company anticipate that the application of the new and revised HKFRSs, other than those set out below, will have no material impact on the consolidated financial statements.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 will be adopted by the Group for the annual period beginning 1 January 2015 and that the application of HKFRS 9 in the future is unlikely to have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2012.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard is unlikely to affect the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

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

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012 and will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

4. REVENUE AND SEGMENT INFORMATION

(a) Segment revenue and segment results

	Segment revenue		Segment results	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
OEM	**445,137**	517,861	**82,300**	109,058
Automobile Aftermarket	**53,697**	39,007	**15,912**	11,647
Total segment and consolidated	**498,834**	556,868	**98,212**	120,705
Other income and expenses, other gains and losses			**5,979**	53,212
Selling and distribution expenses			**(25,575)**	(24,236)
Research and development expenditure			**(17,600)**	(17,743)
Administrative expenses			**(36,483)**	(32,817)
Listing expenses			**–**	(14,908)
Finance costs			**(13,317)**	(15,113)
Profit before tax			**11,216**	69,100

(b) Geographical information

The Group principally operates in the PRC (country of domicile of the operating subsidiaries). No material non-current assets of the Group are located outside the PRC.

Over 95% of the Group's revenue from external customers is derived from the PRC (country of domicile of the operating subsidiaries).

(c) Information about major customers

Revenue from major customers which accounts for 10% or more of the Group's revenue are as follows:

	2012	2011
	RMB'000	*RMB'000*
OEM – Customer A	**89,518**	130,458
OEM – Customer B	**71,771**	N/A*
OEM – Customer C	**N/A***	70,724
OEM – Customer D	**N/A***	69,871

* *The corresponding revenue did not contribute over 10% of the total sales of the Group for the respective year.*

5. OTHER INCOME AND EXPENSES, OTHER GAINS AND LOSSES

	2012	2011
	RMB'000	*RMB'000*
Allowance for doubtful trade debts	**(6,000)**	(1,481)
Allowance for doubtful other debts	**(5,117)**	–
Government grants	**10,124**	30,959
Gain from settlement of legal proceedings	**–**	5,467
Gain from scrap sales	**4,241**	3,584
Gain on disposal of property, plant and equipment	**121**	422
Income from suppliers on defects claim	**691**	1,076
Interest income from bank deposits	**1,580**	1,059
Others	**(2,868)**	2,505
Rental income	**–**	5,000
Less: direct operating expenses	**–**	(4,468)
	–	532
Reversal of allowance for doubtful trade debts	**244**	2,836
Release of asset-related government grants	**2,175**	2,559
Recovery of bad debt written off	**–**	1,250
Storage services income	**788**	2,444
	5,979	53,212

6. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings wholly repayable within five years	**20,245**	13,918
Entrusted loans wholly repayable within five years	**2,527**	3,881
Other borrowings wholly repayable within five years	**215**	245
	22,987	18,044
Imputed interest on long-term trade receivables	**1,200**	–
Accretion on other payables	**187**	357
	24,374	18,401
Less: Amounts capitalised	**(11,057)**	(3,288)
	13,317	15,113

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2012	2011
	RMB'000	*RMB'000*
Employee benefits expenses (including directors):		
– salaries and other benefits	**39,714**	38,485
– retirement benefit scheme contributions	**7,091**	7,164
Total staff costs	**46,805**	45,649
Auditor's remuneration	**1,706**	1,663
Amortisation of intangible assets (included in administrative expenses)	**449**	449
Cost of inventories recognised as expenses (included in cost of sales and research and development expenditure)	**410,857**	436,514
Depreciation of property, plant and equipment	**15,130**	14,933
Release of prepaid lease payments	**2,153**	1,943
Provision for (reversal of provision for) obsolete and slow-moving inventories (included in cost of sales)	**–**	(2,974)

8. TAXATION

	2012	2011
	RMB'000	*RMB'000*
Tax expense comprises:		
Current tax expense	**4,694**	11,644
Deferred tax (credit) expense	**(900)**	563
	3,794	12,207

The tax charge for the year ended 31 December 2011 and 2012 can be reconciled to the profit before tax per consolidated statement of comprehensive income as follows:

