MINTH GROUP LIMITED
敏實集團有限公司

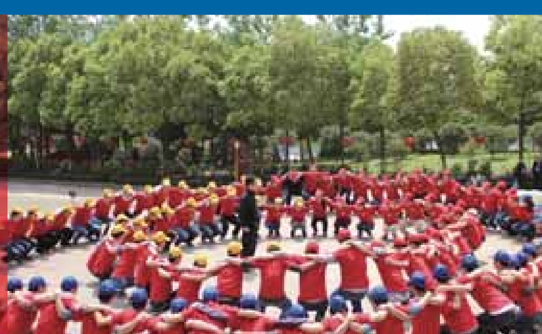
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 425

Annual Report 2014

正直誠信
INTEGRITY

相互信任
TRUST

團隊合作
TEAMWORK



引領變革
EMBRACE CHANGE

CORE VALUES

- Integrity
- Trust
- Teamwork
- Embrace change

STRATEGIC OBJECTIVE

Endeavoring to become a leader in the global automobile parts industry

MISSION & VISION

We create beauty in motion

MINTH

敏于思，實于行

INTELLIGENCE IS ACTIONAL

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CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive directors

Chin Jong Hwa *(Chairman)*
Shi Jian Hui *(Chief Executive Officer)*
Zhao Feng
Kawaguchi Kiyoshi *(resigned on 29 May 2014)*
Bao Jian Ya *(appointed on 29 May 2014)*

Non-executive directors

Yu Zheng
He Dong Han

Independent non-executive directors

Wang Ching
Zhang Liren
Wu Fred Fong

COMPANY SECRETARY

Loke Yu

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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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

25/F, Overseas Trust Banking Building
160 Gloucester Road
Wan Chai, Hong Kong

PRINCIPAL BANKERS

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

Citibank N.A.
Hong Kong Branch
50/F Citibank Tower
No. 3 Garden Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4/F, 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
17/F, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISERS

As to Hong Kong Law
Reed Smith Richards Butler
20/F, 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

敏于思，實于行

INTELLIGENCE IS ACTIONAL

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				
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Result					
Turnover	3,575,594	3,889,405	4,329,906	5,510,385	**6,683,880**
Profit before tax	972,399	962,941	1,044,076	1,225,202	**1,355,762**
Income tax expense	(122,690)	(136,011)	(147,695)	(195,788)	**(202,834)**
Profit for the year	849,709	826,930	896,381	1,029,414	**1,152,928**
Attributable to:					
Owners of the Company	811,172	787,318	841,159	971,338	**1,117,605**
Non-controlling interests	38,537	39,612	55,222	58,076	**35,323**
	849,709	826,930	896,381	1,029,414	**1,152,928**

	As at 31 December				
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Assets and Liabilities					
Total assets	6,700,837	7,832,893	9,374,460	11,492,628	**12,851,070**
Total liabilities	(1,067,844)	(1,590,420)	(2,392,666)	(3,774,182)	**(4,305,599)**
	5,632,993	6,242,473	6,981,794	7,718,446	**8,545,471**
Equity attributable to owners of the Company	5,521,276	6,087,225	6,773,546	7,456,752	**8,288,552**
Non-controlling interests	111,717	155,248	208,248	261,694	**256,919**
	5,632,993	6,242,473	6,981,794	7,718,446	**8,545,471**

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors ("Directors") of Minth Group Limited (the "Company") together with its subsidiaries (collectively the "Group"), I hereby present to our shareholders (the "Shareholders") the annual report for the financial year ended 31 December 2014 (the "Review Year").

During the Review Year, the production and sales of automobiles in China reached a record high, despite a slowdown in growth compared to the previous year's. The Group continued to maintain steady growth and achieved favorable results. During the Review Year, the Group's turnover was approximately RMB6,683,880,000, representing an increase of approximately 21.3% from approximately RMB5,510,385,000 in 2013. In particular, the Group's turnover that came from the overseas markets amounted to approximately RMB2,554,028,000, representing a growth of approximately 46.5% from approximately RMB1,743,734,000 in 2013. The profit attributable to owners of the Company was approximately RMB1,117,605,000, representing an increase of approximately 15.1% from approximately RMB971,338,000 in 2013. The Group's gross profit was approximately RMB2,085,207,000, representing an increase of approximately 14.7% from approximately RMB1,818,565,000 in 2013. The Board has recommended a final dividend of HKD0.516 per share to Shareholders for the Review Year. The payment of the final dividend shall be subject to the approval of the Shareholders at the forthcoming annual general meeting ("AGM") expected to be held in May 2015.

OPERATIONS AND STRATEGIC MOVES

Given the global expansion of its business scale, the Group has consistently been improving its operation and management functions, optimizing its production layout and enhancing its capabilities in research and development ("R&D"), in order to further accommodate its future development.

During the Review Year, the Group acquired the remaining 50.18% equity interest in its former US joint venture, Plastic Trim International Inc. ("PTI"). Such acquisition would contribute positively to the Group's business development and market share gain in North America, and will also facilitate the growth of the Group's business in China and other overseas markets at the same time.

The Group attaches importance to a diversified and balanced development of customer structure and product mix. During the Review Year, the Group achieved a good performance in new businesses and new products. In addition, through integrating production resources, optimizing production layout, maximizing the advantages in cost, quality and efficiency, the Group is gradually promoting its strategic planning to improve its economies of scale in production.

Given the development trend of environmental protection, body weight reduction and new energy vehicles, a good development prospect is expected for aluminum product business. During the Review Year, the Group continued to increase its efforts in the R&D and application of aluminum products, and endeavored to build up the global production layout for its aluminum products in order to further steadily develop its aluminum product business.

IMPROVING INTERNAL MANAGEMENT

In response to the global expansion of its business and the corresponding growth in its overseas operations, during the Review Year, the Group continued to increase investment in the human resources of its overseas operations, and expand the global vision and cultural exchanges of its global senior management team. The Group has continued to strengthen its talent management and performance-oriented culture so as to enhance the core competitiveness of its talents and enterprises.

INVESTOR RELATIONS AND COMMUNICATION

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

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

FUTURE PROSPECT

In the long run, China's automotive market is expected to continue its growth momentum, and its development potential is still favored by major OEMs. Mature automotive markets are also expected to grow steadily. The consumption potentials of emerging automotive markets should not be underestimated. The Group will seize the business opportunities of global automotive markets, and continue to consolidate and expand its global business.

The Group will continue to pursue its overall strategies of globalization and balanced development, and implement the strategic approach of improving its automation level and economies of scale in production. The Group is steadily progressing R&D and global cooperation in terms of the parts for new energy vehicles and electronic components for intelligent automobiles, which is expected to create new opportunities for its business development. The Group will continue to work towards its goal of reaching a leading position globally in terms of market share of core products and becoming one of the top 100 global OEM parts suppliers.

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 of the Company for their trust and support.

CHIN JONG HWA
Chairman
24 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Year, China's economy continued its steady growth while the purchasing power of Chinese consumers kept rising. The overall automotive industry in China also grew steadily. The growth rate of the production and sales of automobiles in China slowed down compared to the previous year's, while the production and sales once again rose to historical high and ranked number one in the global automotive market for six consecutive years. The passenger vehicles continued to be the main force driving the overall growth of the automotive industry in China. During the Review Year, the production and sales of passenger vehicles in China were approximately 19.9198 million units and approximately 19.7006 million units, respectively, representing a year-on-year growth of approximately 10.2% and approximately 9.9%, respectively.

During the Review Year, most countries in the developed automotive market started or continued to recover from the impact of the financial crisis with their economy resuming growth, putting an end to the depression of their automotive markets. The sales volume of automobiles in the US and Western Europe maintained a relatively stable growing trend and the sales volume of automobiles in Japan witnessed slight growth. On the other hand, the sales volume of automobiles in the emerging markets recorded varied performance. Sales continued to decline in Brazil, Russia and Thailand due to their respective economic and political issues, whereas favorable policy and falling oil prices led falling sales to rise again in India. Having benefited from the growth momentum of local sales and export, the growth in Mexico was significant.

COMPANY OVERVIEW

The Group is committed to becoming a global supplier and is primarily engaged in the design, manufacture and sales of trims, decorative parts, body structural parts and other related auto parts. The Group's manufacturing bases in China, the US, Mexico, Thailand and Germany spread across the main markets of its customers. With the support of the R&D centers in China, Japan, North America and Germany, the Group is able to provide services to the global market and meet the growing demand of customers.

During the Review Year, the Group fulfilled its annual business targets as scheduled, once again hit a record high with its new business intake and its order book visibility was further improved. The Group also managed to gain more customer recognition with its capability in concurrent design and just-in-time global delivery. In addition, newly awarded orders for a new series of global platform vehicles and high-end vehicles laid a solid foundation for the future development of the Group.

In order to further accommodate the demand from the global expansion of its business scale, the Group has been constantly improving its operations and management functions. During the Review Year, the Group redeveloped its quality management system and optimized its quality enhancement mechanism and high-risk quality tracking mechanism in order to facilitate the in-depth development of the fundamental work in terms of product quality. Internally, the Group integrated the management functions in procurement, while externally, it developed long-term strategic partnership with suppliers so as to continuously optimize procurement cost and enhance procurement quality. Furthermore, by intensively capitalizing on the achievements from its core products and core technologies, the Group was able to better allocate its production resources and improve the planning of its production layout. During the Review Year, in order to achieve better economies of scale in production, the Group has gradually implemented the construction and planning of the production bases in China, North America and Thailand. With an emphasis on technology as its primary development, the Group ultimately intends to enhance its capability by technological advancement, and is strengthening its competitive advantages by technological development. Relying on its professional R&D team, during the Review Year, the Group achieved a breakthrough in technologies such as anodizing through integrating overseas advanced technologies.

Business and Operation Layout

During the Review Year, the domestic revenue of the Group increased from approximately RMB3,766,651,000 in 2013 to approximately RMB4,129,852,000, representing a growth rate of approximately 9.6%. Owing to the steady growth of major overseas markets, growing new orders for global platform vehicles and the equity acquisition of a former joint venture, the overseas revenue of the Group increased significantly from approximately RMB1,743,734,000 in 2013 to approximately RMB2,554,028,000, representing a growth of approximately RMB810,294,000 or approximately 46.5%.

During the Review Year, the Group adjusted its efforts on customer diversification, further enhancing the strategic partnership with its core customers, which led to steady business development. The Group achieved steady development in its Japanese business, persisted with the business opportunities of global orders from Nissan, and achieved a breakthrough in securing global platform vehicle orders from Honda. During the Review Year, the Group secured global orders from Nissan Qashqai and Honda Vezel, laying a solid foundation for the global development of its Japanese business. Meanwhile, the weakening and exiting of the Group's overseas competitors provided a good opportunity for the Group to further boost its European and US businesses. During the Review Year, the Group's European and US operations continued to grow, with historical breakthrough in securing new businesses from its European customers. The Group has further increased its supply to BMW by securing orders for the new BMW 5 Series Sedan. In addition, the Group has secured the global orders of roof racks for the new Audi Q5, and made a breakthrough in its business with FAW Volkswagen. The Group increased its coverage of high-end customers, and was awarded new business orders from high-end customers including Bentley, Audi, BMW, Mercedes-Benz, Cadillac and Infiniti during the Review Year.

During the Review Year, the Group continued to focus on product mix diversification. The business of its core product segments has managed to maintain a solid market position with a leading market share in China. The new product offerings such as the aluminum products have grown rapidly, and are gradually heading towards becoming part of the established product strategy of the Group. The Group has completed the production layout of its chrome plating products in China. Several chrome plating production lines were launched successfully, the product quality of which were well-recognised by its customers, laying a solid foundation for the development of the Group's decorative parts business. Furthermore, the Group's concurrent design products have recorded favorable growth, which enhances its overall competitiveness.

During the Review Year, the Group continued to maintain development momentum in the new material market and increased its efforts in the R&D as well as the application of aluminum products. The Group has fully entered into the overseas procurement system of aluminum products for the Volkswagen Group, consolidated its supply of aluminum products to BMW, and made a breakthrough in the new business intake of aluminum products for Japanese customers, which products will be supplied to a model of Infiniti, the high-end brand of Nissan. In order to keep up with the development trend for aluminum products, the Group endeavored to establish a global production layout for aluminum products. During the Review Year, the Group kicked off the construction and mass production of several production lines of aluminum products in China, and its production base of aluminum products in Mexico was already initiated.

In respect of investment, during the Review Year, the Group acquired the remaining 50.18% equity interest in its US joint venture, Plastic Trim International Inc ("PTI") at a total consideration of USD9,290,000 (including the settlement of a shareholder's loan amounting to USD3,840,000). Such acquisition would contribute positively to the Group's business development and market share gain in North America, and will also facilitate the growth of the Group's business in China and other overseas markets at the same time. As for the production layout, the Group was committed to the optimization of production layout and capacity equalization, in order to continue increasing the global market share of its current products. During the Review Year, the Group gradually fulfilled its strategic planning of large-scale production base through vertical integration of supply chain together with its competitive edges in cost, quality and efficiency. For example, the chrome plating production bases in China and Thailand have successfully commenced production and the trim production base in the East China Region achieved decent performance.

Research and Development

During the Review Year, the Group maximized the application of existing resources and maintained its competitive strength in R&D cost. In terms of technological breakthrough, the Group's technical level in aluminum anodizing has reached international standard and passed the examination and verification of high-end clients for mass production. The development and application of surface hard coating technology, the enhancement of roll forming line production speed and the application of the automatic punching production technology have reached leading positions in China. As a result, the competitive position of the Group for the relevant products was reinforced. The Group's global concurrent design capability has allowed it to not only remain competitive in terms of production, but also to expand into product design engineering, providing a long-term driving force for the growth of the Group.

The Group has placed emphasis on protecting its intellectual property rights. It obtained the certification of protection system of intellectual property rights and actively applied for international patents. During the Review Year, the Group filed 230 patent applications for approval, 202 of which were authorized by competent institutions.

Corporate Social Responsibility

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

FINANCIAL REVIEW

Results

During the Review Year, the Group's revenue was approximately RMB6,683,880,000, representing an increase of approximately 21.3% from approximately RMB5,510,385,000 in 2013. It was mainly attributable to the steady growth in the major overseas markets, the increase of orders for global platform vehicles and the equity acquisition of a former joint venture, which has become a subsidiary as a result. Thanks to the Group's forward-looking layout in both domestic and overseas markets, favorable revenue growth was gained in both of the above markets.

During the Review Year, the profit attributable to owners of the Company was approximately RMB1,117,605,000, representing an increase of approximately 15.1% from approximately RMB971,338,000 in 2013. It was mainly attributable to an increase in revenue and continuous emphasis on the control of costs and expenses, enabling the Group to maintain overall decent profitability.

Sales of Products

During the Review Year, the Group continued to focus 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 original equipment manufacturers ("OEMs").