	2012	2011
	RMB'000	*RMB'000*
Profit before tax	**11,216**	69,100
Tax at 25%	**2,804**	17,275
Tax effect of tax losses not recognised	**73**	78
Tax effect of expenses not deductible for tax purpose	**5,896**	8,370
Tax effect of income not taxable for tax purpose	**(228)**	(3,495)
Tax effect of additional qualified expenses deductible for tax purpose	**(1,977)**	(2,218)
Effect of tax concessions granted to a PRC subsidiary	**(2,709)**	(7,803)
Utilisation of tax losses previously not recognised	**(65)**	–
	3,794	12,207

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2012	2011
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share *(RMB'000)*	**7,422**	56,893
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**320,000,000**	251,178,082

For the year ended 31 December 2011, the weighted average number of ordinary shares has been adjusted retrospectively for (i) the 50,000 shares issued at the date of incorporation of the Company and pursuant to the reorganisation as disclosed in Note 2 and (ii) 239,950,000 shares issued pursuant to the capitalisation issue.

No diluted earnings per share are presented as there was no potential ordinary share outstanding during the year or as at the end of reporting period.

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise the following:

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**211,452**	188,308
Less: allowance for doubtful trade debts	**(13,074)**	(7,318)
	198,378	180,990
Bills receivables	**12,407**	23,610
Other receivables	**28,560**	24,812
Less: allowance for doubtful other debts	**(5,117)**	–
	23,443	24,812
Value-added recoverables	**1,638**	223
Advances to suppliers	**4,492**	2,945
	240,358	232,580
Less: trade receivables shown under non-current assets *(note a)*	**(10,053)**	–
Total trade and other receivables shown under current assets	**230,305**	232,580

Notes:

a. The Group generally allows a credit period of 90 days to its trade customers with exception to certain strategic customers that the Group extended one-off credit terms to 18 to 24 months during the year ended 31 December 2012. The respective outstanding amounts expected to be received after twelve months from the end of reporting period are presented as non-current assets and measured at amortised cost at an effective interest rate of 6.4% per annum. The Group does not hold any collateral over these balances.

The ageing of trade receivables presented based on invoice date (also approximate to the date of revenue recognition), net of allowance for doubtful debts, is as follows:

	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**172,678**	157,545
91 to 180 days	**15,647**	9,612
181 to 365 days	**10,053**	13,833
	198,378	180,990

Movement in the allowance for doubtful trade debts:

	2012	2011
	RMB'000	*RMB'000*
Beginning balance	**7,318**	8,673
Addition	**6,000**	1,481
Reversal of allowance for doubtful trade debts	**(244)**	(2,836)
Ending balance	**13,074**	7,318

11. TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**188,488**	172,646
Bills payables	**60,350**	54,480
	248,838	227,126
Other payables	**5,178**	5,618
Other payables to employees	**2,186**	2,929
Other tax payable	**12,088**	10,845
Other accruals	**4,287**	4,188
Payroll and welfare payables	**8,080**	6,883
	280,657	257,589
Less: Amount shown under non-current liabilities	**(1,496)**	(2,048)
Total trade and other payables shown under current liabilities	**279,161**	255,541

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

	2012	2011
	RMB'000	*RMB'000*
Within 90 days	**163,634**	151,411
91–180 days	**20,799**	16,147
181–365 days	**2,197**	3,561
1–2 years	**1,858**	1,527
	188,488	172,646

12. BORROWINGS

	2012	2011
	RMB'000	*RMB'000*
Bank borrowings	**309,000**	270,000
Entrusted loans (note)	**30,000**	60,000
Other borrowing	**7,153**	7,210
	346,153	337,210
Unsecured	**237,153**	247,210
Secured	**109,000**	90,000
	346,153	337,210

At 31 December 2012, all borrowings are denominated in RMB except for RMB7,153,000 other borrowing was denominated in HK$(2011: RMB7,210,000). The contractual maturity dates are as follows:

	2012	2011
	RMB'000	*RMB'000*
Within one year	**272,153**	181,000
More than one year, but not exceeding two years	**38,000**	62,210
More than two years, but not exceeding five years	**36,000**	94,000
	346,153	337,210
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(272,153)**	(181,000)
Amounts shown under non-current liabilities	**74,000**	156,210

Note: During the year ended 31 December 2011, the Group entered into entrusted loans arrangements with several banks to receive funding from certain specific lenders through the banks. The balances carried fixed interest rates at 8.31% (2011: 8.31% to 8.53%) per annum at 31 December 2012.

The ranges of effective interest rates (which are also equal to contractual interest rates) on the Group's borrowings are as follows:

	2012	2011
Fixed-rate borrowings	**5.60% – 8.53% per annum**	5.31% – 8.82% per annum

The Group has pledged certain assets to secure loan facilities granted to the Group. The carrying values of the assets pledged are as follows:

	2012	2011
	RMB'000	*RMB'000*
Property, plant and equipment	**38,546**	40,239
Land use rights	**88,881**	90,741
Trade receivables	**93,153**	–
	220,580	130,980

13. RECLASSIFICATION OF COMPARATIVE FIGURES

To conform with the presentation of current year's financial statements, warranty expenses in the consolidated statement of comprehensive income for the year ended 31 December 2011 have been reclassified:

Financial line item	**As originally stated**	**Reclassification**	**As restated**
	RMB'000	*RMB'000*	*RMB'000*
Consolidated statement of comprehensive income			
Cost of sales	424,999	11,164	436,163
Selling and distribution expenses	35,400	(11,164)	24,236

As the above reclassifications have no effect on the consolidated statement of financial position, the consolidated statement of financial position as at 1 January 2011 was not presented.

AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Engaged in the research and development, design, manufacturing and sale of various automobile shock-absorbers, the Group has over 50 years of experience in the automobile industry. After years of development, the Group has become a leading independent supplier of automobile shock-absorbers in the PRC and has established stable long-term business relationships with leading automobile manufacturers in the PRC, including FAW-Volkswagen, Chery, Haima Auto, Dongfeng Automobile, Beijing Automobile, Changan Automobile, Chongqing Lifan, Geely, Jianghuai Automobile, SAIC Motor and Dongfeng Peugeot.

MARKET REVIEW

Due to the slowdown of the macro-economy of the PRC and the continuously sluggish external environment, the growth of automobile sales in China was slow. During the year ended 31 December 2012, the sales volume of automobiles in the PRC achieved 19,306,400 units, representing a slight increase of approximately 4.33% over the corresponding period of 2011 (Source: China Association of Automobile Manufacturers http://www.caam.org.cn/zhengche/20130111/1605085434.html). With close links to the automobile manufacturing industry, the automotive component industry was considerably affected. In light of the unfavorable market environment, some domestic-branded automakers reduced their orders to component suppliers. Meanwhile, domestic consumer price index in the PRC has been increasing along with rising costs for labour and raw materials, which brought adverse effects to the Group's operation.

The Group's main products are shock-absorbers for various types of vehicles and are mainly sold to domestic OEM and domestic after-sales market customers. The Group is well-known for its diversified and comprehensive product range which covers a wide range of car types. The Group's current suite of automobile shock-absorber products comprises eleven series, with more than 200 product models. In November 2012, the Group was awarded again the honorable distriction of national high and new technology enterprise. With two major production bases in Xichuan County, Nanyang City, Henan Province in the PRC with a total of 8 production lines, the Group's annual production capacity for the year ended 31 December 2012 reached 8 million units of automobile shock-absorbers. The Group sold approximately 4,422,000 units of automobile shock-absorbers for the year ended 31 December 2012, representing a decrease of approximately 558,000 units or 11.2% over that of the last year.

The Group's operating revenue amounted to RMB498.8 million, representing a decrease of RMB58.0 million or 10.4% when compared to that of the last year. Profit attributable to shareholders amounted to RMB7.4 million, representing a decline of RMB49.5 million or 87.0%. Basic earnings per share amounted to RMB2 cents. In terms of principal business segments, domestic OEM business achieved a sales income of RMB445.1 million, accounting for 89.2% of the total income, while the domestic automobile aftermarket business achieved a sales income of RMB53.7 million, accounting 10.8% of the total income.

DOMESTIC OEM MARKET

In 2012, as the downturn trend of the domestic automobile industry in 2011 continued, domestic automakers generally reduced their production volume, leading to a drop in demand and orders for the Group's products. For the year ended 31 December 2012, the Group's sales volume of shock-absorbers in the domestic OEM market amounted to 3,742,000 units, representing a decrease of approximately 728,000 units or 16.3% when compared to that of the 2011. Under this backdrop, the sales income derived from the domestic OEM market for the year ended 31 December 2012 amounted to RMB445.1 million, representing a decline of RMB72.7 million or approximately 14% over the corresponding period of 2011.