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

Customer category	2014 RMB'000	2014 %	2013 RMB'000	2013 %
The PRC	**4,129,852**	**61.8**	3,766,651	68.4
Asia Pacific	**439,623**	**6.6**	409,337	7.4
North America	**1,506,002**	**22.5**	910,839	16.5
Europe	**608,403**	**9.1**	423,558	7.7
Total	**6,683,880**	**100.0**	5,510,385	100.0

Revenue from Overseas Market

During the Review Year, the overseas market revenue of the Group increased from approximately RMB1,743,734,000 in 2013 to approximately RMB2,554,028,000, representing a growth of approximately 46.5%. It accounted for approximately 38.2% of the total revenue of the Group in 2014, representing an increase when compared to that of approximately 31.6% in 2013.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB2,085,207,000, representing a growth of approximately 14.7% from approximately RMB1,818,565,000 in 2013. The gross profit margin was approximately 31.2% in 2014, representing a decrease of approximately 1.8% from approximately 33.0% in 2013. It was mainly attributable to the fact that the gross profit margin of a former joint venture was lower than the average level of the Group, and it was acquired by the Group and became a subsidiary as a result during the Review Year. Meanwhile, the Group was still under continuous pressure from the decline in product price and the rising labor costs. The Group persistently took measures, including continuous improvement in the manufacturing processes, a higher utilization rate of materials and implementation of a centralized procurement policy to enhance the efficiency of both production and management to maintain the overall gross profit margin at a decent level.

Other Income

During the Review Year, other income of the Group amounted to approximately RMB172,352,000, representing an increase of approximately RMB42,535,000 as compared to approximately RMB129,817,000 in 2013. It was mainly attributable to an increase in subsidies.

Other Gains and Losses

During the Review Year, the Group's other gains and losses amounted to a net gain of approximately RMB60,460,000, representing a decrease of approximately RMB40,237,000 as compared to the net gain of approximately RMB100,697,000 in 2013. It was mainly attributable to foreign exchange losses arising from fluctuations in exchange rates during the Review Year, as compared to foreign exchange gains in 2013.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses amounted to approximately RMB202,836,000, representing an increase of approximately RMB31,072,000 from approximately RMB171,764,000 in 2013. It was mainly attributable to an increase in expense resulting from the growth of overseas revenue.

Administrative Expenses

During the Review Year, the administrative expenses of the Group amounted to approximately RMB567,445,000, representing an increase of approximately RMB107,617,000 from approximately RMB459,828,000 in 2013. It accounted for approximately 8.5% of the revenue of the Group, representing an increase of approximately 0.2% from approximately 8.3% in 2013. It was mainly due to a rise in labor costs arising from the introduction of high-level personnel, pay rise for employees and grant of share options for maintaining competitiveness amid the growth of the Group's revenue.

Research Expenditures

During the Review Year, the R&D expenditure of the Group amounted to approximately RMB298,708,000, representing an increase of approximately RMB38,926,000 from approximately RMB259,782,000 in 2013. It was mainly attributable to an increase in labor costs arising from the Group's introduction of high-level R&D personnel and continuous investment in R&D to enhance its R&D capabilities in order to maintain its market competitiveness and sustainability.

Share of Profits of Joint Ventures

During the Review Year, the Group's share of profits of joint ventures was approximately RMB6,105,000, representing an increase of approximately RMB4,964,000 from approximately RMB1,141,000 in 2013, which was mainly due to the Group's equity acquisition of a former joint venture who was making losses before the acquisition.

Share of Profits of Associates

During the Review Year, the Group's share of profits of associates was approximately RMB41,798,000, increased by approximately RMB9,595,000 compared to approximately RMB32,203,000 in 2013. This was mainly attributable to the increase in profit of one of the associates arising from its growth in revenue.

Income Tax Expense

The Group's income tax expense in 2014 was approximately RMB202,834,000, representing an increase of approximately RMB7,046,000 from approximately RMB195,788,000 in 2013.

During the Review Year, the Group's effective tax rate was approximately 15.0%, representing a decrease of approximately 1.0% from approximately 16.0% in 2013.

Profits Attributable to Non-controlling Interests

During the Review Year, the Group's profits attributable to non-controlling interests were approximately RMB35,323,000, representing a decrease of approximately RMB22,753,000 compared to approximately RMB58,076,000 in 2013. It was mainly attributable to the decrease in profits of non-wholly owned subsidiaries.

Liquidity and Financial Resources

As of 31 December 2014, the Group's bank balances and cash amounted to approximately RMB3,594,209,000, representing a decrease of approximately RMB524,982,000 as compared to approximately RMB4,119,191,000 as of 31 December 2013. This was mainly due to an increase in capital expenditure for the development needs of the Group in the long run. As of 31 December 2014, the Group's low-cost borrowings amounted to approximately RMB2,708,485,000, among which the equivalent of approximately RMB2,272,477,000, approximately RMB166,846,000, approximately RMB150,855,000, approximately RMB53,584,000, and approximately RMB54,723,000 were denominated in US Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro ("EUR"), Japanese Yen ("JPY") and Thai Baht ("THB") respectively, representing an increase of borrowings of approximately RMB298,155,000 as compared to approximately RMB2,410,330,000 as of 31 December 2013. The increase was mainly due to the borrowings the Group brought in after considering the consolidated gains from capital, interest rates and exchange rates.

During the Review Year, the net cash flow from the Group's operating activities was approximately RMB1,031,376,000, indicating a sound cash flow condition.

The Group's current ratio in 2014 decreased from approximately 2.1 in 2013 to approximately 2.0. As of 31 December 2014, the Group's gearing ratio was approximately 21.1% (2013: approximately 21.0%), which was a percentage based on the interest bearing borrowings divided by total assets.

During the Review Year, the Group's inventory turnover days were approximately 58 days, which stood at the same level of approximately 58 days as 2013.

During the Review Year, the Group's receivables turnover days were approximately 76 days, extending approximately 1 day from approximately 75 days in 2013.

During the Review Year, the Group's payables turnover days were approximately 52 days, shortening approximately 2 days from approximately 54 days in 2013.

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

COMMITMENTS

As of 31 December 2014, 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	393,680

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 31 December 2014, the balance of borrowings was approximately RMB2,708,485,000, of which approximately RMB10,000,000 was bearing at a fixed interest rate, and approximately RMB2,698,485,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality. In addition, approximately RMB2,412,863,000 of the said borrowings was denominated in currencies other than the functional currencies of the relevant Group's entities, of which the equivalent of approximately RMB2,118,098,000, approximately RMB166,846,000, approximately RMB75,876,000 and approximately RMB52,043,000 were denominated in USD, HKD, EUR and JPY respectively.

Majority of the Group's sales and procurements are settled in RMB. With the expansion of overseas business, the management of the Group is closely monitoring its foreign exchange exposure and has delegated a team responsible for the planning of related work to mitigate the foreign exchange risk.

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

As of 31 December 2014, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB659,986,000, of which the equivalent of approximately RMB509,795,000 was denominated in HKD, approximately RMB102,251,000 was denominated in USD, approximately RMB42,839,000 was denominated in EUR, approximately RMB5,079,000 was denominated in JPY and approximately RMB22,000 was denominated in THB.

CONTINGENT LIABILITIES

As of 31 December 2014, the Group had no contingent liabilities (2013: Nil).

MORTGAGED ASSETS

As of 31 December 2014, the Group had borrowings of approximately USD156,440,000 (equivalent to approximately RMB957,257,000), HKD199,500,000 (equivalent to approximately RMB157,379,000) and JPY30,000,000 (equivalent to approximately RMB1,541,000) secured by bank deposits of approximately RMB1,193,105,000 and freehold lands with a net book value of approximately RMB19,086,000. The loans are to be settled in USD, HKD and JPY respectively (31 December 2013: the Group had borrowings of approximately RMB596,400,000, USD10,000,000 (equivalent to approximately RMB60,969,000) and HKD126,000,000 (equivalent to approximately RMB99,061,000) secured by bank deposits of approximately RMB782,960,000. The loans are to be settled in RMB, USD and HKD respectively). The Group has also pledged freehold lands and buildings having a net book value of approximately RMB18,586,000 (31 December 2013: approximately RMB18,514,000) 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 RMB1,331,600,000 (2013: approximately RMB936,573,000). The increase in capital expenditure was mainly attributable to the Group's increase of production facilities and land reserves with the aim of expanding the Group's production capacity.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the acquisition of the remaining 50.18% equity interest in PTI, the Group made no other material acquisition or disposal of subsidiaries or associates during the Review Year.

The Company adopted a share option scheme for a period of 10 years pursuant to a written resolution of all the then shareholders of the Company on 13 November 2005 (the "2005 Share Option Scheme"). Such scheme was terminated on 22 May 2012 and the Company adopted a share option scheme with substantively similar terms to the 2005 Share Option Scheme on the same day at the 2012 annual general meeting of the Company for 10 years (the "Share Option Scheme").

On 25 March 2015, the Company granted share options (the "Share Options") to a number of eligible participants to subscribe for up to 26,000,000 shares of the Company at HK$14.08 per share pursuant to the Share Option Scheme (the "Grant of Share Options"). Further details of the Grant of Share Options are set out in the Company's announcement dated 25 March 2015.

As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme was 93,214,500, representing 8.48% of the shares of the company in issue as at the date of this annual report.

EMPLOYEES

As of 31 December 2014, the Group had a total of 10,238 employees. The total number of employees increased by 1,296 compared to 31 December 2013. During the Review Year, as the Group further implemented its strategy of globalization and expanded its overseas business, the Group continued to increase manpower in its overseas operations in order to support the expansion of its global footprint. During the Review Year, the Group continued to roll out the Core Values and Code of Conduct, and held a series of activities in an effort to integrate such promoted core values into the daily practice of its employees.

During the Review Year, the Group continued to strengthen its talent and performance management. The major components of variable remuneration in the Group are cash-based variable bonuses under the short-term incentive ("STI") plan and share-based awards under the long-term incentive ("LTI") program. The STI plan aims to foster a pay-for-performance culture and reward employees appropriately, commensurate with performance and the return to shareholders for the financial year. The objective of the LTI program is to align the interests of management with those of shareholders and have participants focus on the sustainable longer-term performance and financial strength of the Group. With an aim to boost the core competitiveness of its talents and enterprises, the Group continued to enhance the leadership and organizational abilities of its management and enlarge the global vision and cultural exchange of its global senior management team.

FUTURE PROSPECTS AND STRATEGIES

It is expected that the economy of China will continue the current trend of stable development and that the willingness of consumers and purchasing power in China will maintain a steady growth. The development of the automobile finance market is also expected to stimulate automobile consumption. The structure of the automotive industry in China is anticipated to undergo optimization and the vehicle models are likely to keep on evolving rapidly. China's automotive market is expected to continue to grow and move closer to developed automotive markets in the long run. The major OEMs still see promising development potential in China market. The European OEMs, particularly Volkswagen, Daimler and BMW, consider China to be the most important and strategic market to increase their global market share. As such, they are likely to increase their investment and launch more models in order to further develop their business and strengthen their market position in China. Given the slow economic recovery of the countries in the developed automotive markets, it is expected that the consumption growth on automobiles will be more stable. The countries in the emerging markets are expected to adjust their economic policies and implement preferential policies or incentives, and the potential in automobile consumption should not be underestimated.

Leveraging on its partnership with customers worldwide, the Group will continue to implement the overall strategy of globalization and balanced development with an aim to secure more global orders as well as refine global footprint and maintain cost advantages. The Group will also focus on striking a balanced development in terms of product mix in different regions, customer base and core product structure so as to actively extend its product segments and closely monitor the product development trend of customers, and introduce new products and create new growth drivers in the meantime. The Group will enhance its operational efficiency by following a strategic approach to improve its automation level and economies of scale in production. The Group is also steadily progressing R&D and global cooperation in terms of the parts for new energy vehicles and electronic components for intelligent automobiles, which is expected to create new opportunities for its long-term business development. In addition, as vehicle population and the average life of vehicles gradually increase, the demand in the aftermarket accordingly increases as well. The Group will also continue to look for opportunities for development in respect of its existing products in the aftermarket. The Group will continue to work towards its goal of reaching a leading position globally in terms of market share of core products and becoming one of the top 100 global OEM parts suppliers.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Chin Jong Hwa (秦榮華) ("Mr. Chin"), aged 56, is the Chairman and an executive Director of the Company and director of various subsidiaries of the Group. He founded the Group in March 1997 and is the controlling shareholder of the Company. Mr. Chin graduated from China Urban Administration College. Mr. Chin has experience of over 27 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. As at 31 December 2014, Mr. Chin was interested in approximately 40.37% shareholding interest in the Company through Linkfair Investments Limited ("Linkfair"), a company wholly-owned by Mr. Chin, which held 442,990,000 shares of the Company ("Shares"), representing approximately 40.37% of the Shares in issue. As at 31 December 2014, save as aforesaid, Mr. Chin had no interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO").

Shi Jian Hui (石建輝) ("Mr. Shi"), aged 42, is the Chief Executive Officer ("CEO") and an executive Director of the Company and director of various subsidiaries of the Group. Mr. Shi graduated from Zhejiang University of Technology where he majored in the machinery design and manufacturing and obtained an Executive Master of Business Administration ("EMBA") degree from the Cheung Kong Graduate School of Business in 2007. Mr. Shi has experience of over 20 years in the Chinese auto-parts industry since he joined one of Mr. Chin's companies in 1993. Prior to his current position as CEO, he assumed responsibility as general manager of operations (including leading both overseas and domestic business departments), head of the R&D Centre and was in charge of Human Resources Departments for the Group as a whole. Mr. Shi joined the Group in March 1997 and was appointed as a Director on 14 July 2005. As at 31 December 2014, save for his interest in 400,000 Shares and 2,300,000 Share Options, Mr. Shi had no interests in the Shares within the meaning of Part XV of the SFO.

Zhao Feng (趙鋒) ("Mr. Zhao"), aged 46, 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 16 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 2014, Mr. Zhao was interested in 404,000 Shares and 1,250,000 Share Options in the Company. Since Mr. Zhao is the spouse of Ms. Zhu Chun Ya ("Ms. Zhu"), he was deemed to be also interested in the 100,000 Shares in which Ms. Zhu was interested. Accordingly, Mr. Zhao was interested in 504,000 Shares and 1,250,000 Share Options in the Company. As at 31 December 2014, save as disclosed herein, Mr. Zhao had no interests in the Shares within the meaning of Part XV of the SFO.

Bao Jian Ya (包建亞) ("Ms. Bao"), aged 43, is the Chief Financial Officer ("CFO") of the Group and an executive Director of the Company. 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. As at 31 December 2014, save for her interest in 120,000 Shares and 1,350,000 Share Options in the Company, Ms. Bao had no interests in the Shares within the meaning of Part XV of the SFO.