DOMESTIC AFTER-SALES MARKET

Despite the low demand from the domestic OEM market, the Group stepped up its efforts to expand its after-sales market and developed new products. With unremitted dedication to the development of the after-sales market, the sales volume of the Group recorded a respectable growth despite the unfavorable market environment. For the year ended 31 December 2012, the Group's sales income derived from the domestic after-sales market amounted to RMB53.7 million, representing an increase of RMB14.7 million or approximately 37.7% over that of 2011, which was mainly driven by the growth in sales volume. For the year ended 31 December 2012, the Group's sales volume generated from the aftermarket was approximately 680,000 units, up by approximately 33.4% over that of 2011.

OUTLOOK

2012 is an important transitional year for the PRC government's "12th Five-Year Plan". In order to maintain a steady and moderate economic growth, the PRC government has continued to implement policies to stimulate domestic demand, and continues to carry out the structural adjustment of specific sectors based on its industrial revitalization plan. As one of the ten industries to be developed under the revitalization plan, the organizational structure of the automobile industry will be optimized and upgraded, thereby driving the consumption of automobiles as well as facilitating the fast recovery and long-term development of the domestic automarket. The Group is confident about the prospects of the automobile industry in the PRC. Meanwhile, the "Foreign Investment Industrial Guidance Catalogue (as amended in 2011) (《外商投資產業指導目錄(二零一一年修訂)》), which was effective from 30 January 2012 has made corresponding adjustments to the policies governing the automobile industry by moving the focus from "automobile manufacturing" to "production, research and development of major components". On 22 January 2013, twelve ministries (including the Ministry of Industry and Information Technology and National Development and Reform Commission) jointly issued the "Guidance on accelerating corporate mergers and restructuring of enterprises in key industries" (關於加快推進重點行業企業兼併重組的指導意見) (below referred as the "Guidance"), underscoring the concentration on development in nine major industries. The Guidance puts forward a number of measures regarding the integration of the automobile industry and targets that by 2015, the top ten automobile market players shall reach a market concentration of over 90%, which would then create three to five sizable automobile conglomerate with core competitive edges. We anticipate that development of automobile players will be increasingly promising. Under these circumstances, the automotive components industry is expected to enjoy more policy supports and encouragement from the State.

Looking ahead, the Group will continue to focus on its business in domestic OEM market in the PRC to reinforce its current leading position in the industry. Meanwhile, it will rapidly increase its market share in the domestic after-sales market and proactively expand into overseas markets. The Group's long-term strategy eyes on establishing and enhancing its leading position in the international OEM market and the domestic after-sales market. The Group will continue to develop its principal business and strengthen its core competitive edges.

The Group aims to achieve these objectives by implementing the following strategies:

(i) Expanding production facilities and enhancing production technologies and efficiency

In order to cope with its plan to expand the product range, market share and new business regions, the Group has expanded production facilities and enhanced production capacity through staged construction and investment by the end of 31 December 2012. Currently, the Group owns fifteen production lines with annual production capacity of approximately 15,000,000 units of automobile shock-absorbers. Meanwhile, the Group also increases the ancillary production capacities of some major components such as piston rods, storage tanks and working cylinders so as to maintain its cost advantage and production quality as well as minimizing its dependence on component suppliers. The expansion of production facilities by the Company in 2012 will help the Group continue to maintain its leading position in the shock-absorber manufacturing industry in the PRC.

(ii) Gaining new customers and opening up new market segments to increase market share

For the year ended 31 December 2012, approximately 89.2% of the Group's revenue was derived from the sales in the domestic OEM market. On the one hand, the Group will continue to supply quality, reliable and high-standard products to those customers and further consolidate the cooperation with them with an aim to be qualified to supply existing customers with shock-absorbers of new car models, and thus increase its market share in the PRC. On the other hand, the Group will continue to gain new customers in the domestic OEM market, as well as extend its reach to the overseas OEMs (such as Europe and North America) who purchase automobile parts and components in the PRC.

At the end of June 2012, automobile ownership in the PRC was already over 114,000,000 (source: China Association of Automobile Manufacturers http://www.caam.org.cn/hangye/20121109/1605081752.html). The lifetime of automobile shock-absorbers is generally around two years. Accordingly, it is expected that the demand for shock-absorbers in the automobile after-sales market will be significant. For the year ended 31 December 2012, the sales amount in the automobile after-sales market accounted for approximately 10.8% of the Group's revenue. The Group will continuously strive to develop the automobile after-sales market and further increase its market share therein quickly by establishing a nation-wide distribution network.