Non-executive Directors

Yu Zheng (鄭豫) ("Ms. Zheng"), aged 46, is a non-executive Director of the Company. Ms. Zheng is currently an independent investor and consultant. Ms. Zheng was a Managing Director at PineBridge Investments (formerly known as the AIG Global Investments), in charge of private equity investments in Greater China from 2008 to 2011. She also has over 18 years' experience in the management consulting industry through her service at the Boston Consulting Group and then at Roland Berger Strategy Consultants as its senior partner and managing partner in Shanghai responsible for the industrial and automotive industries practice in Greater China. Ms. Zheng has extensive experience in various management practices, including strategy development, brand management, organizational restructuring, global sourcing, joint venture strategy, and project management for both global and Chinese clients. Her industry experience includes automotive, industrial goods, consumer electronics, retail, luxury and fast moving consumer goods, education, publishing and media, etc. Prior to her investment and management consulting career, she has also worked in the computer industry in both China and the United States. Ms. Zheng received bachelor's degree of science in Computer Science in Beijing Normal University and her Master of Business Administration from the University of Texas at Austin in the US. Ms. Zheng is also an independent non-executive director of Fufeng Group Limited in current. Ms. Zheng joined the Group and was appointed as a non-executive Director on 1 January 2008. As at 31 December 2014, Mr. Wei Wei ("Mr. Wei") was interested in 200,000 Shares, and since Ms. Zheng is the spouse of Mr. Wei, she was deemed to be interested in the Shares in which Mr. Wei was interested. As at 31 December 2014, save as disclosed in the above, Ms. Zheng had no interests in the Shares within the meaning of Part XV of the SFO.

He Dong Han (何東翰) ("Mr. He"), aged 42, is a non-executive Director of the Company. Mr. He graduated from Beijing Foreign Studies University in 1993 with a bachelor's degree. Prior to joining the Group, Mr. He focused on financial investments and had an extensive experience of over 20 years in investment, with an investment direction involving various industries including tyre, new material, medicine and internet. Mr. He joined the Group in 2011 and was appointed as a non-executive Director on 18 May 2011. As at 31 December 2014, save for his interest in 1,000,000 Share Options in the Company, Mr. He had no interests in the Shares within the meaning of Part XV of the SFO.

Independent Non-executive Directors

Wang Ching (王京) ("Dr. Wang"), aged 60, is an independent non-executive Director and the chairman of the nomination committee of the Company ("Nomination Committee"). Dr. Wang has over 23 years' managerial experience in investment banking, securities, treasury and fund management in the United States, Hong Kong, Taiwan and the PRC. He is currently the managing director of Shanghai International Asset Management (HK) Co., Ltd., a licensed corporation registered with Hong Kong Securities and Futures Commission and the executive director of Shanghai International Shanghai Growth Investment Limited, an investment fund company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Dr. Wang also serves as independent non-executive directors of China Singyes Solar Technologies Holdings Limited and Yingde Gases Group Company Limited, both are listed on the Stock Exchange, in which he advises the management on financial development and internal control. Dr. Wang is an adjunct Associate Professor of Global Management Education Institute, Shanghai University. Dr. Wang received his doctorate degree from the Graduate School of Business, Columbia University in 1992. Dr. Wang joined the Company as an independent non-executive Director on 26 October 2005. As at 31 December 2014, Dr. Wang had no interests in the Shares within the meaning of Part XV of the SFO.

Zhang Liren (張立人) ("Mr. Zhang"), aged 68, is an independent non-executive Director and the chairman of the remuneration committee of the Company ("Remuneration Committee"). Mr. Zhang has over 46 years' experience in the automobile, electronic and mechanical industry. He has served as the executive director of the S-car, L-car & V-car platforms of Shanghai General Motors Corporation Limited ("SGM"), the chief engineer of Pan Asia Auto Technology Centre of SGM, a special consultant to president of SGM, the director of Business Planning Development Department and the senior manager of the Quality Control Department in SGM. He was also the deputy chief engineer of Shanghai Auto Industry Technology Centre and a research officer in the Computer and Equipment Department in Shanghai Auto Research Institute. Mr. Zhang joined the Company as an independent non-executive Director on 26 October 2005. As at 31 December 2014, Mr. Zhang had no interests in the Shares within the meaning of Part XV of the SFO.

Wu Fred Fong (胡晃) ("Mr. Wu"), aged 67, is an independent non-executive Director and Chairman of the audit committee of the Company ("Audit Committee"). Mr. Wu has considerable directorship and corporate governance experience and has been involved in auditing, corporate planning, corporate finance, investment, consulting with public companies in Canada and Hong Kong. Mr. Wu holds an MBA degree in the Schulich School of Business, York University, Canada. Mr. Wu is a Chartered Accountant qualified in Canada and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Wu is currently an independent non-executive director of China Public Procurement Limited and Sheng Yuan Holdings Limited, both of which are companies listed on the Stock Exchange. Mr. Wu joined the Company as an independent non-executive Director on 1 January 2009. As at 31 December 2014, Mr. Wu had no interests in the Shares within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Loke Yu (陸海林) ("Dr. Loke"), aged 65, 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 Universiti Teknologi Malaysia and a Doctor of Business Administration Degree from the University of South Australia. Dr. Loke is a Fellow of The Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified Public Accountants, 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, Sino Distillery Group 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 Holdings Limited, Wing Tai Investment Holdings Limited and Tianhe Chemicals Group 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 2014, Dr. Loke had no interests in the Shares within the meaning of Part XV of the SFO.

Robert Chi Yu (余其瑜) ("Mr. Yu"), aged 54, is the Chief Operating Officer("COO") of the Group. Mr. Yu received his Bachelor of Science degree in Applied Science and Engineering from the University of Toronto in Canada in 1985. Mr. Yu has solid track record in automotive industry. Prior to joining the Group in April 2013, he has worked over 20 years for Ford Motor in various senior roles and functions and most recently worked for General Motors (China). He has significant experience in negotiation and establishment of joint ventures with Chinese OEMs, plant operations, new products launches and finance restructures. Mr. Yu was appointed as COO of the Group on 24 April 2013. As at 31 December 2014, save for his interest in 1,000,000 Share Options in the Company, Mr. Yu had no interests in the Shares within the meaning of Part XV of the SFO.

Peng, Tehui (彭德惠) ("Mr. Peng"), aged 58, is the Chief Technology Officer ("CTO") of the Group. Mr. Peng graduated from University of Michigan (Ann Arbor) with a master's degree in mechanical engineering in 1984. He also received an MBA degree from New York Institute of Technology in 2005. Mr. Peng has more than 30 years' experience in new vehicles design and development including hydrogen fuel cell battery and Li-ion battery electric cars (Volt) for General Motors in North America. He was assigned as a senior engineering manager to GM Japan in 2000 and was the R&D director of FAW GM prior to joining Minth Group. Mr. Peng joined the Group as the CTO on 1 September 2014 after 24 years of services with General Motors in North America. As at 31 December 2014, Mr. Peng had no interests in the Shares within the meaning of Part XV of the SFO.

Chiung Hui Huang (黄瓊慧) ("Ms. Huang"), aged 44, is 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 had 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. As at 31 December 2014, Ms. Huang had no interests in the Shares within the meaning of Part XV of the SFO.

Yi Lei Li (易蕾莉) ("Ms. Yi"), aged 41, 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 2014, save for her interest in 78,000 Shares and 630,000 Share Options in the Company, Ms. Yi had no interests in the Shares within the meaning of Part XV of the SFO.

Jin Zheng Xun (金正勛) ("Mr. Jin"), aged 41, is the General Manager of Europe Operations of the Group. Mr. Jin graduated from China Institute of Metrology in 1997, and obtained Master's degree from the Otto-von-Guericke University of Magdeburg in Germany in 2003 majoring in Mechanical Engineering. Mr. Jin joined the Group in April 2004 and has worked as manager of Quality Control Department, manager of Overseas Business Development Department, assistant to general manager and General Manager of North America Operations of the Group. As at 31 December 2014, save for his interest in 100,000 Shares and 500,000 Share Options in the Company, Mr. Jin had no interests in the Shares within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Group is committed 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

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

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

THE BOARD

As of 31 December 2014, there are nine members on the Board, which are the Chairman, the CEO, two other executive Directors, two non-executive Directors ("NEDs") and three independent non-executive Directors ("INEDs").

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

None of the INEDs has any business or financial interests with the Group nor has any relationship with other Directors and has 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 six times during the Review Year and the Directors' attendance is shown in the table on page 20 of the annual report.

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

Dr. Wang, Mr. Zhang and Mr. Wu will retire and all shall offer themselves for re-election in the forthcoming AGM of the Company.

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

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

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference as suggested under the Code. As of 31 December 2014, the Audit Committee comprised all INEDs, namely Mr. Wu, Dr. Wang and Mr. Zhang. As of 31 December 2014, 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 20 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 issues in relation to 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 internal control system 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) to 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 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 2014, the Remuneration Committee comprised an NED, namely Ms. Zheng, and all three INEDs namely Mr. Wu, Dr. Wang, and Mr. Zhang. Mr. Zhang was the Chairman of the Remuneration Committee.

The Remuneration Committee held two meetings 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. Directors' attendance is shown in the table set out on page 20 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 13 to the consolidated financial statements and details of the 2005 Share Option Scheme and the Share Option Scheme are set out in the Directors' Report and note 38 to the consolidated financial statements.

NOMINATION COMMITTEE

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

(a) to 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 chief executive;

- (v) to do any such things to enable the Nomination Committee to perform its power 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 or imposed by legislation.

As of 31 December 2014, the Nomination Committee comprised all three INEDs, namely Mr. Wu, Dr. Wang and Mr. Zhang. Dr. Wang was the Chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held one meeting to (i) review the structure, size and composition (including the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board; (ii) assess the independence of INEDs; and (iii) adopt the Board diversity policy. Directors' attendance is shown in the table set out on page 20 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 affairs of the Company. All Shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations.

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

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

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

Composition of the Board and the Directors' attendance record for the year ended 31 December 2014

	2014 AGM	The Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors					
Chin Jong Hwa *(Chairman)*	1	6/6	N/A	N/A	N/A
Shi Jian Hui *(CEO)*	0	6/6	N/A	N/A	N/A
Zhao Feng	0	6/6	N/A	N/A	N/A
Bao Jian Ya *(appointed on 29 May 2014)*	0	3/3	1/1	N/A	N/A
Non-executive Directors					
Yu Zheng	1	6/6	N/A	2/2	N/A
He Dong Han	0	5/6	N/A	N/A	N/A
Independent Non-executive Directors					
Wang Ching	1	6/6	2/2	2/2	1/1
Zhang Liren	0	6/6	2/2	2/2	1/1
Wu Fred Fong	1	6/6	2/2	2/2	1/1

INDEPENDENCE CONFIRMATION

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.

Since January 2013, all Directors have been required to provide the Company with their training records on a quarterly basis, and such records have been maintained by the Company for regular review. Save for Company Secretary who attended more than 15 hours of training, each Director received more than 8 hours of training in 2014.

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	**Trainings/Seminars**
Executive Directors		
Chin Jong Hwa	√	√
Shi Jianhui	√	√
Zhao Feng	√	√
Bao Jian Ya	√	√
Non-executive Directors		
Yu Zheng	√	
He Dong Han	√	
Independent Non-executive Directors		
Wang Ching	√	√
Wu Fred Fong	√	√
Zhang Liren	√	

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse impact on the Company. During the Review Year, the Company was required to pay an aggregate of approximately RMB4,352,000 to the external auditor for its audit services.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for preparing the accounts and the reporting responsibilities of the external auditor to the Shareholders are set out on page 34 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, developing, manufacturing, processing and sales of automobile body parts and moulds of passenger cars.

RESULTS

The results of the Group for the Review Year are set out in the Consolidated Statement of Comprehensive Income on page 36 of the annual report.

DIVIDENDS

The Board recommends the payment of a final dividend of HKD0.516 per Share for the Review Year to the Shareholders on the Company's register of members on 5 June 2015.

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB1,331,600,000 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 16 to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

During the Review Year, the Company has issued 5,758,000 Shares as a result of the exercise of Share Options granted pursuant to the 2005 Share Option Scheme and the Share Option Scheme. The total consideration received by the Company for such issue during the Review Year amounted to approximately HKD62,407,000.

Save as disclosed in the above, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of its Shares 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 39 of the annual report.

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB7,971 million as at 31 December 2014. 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 of the Company, 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 and the assets and liabilities of the Group for the last five financial years is set out on page 3 of the annual report. The summary do not constitute a part of the audited financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

For the Review Year, the largest customer accounted for approximately 8.8% of the Group's total revenue, and the five largest customers accounted for approximately 29.4% of the Group's total revenue.

The purchases for the Review Year attributable to the Group's largest supplier and five largest suppliers were approximately 2.4% and approximately 9.2% of the Group's total cost of goods sold respectively.

None of the Directors, their respective close associates or the existing shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital), has any interest 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 RMB1,172,000 (2013: approximately RMB2,088,000).

DIRECTORS

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

Executive Directors:
Chin Jong Hwa *(Chairman)*
Shi Jian Hui *(Chief Executive Officer)*
Zhao Feng
Kawaguchi Kiyoshi *(resigned on 29 May 2014)*
Bao Jian Ya *(appointed on 29 May 2014)*

Non-executive Directors:
Yu Zheng
He Dong Han

Independent Non-executive Directors:
Wang Ching
Zhang Liren
Wu Fred Fong

In accordance with Article 87 of the Articles, Dr. Wang, Mr. Zhang and Mr. Wu will retire from office, and all being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM of the Company 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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 13 to 16 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 2014, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transaction by Directors of Listed Issues ("Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

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

Name of Director	Name of Associated Corporation	Long/Short Position	Nature of Interest	Total Number of Shares	Percentage of the Company's Issued Share Capital as at 31 December 2014 (Note 1)
Chin Jong Hwa	Company	Long position	Interest of controlled corporation	442,990,000 (Note 2)	40.37%
Shi Jian Hui	Company	Long position	Beneficial owner	2,700,000 (Note 3)	0.25%
Zhao Feng	Company	Long position	Beneficial owner Interest of spouse	1,654,000 100,000 (Note 4)	0.15% 0.01%
Bao Jian Ya	Company	Long position	Beneficial owner	1,470,000 (Note 5)	0.13%
Yu Zheng	Company	Long position	Interest of spouse	200,000 (Note 6)	0.02%
He Dong Han	Company	Long position	Beneficial owner	1,000,000 (Note 7)	0.09%

Note 1: The percentage of the Company's issued share capital is based on the 1,097,447,000 issued share capital of the Company as at 31 December 2014.