(iii) Enhancing the standard of research and development and technologies to strengthen competitiveness

The Group has obtained approval from the Henan Province Science and Technology Department (河南省科學技術廳) to establish a Technology Research Centre for Shock Absorbers Engineering in Henan Province (河南省汽車減振器工程技術研究中心). Pursuant to the approval, the Group will establish a new domestic R&D centre in 2013 which will be equipped with sophisticated facilities from overseas and qualified and experienced staff will also be recruited, including foreign engineers, to work in this new R&D centre. In December 2012, the Group's overseas R&D centre in Europe was duly put into operation in Asti, Italy, which will substantially enhance the Group's R&D capabilities in overseas shock absorber area and further expand the European and US markets. Meanwhile, it will also help to ensure the industry-leading position of shock absorber technology of the PRC. The Group believes that establishing R&D centres in both the PRC and Europe concurrently will not only substantially enhance its overall R&D capabilities and technology standard, but also build its reputation and improve its corporate image as well as the popularity of its products in the PRC, Europe and North America.

(iv) Maintaining cost advantages

The Group will strive to seek more flexible procurement terms and reduce procurement costs through strengthening the scale of production and product R&D, and capitalizing on the effectiveness of the economies of scale. Meanwhile, the Group will maintain its production cost advantages by upgrading the production lines, improving the level of automation, streamlining the production process, and improving the capability and level of self-production of key components, and therefore improving profit margin and strengthening profitability.

(v) Developing the shock absorber market for railway transportation (high speed rails)

Along with the PRC's rapid economic growth over the years, railway transportation in the PRC has made several remarkable achievements, therefore bringing huge potential for the growth of railway shock-absorber market, especially in terms of greater demand for shock absorbers for high speed rails. Through years of R&D and testing, a trial run of railway shock-absorbers developed by the Group was completed. Currently, the Group is proactively seeking to obtain approvals from relevant departments to become a qualified supplier and repairer of railway shock-absorbers. The Group believes that railway transportation (including high speed rails) will become a market with tremendous future growth potential featuring with high profits and entry barriers. Once such approvals have been obtained, the Group will be able to actively participate in the development of railway transportation and capture massive business opportunities arising from this market.

The Group is confident that by implementing the above strategies, it will be able to further strengthen its competitive edges and consolidate its leading position in the market, which will in turn help to satisfy the rising demand and increasingly stringent product requirements of customers, grasp the growth opportunities arisen from the market changes, and create long-term value for shareholders.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2012, the Group's revenue decreased by 10.4% to RMB498.8 million from RMB556.9 million in 2011. Of which revenue from the OEM Market decreased by 14.0% to RMB445.1 million from RMB517.9 million in 2011, which was mainly due to the declining market demand of the OEM Market in the PRC. Revenue from the Automobile Aftermarket increased by 37.7% to RMB53.7 million from RMB39.0 million in 2011. Such increase was mainly due to the sales contribution resulting from the Group's effort to develop the automobile aftermarket amid the declining demand of the OEM Market in the PRC.

The table below is an analysis of the Group's sales volume, average selling price and revenue by its business segments for each of the two years ended 31 December 2012 and 2011:

2012	**Sales volume**	**Average selling price**	**Revenue**
	(Units)	*(RMB)*	*(RMB'000)*
OEM Market	3,742,008	119.0	445,137
Automobile Aftermarket	679,801	79.0	53,697
Total	4,421,809		498,834

2011	**Sales volume**	**Average selling price**	**Revenue**
	(Units)	*(RMB)*	*(RMB'000)*
OEM Market	4,470,523	115.8	517,861
Automobile Aftermarket	509,578	76.5	39,007
Total	4,980,101		556,868

Cost of sales

During the year ended 31 December 2012, the Group's cost of sales decreased by 8.1% to RMB400.6 million from RMB436.2 million in 2011. Cost of sales for the OEM Market decreased by 11.2% to RMB362.8 million from RMB408.8 million in 2011. Such decrease was mainly due to the decreased sales volume and increased production cost. Cost of sales for the Automobile Aftermarket increased by 38.1% to RMB37.8 million from RMB27.4 million in 2011. Such increase is in line with the growth of business and increase in revenue in the Automobile Aftermarket.

Gross profit

For the year ended 31 December 2012, the overall gross profit decreased by 18.6% to RMB98.2 million from RMB120.7 million for the year ended 31 December 2011.

Gross profit for the OEM Market

The amount of the Group's gross profit decreased by 24.5% from RMB109.1 million for the year ended 31 December 2011 to RMB82.3 million for the year ended 31 December 2012. Such decrease was mainly due to the decreased sales revenue and increased production cost.

Gross profit for the Automobile Aftermarket

The amount of the Group's gross profit increased by 36.6% from RMB11.6 million for the year ended 31 December 2011 to RMB15.9 million for the year ended 31 December 2012. Such increase was mainly due to the significant increase in revenue in Automobile Aftermarket.

The table below is an analysis of the Group's revenue, gross profit and gross profit margin by its business segments for each of the year ended 31 December 2012 and 2011:

2012	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin**
OEM Market	445,137	82,300	18.5%
Automobile Aftermarket	53,697	15,912	29.6%
Total	498,834	98,212	19.7%

2011	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin**
OEM Market	517,861	109,058	21.1%
Automobile Aftermarket	39,007	11,647	29.9%
Total	556,868	120,705	21.7%

Gross profit margin

For the year ended 31 December 2012, the overall gross profit margin decreased by 2 percentage points to 19.7% from 21.7% for the year ended 31 December 2011. Such decrease was mainly due to the decrease of gross profit margin in OEM Market resulting from the decrease of gross profit.

Other income and expenses, other gains and losses

The other income and expenses, other gains and losses decreased from gain of RMB53.2 million to gain of RMB6.0 million, such significant decrease was mainly due to the compound effect of (i) the decreased government grant received by Nanyang Cijan Auto Shock Absorber Co., Ltd. in 2012; (ii) the increased allowance for doubtful debts made for the relevant trade and other receivables; and (iii) the gain from settlement of legal proceedings recognized in 2011 did not repeat in 2012.

Selling and distribution expenses

Selling and distribution expenses mainly include salaries and welfare for sales staff, travelling expenses, expenses related to the sales office, expenses related to sales and distribution and entertainment expenses. The selling and distribution expenses increased by 5.5% from RMB24.2 million to RMB25.6 million. Such increase was mainly due to the increase in the marketing expenses and transportation costs which were offset by the decrease in sales volume.

Research and development expenses

Research and development expenditure represents the expense on researching and developing absorber related new technologies and products. Expenditure on research activities is recognised as an expense in the period in which it is incurred. The research and development expenditure decreased by 0.8% from RMB17.7 million to RMB17.6 million. Such expense is due to (i) the enhancement on research of applying absorber related technology on different types of vehicles; and (ii) the additional development costs of absorbers for newly developed vehicles.

Administrative expenses

Administrative expenses mainly include salaries and welfare for management and administrative staff, amortisation and depreciation, office expenses and utilities, traveling and entertainment. The administrative expenses increased by11.2% from RMB32.8 million to RMB36.5 million, such increase was in line with (i) the growth in salaries, welfare and related social security fund for the administrative staff; and (ii) increase in professional fees for arranging the listing of the Company's shares on the main board of the Stock Exchange on 23 November 2011.

Finance costs

Finance costs, mainly consisting of interest expenses on bank loans and other finance charges, decreased by 11.9% to RMB13.3 million from RMB15.1 million in 2011. The decrease was mainly due to a higher level of finance cost capitalized compared with 2011 as we had more projects under construction during 2012. During the year, approximately RMB11.1 million (2011: RMB3.3 million) of the interest expense has been capitalized as property under development in respect of the expansion project for Nanyan Xichuan production base.

Income tax expense

For the year ended 31 December 2012, the Group's overall income tax expense was approximately RMB3.8 million, decreased by RMB8.4 million or approximately 68.9% as compared with the year ended 31 December 2011. Decrease in income tax expense was mainly due to the decrease in the assessable profits incurred by Nanyang Cijan Auto Shock Absorber Co., Ltd. in 2012.

Net profit

Net profit for the year decreased by 87.0% from RMB56.9 million to RMB7.4 million. The decrease in the Group's net profit was mainly due to the decrease in the Group's gross profit for the year and other gains and losses as stated above.

LIQUIDITY AND FINANCIAL RESOURCES

Net Current Liabilities

As at 31 December 2012, the Group's net current liabilities increased to RMB196.0 million from RMB7.4 million as at 31 December 2011. Such increase was primarily due to: (i) the decrease in total cash and bank balances of RMB93.3 million and (ii) the increase in bank borrowings due within one year of RMB91.2 million for financing the expansion of production capacity of the Group in 2012.