Note 2: As at 31 December 2014, Linkfair was beneficially interested in 442,990,000 Shares. Linkfair is wholly-owned by Mr. Chin and he was therefore deemed to be interested in the entire 442,990,000 Shares held by Linkfair. Since Ms. Wei Ching Lien ("Ms. Wei") is the spouse of Mr. Chin, she was deemed to be interested in 442,990,000 shares in which Mr. Chin was deemed to be interested. Mr. Chin is also a director of Linkfair.

Note 3: This figure represents the aggregate number of 400,000 Shares held by Mr. Shi and 2,000,000 Share Options and 300,000 Share Options granted to Mr. Shi under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Mr. Shi will acquire an aggregate of 2,700,000 Shares.

Note 4: These figures represent the aggregate number of (i) 404,000 Shares held by and 1,000,000 Share Options and 250,000 Share Options granted to Mr. Zhao under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable and (ii) 100,000 Shares held by Ms. Zhu. Upon exercise of the Share Options, Mr. Zhao will acquire an aggregate of 1,654,000 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 aggregate number of 120,000 Shares held by Ms. Bao and 1,000,000 Share Options and 350,000 Share Options granted to Ms. Bao under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Ms. Bao will acquire an aggregate of 1,470,000 Shares. Ms. Bao was appointed as an executive Director on 29 May 2014.

Note 6: This figure represents the Shares held by Mr. Wei Wei. Since Ms. Zheng is the spouse of Mr. Wei Wei, she is deemed to be interested in the foresaid Shares in which Mr. Wei Wei is interested.

Note 7: This figure represents the aggregate number of Share Options granted to Mr. He under the 2005 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. He will acquire 1,000,000 Shares.

Other than as disclosed above, as at 31 December 2014, 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.

During the Review Year, the total number of Share Options the Company granted to the employees including the Directors amounted to 13,580,000 Share Options. As at the date of this report, the number of Share Options that could still be granted under the Share Option Scheme was 93,214,500, representing 8.48% of the 1,099,507,000 Shares in issue as at 24 March 2015, being the date of this report.

Details are as follows:

Name and category of participants	Outstanding as at 1 January 2014	Granted during the period	Exercised during the period (Note 7)	Lapsed during the period	Outstanding as at 31 December 2014	Date of Grant of the Share Options (Note 2)	Exercise Period of the Share Options (Note 3)	Exercise price of the Share Options (HKD) (Note 4)
	Number of Share Options (Note 1)							
Directors, chief executives, and substantial shareholders and their associates								
Mr. Shi Jian Hui	600,000	–	–	–	600,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	600,000	–	–	–	600,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	800,000	–	–	–	800,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
	–	90,000	–	–	90,000	16-1-2014	1-6-2014 to 31-5-2019	15.84
	–	90,000	–	–	90,000	16-1-2014	1-6-2015 to 31-5-2019	15.84
	–	120,000	–	–	120,000	16-1-2014	1-6-2016 to 31-5-2019	15.84
Mr. Zhao Feng	300,000	–	–	–	300,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	300,000	–	–	–	300,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	400,000	–	–	–	400,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
	–	75,000	–	–	75,000	16-1-2014	1-6-2014 to 31-5-2019	15.84
	–	75,000	–	–	75,000	16-1-2014	1-6-2015 to 31-5-2019	15.84
	–	100,000	–	–	100,000	16-1-2014	1-6-2016 to 31-5-2019	15.84
Mr. Kawaguchi Kiyoshi (Note 5)	150,000	–	–	–	150,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	150,000	–	–	–	150,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	200,000	–	–	–	200,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Ms. Bao Jian Ya (Note 6)	300,000	–	–	–	300,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	300,000	–	–	–	300,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	400,000	–	–	–	400,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
	–	105,000	–	–	105,000	16-1-2014	1-6-2014 to 31-5-2019	15.84
	–	105,000	–	–	105,000	16-1-2014	1-6-2015 to 31-5-2019	15.84
	–	140,000	–	–	140,000	16-1-2014	1-6-2016 to 31-5-2019	15.84
Mr. He Dong Han	300,000	–	–	–	300,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	300,000	–	–	–	300,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	400,000	–	–	–	400,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Subtotal	5,500,000	900,000	–	–	6,400,000			
Other Participants	7,055,000	–	1,689,500	69,000	5,296,500	10-6-2011	1-2-2012 to 12-11-2016	10.89
	7,055,000	–	1,689,500	69,000	5,296,500	10-6-2011	1-2-2013 to 12-11-2016	10.89
	11,212,000	–	2,210,000	230,000	8,772,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
	554,000	–	106,500	1,000	446,500	31-5-2012	30-5-2013 to 30-5-2017	9.13
	738,000	–	62,500	120,000	555,500	31-5-2012	30-5-2014 to 30-5-2017	9.13
	984,000	–	–	260,000	724,000	31-5-2012	30-5-2015 to 30-5-2017	9.13
	–	3,415,500	–	87,000	3,328,500	16-1-2014	1-6-2014 to 31-5-2019	15.84
	–	3,804,000	–	316,500	3,487,500	16-1-2014	1-6-2015 to 31-5-2019	15.84
	–	4,942,500	–	352,500	4,590,000	16-1-2014	1-6-2016 to 31-5-2019	15.84
	–	518,000	–	278,000	240,000	16-1-2014	1-6-2017 to 31-5-2019	15.84
Subtotal	27,598,000	12,680,000	5,758,000	1,783,000	32,737,000			
Total	33,098,000	13,580,000	5,758,000	1,783,000	39,137,000			

Note 1: Numbers of options granted either under the 2005 Share Option Scheme or under the Share Option Scheme are exercisable.

Note 2: The closing price of the Share 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.

Note 3: The option period for the Share Options granted on 10 June 2011 is for five years five months and two days and the exercise 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 exercise 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 exercise 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 exercise 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.

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

Note 5: Mr. Kawaguchi Kiyoshi resigned as an executive Director on 29 May 2014.

Note 6: Ms. Bao was appointed as an executive Director on 29 May 2014.

Note 7: The weighted average closing price of each Share immediately before the dates on which the Share Options were exercised during the Review Year was HKD15.71.

During the Review Year, 5,758,000 Share Options were exercised by grantees who are not Directors, and 1,783,000 Share Options lapsed due to the resignations of the grantees who are not Directors.

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

Particulars of the Company's Share Option Schemes are set out in note 38 to the consolidated financial statements.

DIRECTORS' RIGHTS IN PURCHASING SHARES OR DEBENTURE

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

MANAGEMENT CONTRACT

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

SUBSTANTIAL SHAREHOLDERS

(a) Interests in the Company

As at 31 December 2014, the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company, in the Shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Long/ Short Position	Number of Shares	Percentage of the Issued Shares (Note 1)
Wei Ching Lien	Interest of spouse	Long position	442,990,000 (Note 2)	40.37%
Linkfair Investments Limited	Beneficial owner	Long position	442,990,000 (Note 3)	40.37%
The Capital Group Companies, Inc.	Interest of controlled corporations	Long position	109,140,000 (Note 4)	9.94%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	87,452,000 (Note 5)	7.97%
Matthews International Capital Management, LLC	Investment manager	Long position	77,543,000	7.07%

Note 1: Percentages shown are that as recorded in the Section 352 SFO register kept by the Company. As at 31 December 2014, the total issued share capital of the Company was 1,097,447,000 Shares.

Note 2: As at 31 December 2014, Linkfair was beneficially interested in 442,990,000 Shares. Linkfair is wholly-owned by Mr. Chin and he was therefore deemed to be interested in the entire 442,990,000 Shares held by Linkfair. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei was deemed to be interested in the 442,990,000 Shares in which Mr. Chin was deemed to be interested. Mr. Chin is also a director of Linkfair.

Note 3: As at 31 December 2014, Linkfair, a company wholly-owned by Mr. Chin, was interested in 442,990,000 Shares.

Note 4: As at 31 December 2014, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, The Capital Group Companies, Inc. has 100% control over Capital Group International, Inc. (an entity which is deemed by the SFO to be interested in 86,974,000 Shares in aggregate that are directly held by the 4 entities 100% controlled by it, namely, Capital Guardian Trust Company (22,548,000 Shares), Capital International, Inc. (33,296,000 Shares), Capital International Limited (538,000 Shares) and Capital International Sarl (30,592,000 Shares)) and Capital Research and Management Company (an entity which is deemed by the SFO to be interested in 22,166,000 Shares).

Note 5: As at 31 December 2014, according to the information disclosed to the Company under Division 2 and 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.

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

As at 31 December 2014, the person (other than the Directors or the chief executives of the Company) who had interests or short positions in the Shares, underlying shares or debentures of other members of the Group as recorded in the register required to be kept under Section 336 of the SFO were as follows:

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%
TK MINTH MEXICO, S.A. DE C.V.	Tokai Kogyo Co., Ltd.	50%

Other than as disclosed above, as at 31 December 2014, the Company had not been notified 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), that were recorded in the register to be kept under Section 336 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, the following continuing connected transactions have been entered into by the Group. Save as disclosed herein, these transactions complied with Chapter 14A of the Listing Rules requirements in relation to reporting, announcement and/or independent shareholders' approval and the Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the following connected transactions:

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

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

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

The price of the products supplied under the Sale and Purchase Agreement shall be negotiated by the parties on an arm's length basis by reference to market conditions at the relevant time and if there is no market price for a particular product, an agreed price consisting of the cost incurred in supplying the product plus a reasonable profit. The Sale and Purchase Agreement was for a term from the date that the requisite approval of the Shareholders had been obtained to 31 December 2008 and was capable of automatic renewal for another term of three years unless either party gives three months' termination notice prior to the expiry of the term. The Sale and Purchase Agreement was renewed for a further three years up to and including 31 December 2011 as approved by the independent Shareholders at the extraordinary general meeting of the Company on 26 June 2008. Tianjin Shintai and Aisin Tianjin renewed the Sale and Purchase Agreement on 30 December 2011 for another three years up to and including 31 December 2014.

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

During the Review Year, the cumulative of sales to, and purchase from Aisin Group pursuant to the Sale and Purchase Agreement amounted to approximately RMB41,573,000 and approximately RMB33,649,000 respectively, which did not exceed the reported and announced annual caps of RMB150,000,000 and RMB150,000,000 on 30 December 2011.

(b) Entering into sale, purchase and technology services agreement with Tokai Kogyo Co., Ltd. ("Tokai Kogyo")

Cheerplan (China) Investments Co., Ltd., a wholly-owned subsidiary of the Company, entered into a joint venture agreement in September 2011 with Tokai Kogyo to establish Wuhan Tokai Minth Automotive Parts Co., Ltd. ("Wuhan Tokai"). As Tokai Kogyo holds 50% equity interest in Wuhan Tokai, a subsidiary of the Company, it became a connected person of the Company by virtue of its substantial shareholding in Wuhan Tokai. Tokai Kogyo and its subsidiaries and associates ("Tokai Kogyo Group") shall also become a connected person of the Company. Accordingly, the pre-existing and ongoing transactions between the Tokai Kogyo Group and the Group shall become continuing connected transactions for the Company under the Listing Rules.

The Group has, through its wholly-owned subsidiaries Guangzhou Minhui, Wuhan Minhui, Jiaxing Minhui and Ningbo Shintai, entered into four sale and purchase agreements ("Tokai Agreements") with Tokai Kogyo Group on 1 January 2011 respectively. The terms of Tokai Agreements are for two or three years. On 31 March 2014, Guangzhou Minhui and Guangzhou Tokai Minth Automotive Parts Co., Ltd renewed the sale and purchase agreement for a further three years up to and including 30 March 2017.

Further details of the agreements are set out in the Company's announcements dated 28 September 2011 and 31 March 2014.

During the Review Year, the cumulative sales to Tokai Kogyo Group and purchase from Tokai Kogyo Group by the Group pursuant to the Tokai Agreements amounted to approximately RMB47,391,000 and RMB12,832,000 respectively, which did not exceed the reported and announced annual caps of RMB150,000,000 and RMB170,000,000 on 31 March 2014.

The INEDs reviewed the continuing connected transactions set out herein and in note 40 to the consolidated financial statements, and confirmed that, during the year ended 31 December 2014, such transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms, or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The auditor of the Company also issued a letter in accordance with 14A.56 of the Listing Rules, confirming that, in respect of the relevant continuing connected transactions:

(i) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

(iii) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the relevant announcements of the Company in respect of each of the disclosed continuing connected transactions.

Further details of the transactions and relationships of the connected parties are also set out in note 40 to the consolidated financial statements.

REMUNERATION POLICY

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

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

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Schemes are set out on pages 26 to 28 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND COMPLIANCE WITH MODEL CODE

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

Under the Code provision E.1.2, the chairman of the board should attend the annual general meetings and invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Dr. Wang, Mr. Zhang and Mr. Wu, all being INEDs and chairmans of the Nomination Committee, Remuneration Committee and the Audit Committee, respectively, were invited to attend the 2014 annual general meeting (the "2014 AGM") to answer any question from the Shareholders concerning the Company's corporate governance. As provided for in the Code provision A.6.7, INDEs and other NEDs should attend the AGM and develop a balanced understanding of the views of Shareholders. One NED, Mr. He was unable to attend the 2014 AGM due to his business arrangements. Two INEDs, Mr. Zhang and Mr. Wu were unable to attend the 2014 AGM due to prior commitments.

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

MATERIAL LITIGATION AND ARBITRATION

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. As at the date of this report, certain court hearings had taken place for the purpose of progressing matters relating to the case. The High Court has directed that the case be set down for a 25 day trial but, as at the date of this report, no trial dates have yet been fixed. The Directors are of the opinion that the SFC petition does not have any significant impact on the consolidated financial statements of the Group for the Review Year.

PRE-EMPTIVE RIGHTS

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

AUDITOR

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

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

Hong Kong, 24 March 2015

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

We have audited the consolidated financial statements of Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 138, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Revenue	6	**6,683,880**	5,510,385
Cost of sales		**(4,598,673)**	(3,691,820)
Gross profit		**2,085,207**	1,818,565
Investment income	7	**124,041**	97,325
Other income	8	**172,352**	129,817
Other gains and losses	9	**60,460**	100,697
Distribution and selling expenses		**(202,836)**	(171,764)
Administrative expenses		**(567,445)**	(459,828)
Research expenditure		**(298,708)**	(259,782)
Interest on borrowings wholly repayable within five years		**(65,212)**	(63,172)
Share of profits of joint ventures	20	**6,105**	1,141
Share of profits of associates	21	**41,798**	32,203
Profit before tax		**1,355,762**	1,225,202
Income tax expense	10	**(202,834)**	(195,788)
Profit for the year	11	**1,152,928**	1,029,414
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation		**(4,950)**	–
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(10,886)**	(39,238)
Fair value gain (loss) on available-for-sale investments		**45,331**	(17,687)
Income tax relating to items that may be reclassified to profit or loss		**(6,800)**	2,653
Other comprehensive income (expense) for the year (net of tax)		**22,695**	(54,272)
Total comprehensive income for the year		**1,175,623**	975,142
Profit for the year attributable to:			
Owners of the Company		**1,117,605**	971,338
Non-controlling interests		**35,323**	58,076
		1,152,928	1,029,414
Total comprehensive income attributable to:			
Owners of the Company		**1,144,101**	921,709
Non-controlling interests		**31,522**	53,433
		1,175,623	975,142
Earnings per share	15		
Basic		**RMB1.021**	RMB0.896
Diluted		**RMB1.014**	RMB0.888

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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INTELLIGENCE IS ACTIONAL

At 31 December 2014

	NOTES	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	16	**3,449,009**	2,545,896
Prepaid lease payments	17	**610,932**	508,356
Goodwill	18	**46,407**	15,276
Other intangible assets	19	**41,563**	40,199
Interests in joint ventures	20	**89,386**	79,486
Interests in associates	21	**123,814**	117,290
Available-for-sale investments	22	**154,911**	172,447
Loan receivables	23	**11,736**	89,615
Deferred tax assets	24	**100,163**	78,208
		4,627,921	3,646,773
Current assets			
Prepaid lease payments	17	**14,900**	11,809
Inventories	25	**1,129,359**	928,173
Property under development	26	**132,670**	–
Loan receivables	23	**11,685**	51,882
Trade and other receivables	27	**2,061,424**	1,939,352
Derivative financial assets	28	**1,628**	8,702
Pledged bank deposits	29	**1,270,742**	786,746
Bank balances and cash	29	**3,594,209**	4,119,191
		8,216,617	7,845,855
Assets classified as held for sale	12	**6,532**	–
		8,223,149	7,845,855
Current liabilities			
Trade and other payables	30	**1,392,080**	1,201,345
Tax liabilities		**69,690**	106,552
Borrowings	31	**2,708,485**	2,385,330
Derivative financial liabilities	28	**19,869**	4,434
		4,190,124	3,697,661
Net current assets		**4,033,025**	4,148,194
Total assets less current liabilities		**8,660,946**	7,794,967

	NOTES	2014 RMB'000	2013 RMB'000
Capital and reserves			
Share capital	32	**110,801**	110,342
Share premium and reserves		**8,177,751**	7,346,410
Equity attributable to owners of the Company		**8,288,552**	7,456,752
Non-controlling interests	33	**256,919**	261,694
Total equity		**8,545,471**	7,718,446
Non-current liabilities			
Deferred tax liabilities	24	**92,533**	51,521
Borrowings	31	**–**	25,000
Retirement benefit obligation	39	**22,942**	–
		115,475	76,521
		8,660,946	7,794,967

The consolidated financial statements on pages 36 to 138 were approved and authorised for issue by the Board of Directors on 24 March 2015 and are signed on its behalf by:

Shi Jian Hui
DIRECTOR

Zhao Feng
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	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 2013	109,206	3,058,546	276,199	38,212	117,464	13,120	25,973	(62,588)	88,642	3,108,772	6,773,546	208,248	6,981,794
Profit for the year	–	–	–	–	–	–	–	–	–	971,338	971,338	58,076	1,029,414
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(34,595)	–	–	(34,595)	(4,643)	(39,238)
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	(17,687)	–	–	–	(17,687)	–	(17,687)
Income tax relating to components of other comprehensive income	–	–	–	–	–	–	2,653	–	–	–	2,653	–	2,653
Total comprehensive income for the year	–	–	–	–	–	–	(15,034)	(34,595)	–	971,338	921,709	53,433	975,142
Recognition of share-based payments	–	–	–	–	–	–	–	–	18,778	–	18,778	–	18,778
Transfer to reserve fund	–	–	–	–	9,672	–	–	–	–	(9,672)	–	–	–
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	1,942	–	–	–	–	(1,942)	–	–	–	–
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	27,766	27,766
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	(332,404)	(332,404)	–	(332,404)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(27,753)	(27,753)
Exercise of share options	1,136	91,271	–	–	–	–	–	–	(17,284)	–	75,123	–	75,123
At 31 December 2013	110,342	3,149,817	276,199	40,154	127,136	13,120	10,939	(97,183)	88,194	3,738,034	7,456,752	261,694	7,718,446
Profit for the year	–	–	–	–	–	–	–	–	–	1,117,605	1,117,605	35,323	1,152,928
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(7,085)	–	–	(7,085)	(3,801)	(10,886)
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	45,331	–	–	–	45,331	–	45,331
Income tax relating to components of other comprehensive income	–	–	–	–	–	–	(6,800)	–	–	–	(6,800)	–	(6,800)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	(4,950)	(4,950)	–	(4,950)
Total comprehensive income (expense) for the year	–	–	–	–	–	–	38,531	(7,085)	–	1,112,655	1,144,101	31,522	1,175,623

	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
Recognition of share-based payments	–	–	–	–	–	–	–	–	32,178	–	32,178	–	32,178
Transfer to reserve fund	–	–	–	–	15,946	–	–	–	–	(15,946)	–	–	–
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	1,305	–	–	–	–	(1,305)	–	–	–	–
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	15,376	15,376
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	(394,019)	(394,019)	–	(394,019)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(28,172)	(28,172)
Exercise of share options	459	65,269	–	–	–	–	–	–	(16,188)	–	49,540	–	49,540
Deemed disposal of a subsidiary (note 33)	–	–	–	–	–	–	–	–	–	–	–	(23,501)	(23,501)
At 31 December 2014	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

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

The other reserve of the Group consists of: (i) contributions from a shareholder, Mr. Chin Jong Hwa ("Mr. Chin"), in connection with the Group's acquisition of an associate from Mr. Chin pursuant to the group reorganisation, (ii) reserve arising from acquisition of additional interest in a subsidiary, (iii) revaluation reserve recognised upon acquisition of businesses from interests in joint ventures and (iv) reserve transferred from share options reserve for share options forfeited after the vesting 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 2014

	2014 RMB'000	2013 RMB'000
Operating activities		
Profit before tax	**1,355,762**	1,225,202
Adjustments for:		
Finance costs	**65,212**	63,172
Interest income	**(116,048)**	(91,032)
Dividends from available-for-sale investments	**(7,993)**	(6,293)
Share of profits of joint ventures	**(6,105)**	(1,141)
Share of profits of associates	**(41,798)**	(32,203)
Depreciation of property, plant and equipment	**250,113**	180,690
Amortisation of other intangible assets	**12,014**	11,286
Release of prepaid lease payments	**13,177**	11,779
Share-based payment expense	**32,178**	18,778
Gain on fair value changes of financial assets designated at financial assets at fair value through profit or loss ("FVTPL")	**(57,845)**	(56,561)
Loss (gain) on fair value changes of derivative financial instruments	**6,021**	(26,371)
Loss on disposal of property, plant and equipment	**324**	5,306
Gain on disposal of a joint venture	**(8,826)**	–
Gain on sale of available-for-sale financial assets	**(33,250)**	–
Allowance for obsolete inventories	**6,763**	12,288
Reversal of allowance for inventories	**(8,989)**	(5,690)
Allowance for trade and other receivables	**6,759**	4,845
Reversal of allowance for trade and other receivables	**(2,415)**	(3,396)
Net foreign exchange gains	**(12,718)**	(46,374)
Impairment loss recognised in respect of property, plant and equipment	**10,062**	708
Operating cash flows before movements in working capital	**1,462,398**	1,264,993
Increase in inventories	**(130,199)**	(236,833)
Decrease (increase) in trade and other receivables	**33,523**	(633,104)
Increase in property under development	**(132,670)**	–
Increase in trade and other payables	**12,279**	302,719
Cash generated from operations	**1,245,331**	697,775
Income taxes paid	**(213,955)**	(157,961)
Net cash from operating activities	**1,031,376**	539,814

	2014 RMB'000	2013 RMB'000
Investing activities		
Proceeds on redemption of other financial assets and derivative financial instruments	**11,880,998**	4,284,777
Interest received	**116,048**	90,019
Dividends received from associates	**26,462**	47,029
Dividends received from a joint venture	**–**	27,005
Dividends received from available-for-sale investments	**7,993**	6,293
Proceeds on disposal of available-for-sale investments	**96,117**	–
Refund of guarantee deposit for acquisition of land use rights	**–**	20,000
Refundable guarantee deposit paid for acquisition of land use rights	**(30,000)**	(5,000)
Proceeds on disposal of property, plant and equipment	**22,580**	6,993
Proceeds on disposal of other intangible assets	**331**	–
Proceeds on disposal of prepaid lease payment	**932**	–
Investment in other financial assets and derivative financial instruments	**(11,807,147)**	(4,179,036)
Purchases of property, plant and equipment	**(1,099,470)**	(816,855)
Placement of pledged bank deposits	**(488,253)**	(540,330)
Withdrawal of pledged bank deposits	**4,257**	38,644
Prepaid lease payments for land use rights	**(119,776)**	(63,660)
Net cash outflow arising on acquisition of a subsidiary (note 34)	**(43,927)**	(16,915)
Net cash outflow arising on deemed disposal of a subsidiary (note 35)	**(5,090)**	–
Consideration paid for acquisition of a subsidiary	**(4,372)**	–
Purchases of other intangible assets	**(6,535)**	(10,696)
Reduction of capital in an associate	**8,812**	–
Advances to a joint venture and a third party	**(12,496)**	(115,557)
Net cash used in investing activities	**(1,452,536)**	(1,227,289)
Financing activities		
Repayment of bank loans	**(1,695,368)**	(1,963,501)
New bank loans raised	**2,014,345**	2,965,300
Dividends paid to owners of the Company	**(394,019)**	(332,404)
Dividends paid to non-controlling interests	**(29,072)**	(26,853)
Interest paid	**(62,510)**	(57,367)
Proceeds from exercise of share options	**49,540**	75,123
Capital contributions from non-controlling interests	**15,376**	27,766
Net cash (used in) from financing activities	**(101,708)**	688,064
Net (decrease) increase in cash and cash equivalents	**(522,868)**	589
Cash and cash equivalents at beginning of the year	**4,119,191**	4,130,051
Effect of foreign exchange rate changes	**(2,114)**	(11,449)
Cash and cash equivalents at the end of the year	**3,594,209**	4,119,191
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**3,594,209**	4,119,191

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

The Company was incorporated under the Company Law of the Cayman Islands on 22 June 2005 and registered as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 December 2005. The Company acts as an investment holding company with its subsidiaries (the "Group") engaged in the design, 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, the immediate and ultimate holding company is Linkfair Investments Limited, a limited company incorporated in the British Virgin Islands on 7 January 2005.

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 and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

Except as disclosed below, the application of the amendments to HKFRSs and the interpretation 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.

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

The Group has applied the amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduced additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosure included the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by HKFRS 13 Fair Value Measurements.

In accordance with the amendments to HKAS 36, the Group has applied the new disclosure requirements. Disclosures of goodwill information are set in note 18.

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

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* (Continued)

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

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

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

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirement for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is archived 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 measured at 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 recognized in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In relation to the implementation 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 Directors of the Company anticipated that the adoption of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed. Changes in fair value of financial liabilities attributable to changes in credit risk of financial liabilities that are designated as at fair value through profit or loss are disclosed in note 5.

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

HKFRS 15 *Revenue from Contracts with Customers*

In May 2014, 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.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The Directors of the Company do not anticipate that the application of these amendments to HKAS 19 will have a material impact on the Group's consolidated financial statements.

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

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost
- In accordance with HKFRS 9 Financial Instruments (or HKAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted HKFRS 9)
- Using the equity method as described in HKAS 28 Investments in Associates and Joint Ventures.

The accounting option must be applied by category of investments.

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements* and to HKFRS 1 *First time Adoption of Hong Kong Financial Reporting Standards*.

The Directors of the Company do not anticipate that the application of these amendments to HKAS 27 will have a material impact on the Group's consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.
- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.
- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

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

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Continued)

Amendment to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors of the Company do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definition of 'vesting condition' and 'market condition'; and (ii) add definition for 'performance condition' and 'service condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristic'; and (ii) clarify that a reconciliation of the total of reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

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

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, the one that is relevant to the Group is summarised below:

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The Directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 and by the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation

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, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost 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.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Group as Lessor

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

The Group as Lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables, financial assets at fair value through profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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 5.

Loans and receivables

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets

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

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

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

Impairment of financial assets

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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.

Other Financial liabilities

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

Equity instruments

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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 38. 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 of the Company assess impairment whenever events or changes in circumstances and technical innovation of automobile products indicate that the carrying amount of an asset may not be recoverable. As at 31 December 2014, the carrying amount of the Group's property, plant and equipment is approximately RMB3,449,009,000 (net of accumulated impairment loss of RMB19,017,000) (31 December 2013: carrying amount of RMB2,545,896,000, net of accumulated impairment loss of RMB13,819,000).

Impairment of loan receivables

Impairment loss for loan receivables is recognised when there is objective evidence that the recoverability of the receivables becomes doubtful. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of loan receivables is RMB23,421,000 (31 December 2013: RMB141,497,000). The Directors are of the opinion that the loan receivables are still recoverable and no impairment is considered necessary at the end of each reporting period.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade receivable is RMB1,595,615,000 (net of allowance for doubtful debts of RMB11,000,000) (31 December 2013: carrying amount of RMB1,483,888,000, net of allowance for doubtful debts of RMB10,557,000).

Allowances for inventories

The management of the Group reviews the aging of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or saleable in the market. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete items. As at 31 December 2014, the carrying amount of inventories is RMB1,129,359,000 (net of allowance for inventories of RMB9,869,000) (31 December 2013: carrying amount of RMB928,173,000, net of allowance for inventories of RMB16,180,000).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 2014, the fair values of available-for-sale investments, derivative financial assets and derivative financial liabilities were estimated to be RMB154,911,000 (2013: RMB172,447,000), RMB1,628,000 (2013: RMB8,702,000) and RMB19,869,000 (2013: RMB4,434,000), respectively.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 **RMB'000**	2013 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**6,623,540**	6,705,172
Available-for-sale investments	**154,911**	172,447
Derivative financial assets	**1,628**	8,702
Financial liabilities:		
Amortised cost	**3,845,914**	3,593,759
Derivative financial liabilities	**19,869**	4,434

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

Market risk

(i) Currency risk

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

(1) The Company and certain subsidiaries have bank balances denominated in foreign currencies.

(2) Certain subsidiaries of the Group also have foreign currency sales and purchases and certain trade receivables and payables of these subsidiaries are denominated in foreign currencies.

(3) The Company and certain subsidiaries also have borrowings denominated in foreign currencies.