FINANCIAL POSITION AND BANK BORROWINGS

As at 31 December 2012, the Group's total cash and bank balances, most of which were denominated in RMB, amounted to approximately RMB71.3 million, representing a decrease of approximately 56.7% as compared with that of approximately RMB164.6 million, most of which were denominated in RMB, as at 31 December 2011. The decrease was primarily attributable to the acquisition of property, plant and equipment for expanding business operations of the Group.

As at 31 December 2012, the Group's total borrowings amounted to approximately RMB346.2 million, representing an increase of approximately 2.7% as compared with that of approximately RMB337.2 million as at 31 December 2011. Out of the total borrowings, short-term bank borrowings due within one year amounted to approximately RMB272.2 million, representing an increase of approximately 50.4% as compared with that of approximately

RMB181.0 million as at 31 December 2011, while mid-to-long-term bank borrowings due after one year amounted to approximately RMB74 million, representing a decrease of approximately 52.6% as compared with that of approximately RMB156.2 million as at 31 December 2011.

As at 31 December 2012, the Group's gearing ratio, presented as a percentage of total borrowings and bills payable divided by total assets, was approximately 43.0% (2011: approximately 43.3%).

WORKING CAPITAL

As at 31 December 2012, the Group's gross inventories, mainly comprising raw materials, work-in-progress and finished products, amounted to approximately RMB79.5 million, representing an increase of 41.6% from approximately RMB56.2 million as at 31 December 2011. The Group's management team reviews and monitors the inventory level regularly. For the year ended 31 December 2012, the average inventory turnover days were 61.8 days (2011: 55.2 days). Inventory turnover days are arrived at by dividing the arithmetic means of the beginning and ending balances of inventory for the relevant period by cost of sales of the same period and multiplied by 365 days.

As at 31 December 2012, the Group's trade receivables amounted to approximately RMB198.4 million, representing an increase of 9.6% from approximately RMB181.0 million as at 31 December 2011. For the year ended 31 December 2012, the average turnover days of trade receivables were 138.8 days (2011: 110.8 days). The increase in the turnover days of trade receivables was mainly because certain OEM market customers made requests to the Group for longer credit periods in light of the slowdown in market growth.

As at 31 December 2012, the Group's trade payables amounted to approximately RMB188.5 million, representing an increase of 9.2% from approximately RMB172.6 million as at 31 December 2011. For the year ended 31 December 2012, the average turnover days of trade payables were 164.5 days (2011: 154.1 days). Trade payable turnover days are calculated by using the average of the beginning and ending trade payable balances of the period, divided by cost of sales for the period and multiplied by 365 days. The increase in the turnover days of trade payables was mainly because the bargaining power of the Group has been relatively higher than that of the suppliers, hence the Group managed to extend the credit period of certain payments beyond the general payment terms, which would to some extent alleviate the negative impact of the increase in both the trade receivables of the Group and trade receivables turnover days on the Group.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

For the year ended 31 December 2012, capital expenditures were approximately RMB112.4 million (2011: RMB147.3 million). The Group's capital expenditures are primarily related to acquisition of land use rights, construction of production facilities and expenditures for plant, machinery and equipment for the business expansion of its Nanyang Xichuan production base. The Group has been financing its capital expenditures primarily through cash generated from operations and bank borrowings.

The Group will continue to expand its existing production facilities and construct new plants and new research and development centre as part of its plan to expand production facilities. As at 31 December 2012, the Group had capital commitments for acquisition of plant and machinery of approximately RMB13.4 million (2011: RMB35.0 million).

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the restricted bank balances and bank balances. The Group's borrowings have fixed interest rates and therefore, are subject to fair value interest rate risk. No sensitivity analysis was prepared for restricted bank balances and bank balances as the financial impact arising from the changes in interest rates was minimal. The Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

FOREIGN EXCHANGE RISK

The businesses of the Group are located in China, and its major operating transactions are dominated in RMB. In addition to certain bank balances and other borrowings of the Group, as well as certain professional expenses payable dominated in HK dollars and US dollars mainly caused by the listing, most of the assets and liabilities of the Group are dominated in RMB. Since RMB is not freely convertible, there exists the risk that the Chinese government may implement measures to interfere with the exchange rates, which in turn may have impact on the Group's net asset value, profit and the dividends declared to the extent that such dividends are subject to foreign exchange, and the Group have no hedging measures against such exchange risks. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