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**	
	2014 RMB'000	2013 RMB'000	**2014 RMB'000**	2013 RMB'000
United States Dollars ("US$")	**2,168,051**	1,031,708	**331,119**	564,069
EURO ("EUR")	**76,715**	100,422	**61,677**	53,940
Japanese Yen ("JPY")	**65,564**	66,277	**7,614**	7,263
Hong Kong Dollars ("HK$")	**167,338**	585,252	**509,827**	13,203
	2,477,668	1,783,659	**910,237**	638,475

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% (2013: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2013: 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% (2013: 5%) change in foreign currency rates; (ii) outstanding foreign currency forward contracts and adjusts for a 5% (2013: 5%) change in foreign currency rates at the year end; and (iii) outstanding swap derivative contracts and adjusts for a 5% (2013: 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% (2013: 5%) against the relevant currency while a negative number indicates a decrease in post-tax profit.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

	2014 RMB'000	2013 RMB'000
If RMB strengthens against US$	101,622	24,750
If RMB weakens against US$	(101,622)	(24,750)
If RMB strengthens against EUR	639	1,952
If RMB weakens against EUR	(639)	(1,952)
If RMB strengthens against JPY	2,464	2,479
If RMB weakens against JPY	(2,464)	(2,479)
If RMB strengthens against HK$	20,355	24,032
If RMB weakens against HK$	(20,355)	(24,032)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables and bank borrowings (see notes 23 and 31).

The Group is also exposed to cash flow interest rate risk in relation to bank balances and borrowings (see notes 29 and 31).

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 (2013: 10 basis point) increase or decrease in interest rates on variable-rate bank balances and a 50 basis point (2013: 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.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If interest rates on variable-rate bank balances had been 10 basis point (2013: 10 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease approximately by RMB1,489,000 (2013: increase/decrease approximately by RMB2,645,000). If interest rates on variable-rate borrowings had been 50 basis point (2013: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase approximately by RMB11,241,000 (2013: decrease/increase approximately by RMB9,705,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and borrowings.

(iii) Price risk

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If the prices of the respective equity instruments had been 5% (2013: 5%) higher, other comprehensive income (net of tax) would increase by RMB6,584,000 (2013: RMB7,329,000) as a result of the changes in fair value of available-for-sale investments. If the prices of the equity instruments had been 5% (2013: 5%) lower, other comprehensive income (net of tax) would decrease by the same amount.

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

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

The Group has concentration of credit risk on trade receivables and loan receivables. At 31 December 2014, the Group's ten largest customers accounted for approximately 41% (31 December 2013: 38%) of the total trade receivables. As at 31 December 2014, 57% of the Group's loan receivables were due from a supplier of the Group (2013: 92% from one joint venture of the Group).

The management of the Group has 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 receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any. In these regards, the Directors consider that the credit risk of the Group has been significantly reduced.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk (Continued)

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 76% (2013: 77%) of the total trade receivables as at 31 December 2014.

Liquidity risk

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

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

Liquidity tables

	Weighted average interest rate %	Repayable on demand or less than three months RMB'000	Three months to six months RMB'000	Six months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2014							
Non-derivative financial liabilities							
Trade and other payables	–	1,137,429	–	–	–	1,137,429	1,137,429
Borrowings	2.18	2,094,443	581,297	43,419	–	2,719,159	2,708,485
		3,231,872	581,297	43,419	–	3,856,588	3,845,914
Derivatives-net settlement	–						
Foreign currency forward contracts							
– net inflow		–	(1,144)	(246)	(238)	(1,628)	(1,628)
– net outflow		1,105	626	2,413	63	4,207	4,207
Swap derivative contracts							
– net outflow		163	–	3,174	12,325	15,662	15,662
		1,268	(518)	5,341	12,150	18,241	18,241

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

Liquidity tables (Continued)

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

Bank loans with a repayment on demand clause are included in the "repayable on demand" time band in the above maturity analysis. As at 31 December 2014, there was no loan balance with such clause (2013: undiscounted principal amounts of bank loans with such clause amounted to RMB235,860,000 and the aggregate principal and interest cash outflows would amount to RMB242,889,000).

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

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

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

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

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

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

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

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

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

Financial assets/ financial liabilities	Fair value as at 31/12/14	Fair value as at 31/12/13	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 – Assets – RMB154,911,000	Listed equity securities on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB172,447,000	Level 1	Quoted bid prices in an active market.
2) Foreign currency forward contracts classified as derivative financial assets and liabilities in the consolidated statement of financial position	Assets – RMB1,628,000 Liabilities – RMB4,207,000	Assets – RMB8,602,000	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.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

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

Financial assets/ financial liabilities	Fair value as at 31/12/14	Fair value as at 31/12/13	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
3) Swap derivative contracts classified as derivative financial liabilities in the consolidated statement of financial position	Liabilities – RMB15,662,000	Assets – RMB100,000; and Liabilities – RMB3,717,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward exchange rates as determined by the actual exchange rates on each maturity date, discounted at a rate that reflects the credit risk of various counterparties.
4) Interest rate swaps Classified as derivative financial liabilities in the consolidated statement of financial position	Nil	Liabilities RMB717,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

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

(d) Capital risk management

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

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 31 net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

6. SEGMENT INFORMATION

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

Segment revenues and results

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

For the year ended 31 December 2014

	The PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
Revenue					
External sales	4,129,852	1,506,002	608,403	439,623	6,683,880
Segment profit	1,246,080	456,752	244,250	133,781	2,080,863
Investment income					124,041
Other unallocated income, gains and losses					232,812
Unallocated expenses					(1,064,645)
Interest on borrowings wholly repayable within five years					(65,212)
Share of profits of joint ventures					6,105
Share of profits of associates					41,798
Profit before tax					1,355,762
Income tax expense					(202,834)
Profit for the year					1,152,928

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2013

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

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

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

Segment assets

	2014		2013	
	RMB'000	%	RMB'000	%
Trade and bill receivables				
The PRC	1,249,209	9.7	1,235,867	10.7
Asia Pacific	42,131	0.3	83,250	0.7
North America	221,683	1.7	172,205	1.5
Europe	124,121	1.0	111,221	1.0
Trade and bill receivables total	1,637,144	12.7	1,602,543	13.9
Unallocated assets	11,213,926	87.3	9,890,085	86.1
Total assets	12,851,070	100.0	11,492,628	100.0

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

Revenue from major product

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

Geographical information

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

	Non-current assets	
	2014	2013
	RMB'000	RMB'000
The PRC	3,684,196	2,752,650
Other countries	676,915	553,853
	4,361,111	3,306,503

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

6. SEGMENT INFORMATION (CONTINUED)

Information about major customer

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

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Customer A	**584,962**	578,630

The customer above is located in the PRC. No other single customers contributed 10% or more to the Group's revenue for both 2014 and 2013.

7. INVESTMENT INCOME

	2014	2013
	RMB'000	RMB'000
Interest on bank deposits	**114,171**	89,950
Interest on loan receivables	**1,877**	1,082
Dividends from listed equity securities	**7,993**	6,293
Total investment income	**124,041**	97,325

8. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Government grants (note)	**109,573**	54,598
Service and consultation income	**16,363**	26,274
Sales of scrap and raw materials	**25,425**	29,544
Rental income	**8,145**	7,600
Others	**12,846**	11,801
Total	**172,352**	129,817

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.

9. OTHER GAINS AND LOSSES

	2014 RMB'000	2013 RMB'000
Net foreign exchange (loss) gain	**(18,710)**	25,228
Allowance for trade and other receivables (note 27)	**(6,759)**	(4,845)
Reversal of allowance for trade and other receivables (note 27)	**2,415**	3,396
Impairment for property, plant and equipment (note 16)	**(10,062)**	(708)
Loss on disposal of property, plant and equipment	**(324)**	(5,306)
(Loss) gain on changes in fair value of derivative financial instruments	**(6,021)**	26,371
Gain on fair value changes of financial assets designated as at FVTPL	**57,845**	56,561
Cumulative gain reclassified from equity on disposal of available-for-sale investments	**33,250**	–
Gain on deemed disposal of equity interest in a former joint venture (note 34)	**8,826**	–
Total	**60,460**	100,697

10. INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
Current tax:		
PRC Enterprise Income Tax	209,023	211,352
Other jurisdictions	93	842
Withholding tax paid	5,254	11,389
	214,370	223,583
Over provision in prior years:		
PRC Enterprise Income Tax	(33,681)	(12,841)
Other jurisdictions	(2,853)	(7)
	(36,534)	(12,848)
Deferred tax (note 24)		
Current year charge (credit)	24,998	(14,876)
Attributable to a change in tax rate	–	(71)
	24,998	(14,947)
	202,834	195,788

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

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

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

10. INCOME TAX EXPENSE (CONTINUED)

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

(1) 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” would enjoy a preferential tax rate of 15% under the EIT Law and be subject to renewal each year or every three years.

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

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

10. INCOME TAX EXPENSE (CONTINUED)

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

	2014 RMB'000	2014 %	2013 RMB'000	2013 %
Profit before tax	**1,355,762**		1,225,202	
Tax at the applicable income tax rate of 25%	**338,941**	**25.0**	306,301	25.0
Tax effect of share of profits of associates and joint ventures	**(11,976)**	**(0.9)**	(8,336)	(0.7)
Tax effect of expenses not deductible for tax purpose	**2,827**	**0.2**	6,436	0.5
Tax effect of tax losses not recognised as deferred tax assets	**34,637**	**2.6**	17,820	1.5
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	**(6,070)**	**(0.4)**	(4,540)	(0.4)
Effect of tax concessions granted to the PRC subsidiaries	**(107,534)**	**(7.9)**	(119,514)	(9.7)
Withholding tax provision on the profits of PRC subsidiaries	**15,576**	**1.1**	17,112	1.4
Tax effect of different tax rates of subsidiaries	**(23,224)**	**(1.7)**	(11,922)	(1.0)
Deferred tax charged at different tax rates	**(3,809)**	**(0.3)**	5,350	0.4
Increase in opening deferred tax assets resulting from an increase in applicable tax rate	**–**	**–**	(71)	–
Over provision in respect of prior years	**(36,534)**	**(2.7)**	(12,848)	(1.0)
Tax charge and effective tax rate for the year	**202,834**	**15.0**	195,788	16.0

11. PROFIT FOR THE YEAR

	2014 RMB'000	2013 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories as recognised (note i)	**4,598,673**	3,691,820
Directors' remuneration (note 13)	**7,032**	7,477
Other staff's retirement benefits scheme contributions	**48,419**	34,964
Other staff's share-based payments	**30,423**	16,486
Other staff costs	**1,080,627**	808,184
Total staff costs	**1,166,501**	867,111
Less: Staff costs included in research expenditure	**(182,108)**	(154,572)
	984,393	712,539
Auditors' remuneration	**7,962**	6,597
Depreciation for property, plant and equipment	**250,113**	180,690
Less: Depreciation included in research expenditure	**(11,710)**	(11,395)
	238,403	169,295
Amortisation of other intangible assets	**12,014**	11,286
Release of prepaid lease payments	**13,177**	11,779
Operating lease rentals of buildings	**36,926**	37,846
Research expenditure (note ii)	**298,708**	259,782
Rental income	**(14,898)**	(10,850)
Less: Outgoings	**6,753**	3,250
	(8,145)	(7,600)

Notes:

(i) Included in this amount is the reversal of allowance for inventories amounting to RMB2,226,000 (2013: RMB6,598,000 allowance for inventories).

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

12. ASSETS CLASSIFIED AS HELD FOR SALE

	2014 RMB'000	2013 RMB'000
Real property	**6,532**	–

The Group intends to dispose of certain parcels of real property with office/industrial buildings, plant and machinery and other improvements thereon situated in the USA, which it no longer uses in the next 12 months. An agreement has been signed with the buyer during the year. The accumulated depreciation of the real property, plant and machinery is RMB37,631,000 upon reclassification. An impairment loss of RMB4,548,000 was recognised on reclassification of the non-current assets as held for sale at 31 December 2014 to reduce the carrying amounts of those assets to the expected fair value (based on the agreed price set out in the agreement) less costs to sell.

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

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to each of the nine (2013: nine) directors and the Chief Executive, of which one (2013: none) resigned 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
2014					
Executive directors:					
Chin Jong Hwa ("Mr. Chin")	–	–	–	–	–
Shi Jian Hui ("Mr. Shi") (note i)	–	2,060	777	4	2,841
Zhao Feng	–	1,211	622	7	1,840
Bao Jian Ya (Appointed on 29 May 2014)	–	743	298	2	1,043
Kawaguchi Kiyoshi (Resigned on 29 May 2014)	–	576	19	–	595
	–	4,590	1,716	13	6,319
Non-executive directors:					
Yu Zheng	155	–	–	–	155
He Dong Han	129	–	39	–	168
	284	–	39	–	323
Independent non-executive directors:					
Wang Ching	130	–	–	–	130
Zhang Liren	130	–	–	–	130
Wu Fred Fong	130	–	–	–	130
	390	–	–	–	390

13. 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
2013					
Executive directors:					
Mr. Chin	–	–	–	–	–
Mr. Shi (note i)	–	1,967	1,019	3	2,989
Zhao Feng	–	1,130	509	7	1,646
Kawaguchi Kiyoshi	–	1,454	255	–	1,709
	–	4,551	1,783	10	6,344
Non-executive directors:					
Yu Zheng	144	–	–	–	144
He Dong Han	120	–	509	–	629
	264	–	509	–	773
Independent non-executive directors:					
Wang Ching	120	–	–	–	120
Zhang Liren	120	–	–	–	120
Wu Fred Fong	120	–	–	–	120
	360	–	–	–	360

Note:

(i) Mr. Shi is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

During the year ended 31 December 2014, one director waived emoluments of RMB600,000 (2013: one director waived emoluments of RMB600,000).

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

(b) Employees' emoluments

During the year, of the five highest paid individuals, three (2013: two) were directors and the Chief Executive of the Company whose emoluments are set out above. The emoluments of the remaining two (2013: three) 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
2014	**7,086**	**3,761**	**5**	**10,852**
2013	7,939	1,131	1	9,071

Their emoluments were within the following bands:

	2014 No. of employees	2013 No. of employees
HK$2,000,001 to HK$2,500,000	**2**	2
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	1
HK$6,000,001 to HK$6,500,000	**–**	1
HK$6,500,001 to HK$7,000,000	**2**	–

14. DIVIDENDS

	2014 RMB'000	2013 RMB'000
Dividends recognised as distribution during the year:		
2013 Final – HK$0.453 (2013: 2012 final dividend HK$0.385) per share	**394,019**	332,404

In the annual general meeting held on 29 May 2014, a final dividend of HK$0.453 (2013: HK$0.385) per share in respect of the year ended 31 December 2013 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.516 per share for the year ended 31 December 2014 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting to be held on 28 May 2015.

15. 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:

	2014 **RMB'000**	2013 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,117,605**	971,338

	2014 **'000**	2013 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,094,154**	1,083,996
Effect of dilutive potential ordinary shares:		
Options (note)	**8,391**	9,842
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,102,545**	1,093,838

Note: Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share for the year ended 31 December 2014 as they did not have dilutive effect on the Company's earnings per share because the exercise prices of these options were higher than the average market prices of the Company's shares during 2014.

16. 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 2013	108,882	683,314	156,028	46,725	28,022	1,205,457	369,877	2,598,305
Exchange adjustments	(12,972)	(13,072)	(2,073)	(66)	(182)	(5,291)	(2,014)	(35,670)
Additions	1,226	42,703	38,132	6,126	3,532	130,707	602,515	824,941
Arising on acquisition of a subsidiary	1,978	16,037	908	–	–	37,135	–	56,058
Disposals	–	(12,567)	(8,340)	(3,241)	(896)	(28,589)	(50)	(53,683)
Transfers	–	218,134	11,263	2,164	749	158,968	(391,278)	–
At 31 December 2013	99,114	934,549	195,918	51,708	31,225	1,498,387	579,050	3,389,951
Exchange adjustments	(2,784)	(11,130)	(436)	12	(66)	(11,935)	1,680	(24,659)
Additions	19,456	21,688	33,496	7,259	3,787	229,823	811,396	1,126,905
Arising on acquisition of a subsidiary (note 34)	4,463	53,615	3,837	–	27	48,701	1,711	112,354
Disposals	–	(10,361)	(7,741)	(1,117)	(4,230)	(22,896)	(4,996)	(51,341)
Reclassify as held for sale	(3,304)	(14,013)	(3,294)	–	–	(28,100)	–	(48,711)
Derecognised on disposal of a subsidiary (note 35)	–	–	(1,322)	(782)	(376)	(24,467)	(5,208)	(32,155)
Transfers	–	332,257	17,025	11,701	547	252,795	(614,325)	–
At 31 December 2014	116,945	1,306,605	237,483	68,781	30,914	1,942,308	769,308	4,472,344
DEPRECIATION AND IMPAIRMENT								
At 1 January 2013	–	152,631	78,784	19,822	15,891	441,706	–	708,834
Exchange adjustments	–	(2,763)	(813)	(6)	(144)	(1,067)	–	(4,793)
Provided for the year	–	33,940	23,641	7,443	2,711	112,955	–	180,690
Impairment loss recognised in profit or loss	–	–	–	–	–	708	–	708
Eliminated on disposals	–	(2,917)	(7,168)	(2,519)	(592)	(28,188)	–	(41,384)
At 31 December 2013	–	180,891	94,444	24,740	17,866	526,114	–	844,055
Exchange adjustments	–	(1,808)	(202)	(38)	(50)	(2,049)	–	(4,147)
Provided for the year	–	53,088	38,042	7,459	3,165	148,359	–	250,113
Impairment loss recognised in profit or loss (note)	–	4,548	–	–	–	5,432	82	10,062
Reclassify as held for sale	–	(10,785)	(3,294)	–	–	(28,100)	–	(42,179)
Eliminated on disposal of a subsidiary (note 35)	–	–	(991)	(242)	(133)	(4,766)	–	(6,132)
Eliminated on disposals	–	(4,404)	(3,832)	(1,100)	(3,325)	(15,776)	–	(28,437)
At 31 December 2014	–	221,530	124,167	30,819	17,523	629,214	82	1,023,335
CARRYING AMOUNT								
At 31 December 2014	116,945	1,085,075	113,316	37,962	13,391	1,313,094	769,226	3,449,009
At 31 December 2013	99,114	753,658	101,474	26,968	13,359	972,273	579,050	2,545,896

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

The Group has pledged freehold land and buildings having a net book value of approximately RMB37,672,000 (31 December 2013: RMB18,514,000) to secure general banking facilities granted to certain group entities.

Note: An impairment loss amounting to RMB10,062,000 (2013: RMB708,000) has been recognised in respect of certain equipment and building to the extent that the carrying amount exceeded the recoverable amount based on the best estimate by the management in the current year.

17. PREPAID LEASE PAYMENTS

	2014 RMB'000	2013 RMB'000
Prepaid lease payments	**625,832**	520,165
Analysed for reporting purposes as:		
Current assets	**14,900**	11,809
Non-current assets	**610,932**	508,356
	625,832	520,165

Included in prepaid lease payments are land use rights located in the PRC with carrying amount of RMB30,705,000 (2013: RMB28,454,000) 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.

18. GOODWILL

	2014 **RMB'000**	2013 RMB'000
Cost and carrying amount		
Balance at beginning of year	**15,276**	15,276
Arising from acquisition of PTI (note 34)	**31,131**	–
Balance at end of year	**46,407**	15,276

The goodwill held by the Group as at 31 December 2014 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 in 2007. During the year ended 31 December 2007, Jiaxing Minrong became a branch of a principal subsidiary of the Group; and (2) the acquisition of a subsidiary, Plastic Trim International, Inc. ("PTI") during the year end 31 December 2014, whose details are disclosed in note 34.

Impairment test on goodwill

(i) Jiaxing Minrong

As at 31 December 2014, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (2013: RMB15,276,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period with appropriate discount rates. Growth rate beyond the five-year period is assumed to be zero.

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

(ii) PTI

As at 31 December 2014, the carrying amount of goodwill allocated to the cash-generating unit of moulding and extrusion manufacturing of PTI is RMB31,131,000 (2013: nil). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period with appropriate discount rates. Growth rate beyond the five-year period is assumed to be zero.

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

19. OTHER INTANGIBLE ASSETS

	Patent	Technical know-how and trademark	Total
	RMB'000	RMB'000	RMB'000
COST			
At 1 January 2013	1,621	95,974	97,595
Additions	–	10,696	10,696
Acquired on acquisition of a subsidiary	–	7,550	7,550
At 31 December 2013	1,621	114,220	115,841
Additions	–	6,535	6,535
Acquired on acquisition of a subsidiary (note 34)	–	8,645	8,645
Disposals	–	(350)	(350)
Exchange Adjustments	–	(1,471)	(1,471)
At 31 December 2014	1,621	127,579	129,200
AMORTISATION			
At 1 January 2013	1,621	62,735	64,356
Charge for the year	–	11,286	11,286
At 31 December 2013	1,621	74,021	75,642
Charge for the year	–	12,014	12,014
Eliminated on disposal	–	(19)	(19)
At 31 December 2014	1,621	86,016	87,637
CARRYING VALUES			
At 31 December 2014	–	41,563	41,563
At 31 December 2013	–	40,199	40,199

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.

20. INTERESTS IN JOINT VENTURES

	2014 RMB'000	2013 RMB'000
Cost of unlisted investments in joint ventures	**32,263**	78,150
Share of post-acquisition profits, net of dividends received	**57,123**	7,837
Exchange difference	**–**	(6,501)
	89,386	79,486

As at 31 December 2014 and 2013, the Group had interests in the following joint ventures:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group 2014 %	Attributable equity interest of the Group 2013 %	Paid-in capital	Principal activities
PTI	USA	**N/A** (note i)	49.82	US$16,700,000	Manufacture of plastic injection moulds and extrusion
Jiaxing Dura Minth Automotive Parts Co., Ltd. ("Jiaxing Dura")	the PRC	**49**	49	US$5,000,000	Manufacture of automotive parts
Wuhan Minth Nojima Automotive Parts Co., Ltd. ("Wuhan Minth Nojima")	the PRC	**50** (note ii)	N/A	US$4,700,000	Design, manufacture, develop and sales of automobile body parts

Notes:

(i) PTI became a wholly-owned subsidiary of the Company during the current year upon the completion of the acquisition of its additional interest as disclosed in note 34.

(ii) Wuhan Minth Nojima was previously a subsidiary of the Company. During the year, the Company lost the control over Wuhan Minth Nojima and it became a joint venture of the Company as disclosed in note 35.

20. INTERESTS IN JOINT VENTURES (CONTINUED)

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

Jiaxing Dura

	2014 RMB'000	2013 RMB'000
Current assets	**118,750**	123,215
Non-current assets	**50,985**	30,809
Current liabilities	**35,348**	50,177
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**72,217**	75,318
Current financial liabilities (excluding trade and other payables and provisions)	**–**	–

	For the year ended 31 December 2014 RMB'000	For the year ended 31 December 2013 RMB'000
Revenue	**199,371**	204,722
Profit for the year	**30,541**	31,074
Dividend received from the joint venture	**–**	21,771
The above profit for the year include the following:		
Depreciation and amortisation	**5,144**	3,756
Interest income	**291**	1,036
Interest expense	**–**	–
Income tax expense	**9,069**	10,262

20. INTERESTS IN JOINT VENTURES (CONTINUED)

Jiaxing Dura (Continued)

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

	2014 RMB'000	2013 RMB'000
Net assets of Jiaxing Dura	134,387	103,847
Proportion of the Group's ownership interest in Jiaxing Dura	49%	49%
Carrying amount of the Group's interest in Jiaxing Dura	65,849	50,885

Information of the joint venture that is not material

	2014 RMB'000	2013 RMB'000
The Group's share of loss	(8,865)	(14,085)
Carrying amount of the Group's interests in the joint venture	23,537	28,601

21. INTERESTS IN ASSOCIATES

	2014 RMB'000	2013 RMB'000
Cost of unlisted investments in associates	**55,142**	63,847
Share of post-acquisition profits, net of dividends received	**68,672**	53,443
	123,814	117,290

As at 31 December 2014 and 2013, 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 2014	Paid-in capital 2013	Principal activities
Ningbo Tokai Minth Automotive Parts Co., Ltd.	the PRC	48%	**US$1,800,000**	US$4,800,000	Manufacture of automotive parts
Guangzhou Tokai Minth Automotive Parts Co., Ltd. ("Guangzhou Tokai Minth")	the PRC	49%	**US$8,000,000**	US$8,000,000	Manufacture of automotive parts
Jiaxing TAB-MINTH Mobility Equipment Co., Ltd.	the PRC	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%	**US$7,500,000**	US$7,500,000	Manufacture and sales of exhaust systems for automobiles

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.

21. INTERESTS IN ASSOCIATES (CONTINUED)

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

Guangzhou Tokai Minth

	2014 RMB'000	2013 RMB'000
Current assets	**163,496**	193,897
Non-current assets	**44,310**	39,719
Current liabilities	**43,322**	92,117

	For the year ended 31 December 2014 RMB'000	For the year ended 31 December 2013 RMB'000
Revenue	**240,297**	221,228
Profit for the year	**72,497**	57,596
Dividends received from the associate during the year	**24,277**	32,628

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

	2014 RMB'000	2013 RMB'000
Net assets of the associate	**164,484**	141,499
Proportion of the Group's ownership interest in the associate	**49%**	49%
Carrying amount of the Group's interest in the associate	**80,649**	69,379

21. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2014 RMB'000	2013 RMB'000
The Group's share of profit	**6,252**	3,963
Aggregate carrying amount of the Group's interests in these associates	**43,165**	47,911

22. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2014 RMB'000	2013 RMB'000
Listed investments:		
– Equity securities listed in the PRC	**154,911**	172,447

23. LOAN RECEIVABLES

	Maturity date	Effective interest rate per annum	Carrying amount 2014 RMB'000	Carrying amount 2013 RMB'000
Variable-rate loan receivables from a former joint venture	31 August 2014 (note a)	the United States Prime Rate-0.5%	–	26,603
Variable-rate loan receivables from a former joint venture	26 September 2014 (note a)	the United States Prime Rate-0.5%	–	103,969
Fixed-rate loan receivables from a former subsidiary	26 October 2015 (note c)	5.54%	**10,015**	–
Fixed-rate loan receivables from a supplier	26 December 2014 to 26 December 2020 (note b)	6.15% to 6.60%	**13,406**	10,925
			23,421	141,497
Analysed for reporting purposes as				
Current assets			**11,685**	51,882
Non-current assets			**11,736**	89,615
			23,421	141,497

Notes:

(a) The amounts were eliminated upon the completion of the acquisition of additional interest in the former joint venture, which became a wholly-owned subsidiary of the Company during the current year as disclosed in note 34.

(b) The amounts represented a number of entrusted loans granted to a supplier through a bank at fixed rates ranging from 6.15% to 6.60% per annum with various maturities.

(c) The amount represents a loan to a former subsidiary which has become a joint venture of the Company this year as disclosed in note 35. The loan carries an interest rate of 5.54% per annum with maturity date on 26 October 2015.

24. 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	Available-for-sale financial assets RMB'000	Tax loss carry forwards RMB'000	Defined benefit obligation RMB'000	Total RMB'000
At 1 January 2013	2,179	2,373	2,168	26,745	17,977	–	–	–	51,442
(Charge) credit to profit or loss	(139)	227	(44)	14,102	9,567	–	–	–	23,713
Charge to other comprehensive income for the year	–	–	–	–	–	59	–	–	59
Arising on acquisition of a subsidiary	–	–	–	–	2,791	–	–	–	2,791
Effect of change in tax rate	–	–	–	71	–	–	–	–	71
Exchange adjustment	–	–	–	–	132	–	–	–	132
At 31 December 2013	2,040	2,600	2,124	40,918	30,467	59	–	–	78,208
Credit (charge) to profit or loss	202	(988)	2,092	5,641	(12,018)	–	(1,081)	–	(6,152)
Credit to other comprehensive income for the year	–	–	–	–	–	(59)	–	3,300	3,241
Arising on acquisition of a subsidiary (note 34)	343	1,528	8,467	–	–	–	11,095	4,156	25,589
Arising on disposal of a subsidiary (note 35)	–	–	–	(508)	–	–	–	–	(508)
Exchange adjustment	–	–	–	–	(215)	–	–	–	(215)
At 31 December 2014	2,585	3,140	12,683	46,051	18,234	–	10,014	7,456	100,163

24. 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 2013	(4,511)	(1,221)	(29,194)	(4,583)	(39,509)
(Charge) credit to profit or loss	(3,526)	412	(5,723)	–	(8,837)
Arising on acquisition of a subsidiary	(2,782)	(2,747)	–	–	(5,529)
Exchange adjustments	(126)	(114)	–	–	(240)
Credit to other comprehensive income for the year	–	–	–	2,594	2,594
At 31 December 2013	(10,945)	(3,670)	(34,917)	(1,989)	(51,521)
(Charge) credit to profit or loss	(8,523)	–	(10,323)	–	(18,846)
Arising on acquisition of a subsidiary (note 34)	–	(16,237)	–	–	(16,237)
Charge to other comprehensive income for the year	–	–	–	(6,741)	(6,741)
Exchange adjustments	317	495	–	–	812
At 31 December 2014	(19,151)	(19,412)	(45,240)	(8,730)	(92,533)

At the end of the reporting period, the Group has unused tax losses of RMB315.2 million (2013: RMB126.7 million) available for offset against future profits. Only RMB10 million deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. RMB6.5 million (2013: RMB6.5 million) of such tax losses will expire in 2015, RMB23.9 million (2013: RMB25.6 million) of such tax losses will expire in 2016, RMB5.9 million (2013: RMB8.9 million) of such tax losses will expire in 2017, RMB65.4 million (2013: RMB85.6 million) of such tax losses will expire in 2018, and RMB213.5 million (2013: nil) of such tax losses will expire in 2019 and beyond.