HUMAN RESOURCES

For the year ended 31 December 2012, the Group had 1,418 employees (2011: 1,464 employees) with total remuneration and welfare benefits expenses amounting to approximately RMB46.8 million (2011: RMB45.6 million). The Group's remuneration policy is primarily based on the job responsibilities, work performance and number of years of services of each employee and the current market condition. The Group has also provided internal and external trainings and courses to our employees to encourage self-improvement and enhance their technical skills. The remuneration of the Directors will be determined based on their job duties and responsibilities, experience and current market condition.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the Company's extraordinary general meeting held on 19 October 2011, a share option scheme (the "Scheme") was approved and adopted by the Company. The Scheme will remain in force for a period of 10 years from the date of its adoption.

During the year ended 31 December 2012, no share option was granted under the Scheme by the Company. In addition, as at 31 December 2012, no share option was outstanding under the Scheme.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2012, (i) the Group's certain buildings with a net carrying amount of RMB38.5 million (2011: RMB40.2 million), (ii) the Group's leasehold lands with a carrying amount of RMB88.9 million (2011: RMB90.7 million) and (iii) parts of the Group's trade receivables with a net carrying amount of RMB93.2 million (2011: Nil) were pledged to secure the Group's bank loan facilities.

As at 31 December 2012, the Group's certain restricted bank balances with a carrying amount of RMB45.0 million (2011: RMB42.0 million) were pledged to secure the Group's bank bills due within six months or less, which were issued to suppliers for the purchase of raw materials by the Group.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company was listed on the Main Board of the Stock Exchange on 23 November 2011. The aggregate net proceeds, after deducting underwriting fees and the related expenses payable in connection with the initial public offering, amounted to approximately HK$78.1 million. Please refer to the prospectus issued by the Company on 11 November 2011 for details. For the year ended 31 December 2012, the proceeds from the initial public offering available for and utilized by the Company are as follows:

	Net proceeds from the global offering	
Use of proceeds	**Available**	**Utilized**
	(HK$ million)	*(HK$ million)*
Acquisition and installation of production facilities for expansion	36.2	36.2
Construction of plants and buildings	22.7	22.7
Product research and development	18.7	12.6
Working capital injection	0.5	0.5
Total	78.1	72.0

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: Nil).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2012, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices (amended as the Corporate Governance Code since 1 April 2012) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). None of the Directors is aware of any information which would reasonably indicate that the Company was not in compliance with the Corporate Governance Code during the period ended 31 December 2012.

AUDIT COMMITTEE

The Company established an audit committee pursuant to Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code for the purpose of reviewing and supervising the Group's financial reporting process and internal control. The audit committee comprises three independent non-executive Directors.

The consolidated financial statements and annual results announcement of the Group for the year ended 31 December 2012 have been reviewed by the audit committee.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules has been adopted by the Company as the code of conduct for securities transactions by its Directors. To the best knowledge and belief of the Directors having made specific enquiries, all Directors had complied with the required standards set out in the Model Code during the year ended 31 December 2012.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or any of their respective associates (as defined under the Listing Rules) has any interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as at the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2012.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2012, the Group had not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there is no significant legal proceeding or claim pending or threatened against the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Sunday, 9 June 2013, notice of which will be published and dispatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The Registers of Members of the Company will be closed from Wednesday, 5 June 2013 to Friday, 7 June 2013 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 4 June 2013.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.china-cvct.com. The Company's 2012 annual report will be dispatched to shareholders on or before 30 April 2013 and will be available on the above websites in due course for inspection.

APPRECIATION

I would like to express my sincere appreciation for the unremitted effort and dedication made by the Board, the management and all our staff members, as well as the continuous support from the shareholders, government, business partners, professional advisers and loyal customers.

By order of the Board
China Vehicle Components Technology Holdings Limited
Chairman
Wilson Sea

Beijing, the PRC
28 March 2013

As at the date of this announcement, the Board comprises 3 executive Directors, namely Mr. Zhao Zhijun, Mr. Wang Wenbo and Ms. Yang Weixia, 3 non-executive Directors, namely Mr. Wilson Sea (formerly known as Xi Chunying), Mr. Xie Qingxi and Mr. Fu Pengxu, and 3 independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. Li Zhiqiang and Mr. Zhang Jinhua.