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 RMB4,403 million (2013: RMB3,392 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.

25. INVENTORIES

	2014 RMB'000	2013 RMB'000
Raw materials	339,388	281,605
Work in progress	246,987	176,437
Finished goods	207,729	167,355
Moulds	335,255	302,776
	1,129,359	928,173

During the year, reversal of allowance for inventories amounting to RMB2,226,000 has been recognised in cost of sales (2013: RMB6,598,000 allowance for inventories recognised in cost of sales).

26. PROPERTY UNDER DEVELOPMENT

Property under development is mainly a land located in Jiaxing City, Zhejiang Province, the PRC and held under medium-term lease. The land is held for construction of residential properties which would be sold upon completion.

27. TRADE AND OTHER RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables		
– associates	6,294	14,654
– joint ventures	9,622	54,638
– non-controlling shareholders of subsidiaries	3,889	18,802
– third parties	1,586,810	1,406,351
Less: Allowance for doubtful debts	(11,000)	(10,557)
	1,595,615	1,483,888
Bill receivables	41,529	118,655
	1,637,144	1,602,543
Other receivables	70,099	51,742
Less: Allowance for doubtful debts	(1,789)	(1,547)
	1,705,454	1,652,738
Prepayments	207,567	223,560
Value-added tax recoverable	118,403	58,054
Refundable guarantee deposits	30,000	5,000
Total trade and other receivables	2,061,424	1,939,352

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants a credit period of 60 days to 90 days (2013: 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:

	2014	2013
	RMB'000	RMB'000
Age		
0 to 90 days	**1,533,405**	1,420,096
91 to 180 days	**57,228**	40,634
181 to 365 days	**1,305**	14,401
1 to 2 years	**3,677**	8,757
	1,595,615	1,483,888

Bill receivables held by the Group as at 31 December 2014 will mature within 6 months (31 December 2013: within 6 months).

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. 93% (2013: 93%) of the trade receivables with a high credit scoring under the internal credit control system are neither past due nor impaired.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB107,878,000 (2013: RMB107,531,000) 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 81 days (2013: 154 days).

Ageing of trade receivables which are past due but not impaired

	2014	2013
	RMB'000	RMB'000
Age		
0 to 90 days	**86,994**	64,648
91 to 180 days	**18,365**	27,023
181 to 365 days	**40**	10,179
1 to 2 years	**2,479**	5,681
	107,878	107,531

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	2014 RMB'000	2013 RMB'000
1 January	12,104	19,790
Provision made during the year	6,759	4,845
Amounts recovered during the year	(2,415)	(3,396)
Amounts written off as uncollectible	(3,659)	(9,135)
31 December	12,789	12,104

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$** RMB'000	**JPY** RMB'000	**EUR** RMB'000	**HK$** RMB'000
At 31 December 2014	228,868	2,535	18,838	32
At 31 December 2013	266,383	2,422	35,396	–

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2014 RMB'000	2013 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	1,628	8,602
Swap derivative contracts (b)	–	100
	1,628	8,702
Derivative financial liabilities		
Foreign exchange forward contracts (a)	4,207	–
Swap derivative contracts (b)	15,662	3,717
Interest rate swaps (c)	–	717
	19,869	4,434

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(a) Foreign exchange forward contracts

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

Major terms of these contracts are as follows:

31 December 2014

Notional amount	Maturity dates	Exchange rates
Derivatives – monthly net settlement		
Sell US$101,000,000	20 January 2015 to 23 December 2016	US$1: RMB6.1800 to US$1: RMB6.5100
Derivatives – yearly gross settlement		
Sell HK$633,271,000	4 June 2015 to 6 July 2015	HK$1: RMB0.80838 and HK$1: RMB0.81430

31 December 2013

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

The derivative financial assets and liabilities arising from foreign exchange forward contracts as at 31 December 2014 and 2013 had been recognised in accordance with the fair value of the above foreign exchange forward contracts. The fair values of the above foreign exchange forward contracts are measured in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Swap derivative contracts

At the end of reporting period, the Group had the following outstanding swap derivative contracts:

31 December 2014

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

(i) On each monthly maturity date, if the exchange rate of US$ against RMB is less than or equal to the knock out rate of 6.02, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of US$ against RMB is greater than 6.02 and less than or equal to 6.212, the Company has to sell US$1,000,000 at the rate of 6.212;

(iii) On each monthly maturity date, if the exchange rate of US$ against RMB is greater than 6.212, the Company has to sell US$2,000,000 at the rate of 6.212.

The contract would be settled on a net basis on each settlement day.

The second batch of swap derivative contracts 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 as stipulated in the agreement (the "Strike Rates"), that is greater than 6.13 and less than or equal to 6.40, there would have no settlements.

(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.

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Swap derivative contracts (Continued)

The trade date of the third batch of swap derivative contracts regarding the US$ against RMB is 6 March 2014 and comprises one physical delivery settlement on the first valuation date and non-deliverable settlement on a monthly basis on each of the second to thirteenth valuation date. The last valuation date is 8 June 2015.

On first valuation date:

(i) If the US$ to RMB fixing rate (the "Fixing Rate 2"), as defined in the agreement, is less than or equal to the knock out rate of 5.98, there will be no settlement;

(ii) If the US$ to RMB Fixing Rate 2 is greater than 5.98 and less than or equal to 6.20, the Group would sell to the bank US$2,000,000 and receive RMB12,400,000;

(iii) If the US$ to RMB Fixing Rate 2 is greater than 6.20, the Group would sell to the bank US$4,000,000 and receive RMB24,800,000.

On each of the second to thirteenth valuation date:

(i) If the US$ to RMB fixing rate (the "Fixing Rate 3"), as defined in the agreement, is less than or equal to the knock out rate of 5.98, there will be no settlement;

(ii) If the US$ to RMB Fixing Rate 3 is greater than 5.98 and less than or equal to 6.20, the bank would pay to the Group a net settlement calculated based on the difference between 6.20 and the Fixing Rate 3 over the Fixing Rate 3 then times a notional amount of US$2,000,000, settled in US$ equivalent;

(iii) If the US$ to RMB Fixing Rate 3 is greater than 6.20, the Group would pay to the bank a net settlement calculated based on the difference of the Fixing Rate 3 and 6.20 over the Fixing Rate 3 then times a notional amount of US$4,000,000, settled in US$ equivalent.

The trade date of the fourth batch of swap derivative contracts regarding the US$ against RMB is 7 March 2014 and the monthly maturity dates are from 10 October 2014 to 10 June 2015:

(i) If the US$ to RMB fixing rate (the "Fixing Rate 4"), as defined in the agreement, is less than or equal to the knock out rate of 6.06, there will be no settlement;

(ii) If the US$ to RMB Fixing Rate 4 is greater than 6.06 and less than or equal to 6.24, the bank would pay to the Group a net settlement calculated based on the difference between 6.24 and the Fixing Rate 4 over the Fixing Rate 4 then times a notional amount of US$2,000,000, settled in US$ equivalent;

(iii) If the US$ to RMB Fixing Rate 4 is greater than 6.24, the Group would pay to the bank a net settlement calculated based on the difference of the Fixing Rate 4 and 6.24 over the Fixing Rate 4 then times a notional amount of US$4,000,000, settled in US$ equivalent.

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Swap derivative contracts (Continued)

31 December 2013

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

(i) On each monthly maturity date, if the exchange rate of EUR against US$ is at or below 1.302, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of EUR against US$ is over 1.302 and below 1.38, the Company has to sell EUR300,000 at the rate of 1.38;

(iii) On each monthly maturity date, if the exchange rate of EUR against US$ is at or over 1.38, the Company has to sell EUR600,000 at the rate of 1.38.

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

(i) On each monthly maturity date, if the exchange rate of EUR against US$ is at or below 1.255, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of EUR against US$ is over 1.255 and below 1.35, the Company has to sell EUR300,000 at the rate of 1.35;

(iii) On each monthly maturity date, if the exchange rate of EUR against US$ is at or over 1.35, the Company has to sell EUR600,000 at the rate of 1.35.

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

(i) On each monthly maturity date, if the exchange rate of EUR against US$ is at or below 1.295, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of EUR against US$ is over 1.295 and below 1.40, the Company has to sell EUR500,000 at the rate of 1.40;

(iii) On each monthly maturity date, if the exchange rate of EUR against US$ is at or over 1.40, the Company has to sell EUR1,000,000 at the rate of 1.40.

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

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

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

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Swap derivative contracts (Continued)

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

(i) On each monthly maturity date, if the exchange rate of US$ against JPY is below the knock out rate of 89.7, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of US$ against JPY is over 89.7 and below 98, the Company has to sell US$300,000 at the rate of 98;

(iii) On each monthly maturity date, if the exchange rate of US$ against JPY is at or over 98, the Company has to sell US$600,000 at the rate of 98.

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

(i) On each monthly maturity date, if the exchange rate of US$ against JPY is below the knock out rate of 90.5, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of US$ against JPY is over 90.5 and below 100, the Company has to sell US$300,000 at the rate of 100;

(iii) On each monthly maturity date, if the exchange rate of US$ against JPY is at or over 100, the Company has to sell US$600,000 at the rate of 100.

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

(i) On each monthly maturity date, if the exchange rate of US$ against JPY is below the knock out rate of 93.2, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of US$ against JPY is over 93.2 and below 104.2, the Company has to sell US$300,000 at the rate of 104.2;

(iii) On each monthly maturity date, if the exchange rate of US$ against JPY is at or over 104.2, the Company has to sell US$600,000 at the rate of 104.2.

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

(i) On each monthly maturity date, if the exchange rate of US$ against JPY is below the knock out rate of 96.9, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of US$ against JPY is over 96.9 and below 106, the Company has to sell US$250,000 at the rate of 106;

(iii) On each monthly maturity date, if the exchange rate of US$ against JPY is at or over 106, the Company has to sell US$500,000 at the rate of 106.

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Swap derivative contracts (Continued)

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

(i) On each monthly maturity date, if the exchange rate of US$ against JPY is below the knock out rate of 93.5, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of US$ against JPY is over 93.5 and below 104, the Company has to sell US$250,000 at the rate of 104;

(iii) On each monthly maturity date, if the exchange rate of US$ against JPY is at or over 104, the Company has to sell US$500,000 at the rate of 104.

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

(i) On each monthly maturity date, if the exchange rate of US$ against JPY is below the knock out rate of 96, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of US$ against JPY is over 96 and below 106, the Company has to sell US$250,000 at the rate of 106;

(iii) On each monthly maturity date, if the exchange rate of US$ against JPY is at or over 106, the Company has to sell US$500,000 at the rate of 106.

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

(i) On each monthly maturity date, if the exchange rate of US$ against RMB is below the knock out rate of 6.02, the settlement will be terminated;

(ii) On each monthly maturity date, if the exchange rate of US$ against RMB is over 6.02 and below 6.212, the Company has to sell US$1,000,000 at the rate of 6.212;

(iii) On each monthly maturity date, if the exchange rate of US$ against RMB is at or over 6.212, the Company has to sell US$2,000,000 at the rate of 6.212.

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Interest rate swaps

The Group had no outstanding interest rate swap contracts at 31 December 2014.

Major terms of these contracts outstanding at 31 December 2013 are as follows:

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

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

29. BANK BALANCES AND PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from zero to 5.5% (2013: zero to 3.50%) per annum. The pledged bank deposits carry interest at fixed interest rates which range from zero to 4.77% (2013: zero to 4.68%) per annum. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

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

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

Original currency	US$ RMB'000	HK$ RMB'000	EUR RMB'000	JPY RMB'000	THB RMB'000
As at 31 December 2014	**102,251**	**509,795**	**42,839**	**5,079**	**22**
As at 31 December 2013	297,686	13,203	18,544	4,841	23

30. TRADE AND OTHER PAYABLES

	2014 RMB'000	2013 RMB'000
Trade payables		
– associates	2,560	9,281
– joint ventures	36,458	32,716
– non-controlling shareholders of subsidiaries	22,340	12,967
– third parties	728,691	693,719
	790,049	748,683
Payroll and welfare payables	195,817	155,311
Advance from customers	22,091	17,916
Consideration payable of acquisition of property, plant and equipment	98,842	71,407
Technology support services fees payable	18,119	14,364
Freight and utilities payable	57,978	56,954
Value-added tax payable	36,743	–
Interest payable	10,137	7,435
Rental payable	4,137	2,553
Deposits received	22,608	17,571
Consideration payables of acquisition of a subsidiary	–	4,372
Dividend payable to minority owners of subsidiaries	–	900
Others	135,559	103,879
Total trade and other payables	1,392,080	1,201,345

The average credit period on purchases of goods is 30 days to 90 days (2013: 30 days to 90 days).

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

	2014 RMB'000	2013 RMB'000
Age		
0 to 90 days	742,324	724,424
91 to 180 days	31,074	15,959
181 to 365 days	9,694	1,835
1 to 2 years	4,293	5,620
Over 2 years	2,664	845
	790,049	748,683

30. TRADE AND OTHER PAYABLES (CONTINUED)

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

Original currency	**US$** RMB'000	**JPY** RMB'000	**EUR** RMB'000	**HK$** RMB'000
As at 31 December 2014	**49,954**	**13,521**	**839**	**492**
As at 31 December 2013	44,175	7,750	14,549	1,105

31. BORROWINGS

	2014 **RMB'000**	2013 RMB'000
Bank loans	**2,698,485**	2,385,330
Other loans (note i)	**10,000**	25,000
	2,708,485	2,410,330
Secured (note ii)	**1,116,178**	756,430
Unsecured	**1,592,307**	1,653,900
	2,708,485	2,410,330
Fixed-rate borrowings	**10,000**	34,600
Variable-rate borrowings	**2,698,485**	2,375,730
	2,708,485	2,410,330
Carrying amount repayable:		
Within one year	**2,708,485**	2,385,330
More than one year, but not exceeding two years	**–**	25,000
	2,708,485	2,410,330
Less: Amounts due within one year shown under current liabilities (note iii)	**(2,708,485)**	(2,385,330)
Amounts shown under non-current liabilities	**–**	25,000

31. BORROWINGS (CONTINUED)

Notes:

(i) The amount represented loans granted by an associate of the Company at an interest rate of 5% per annum. The loans will mature on 23 April 2015.

(ii) The amount was secured by pledged bank deposits.

(iii) The amounts due are based on the scheduled repayments dates set out in the loan agreements.

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

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

	2014	2013
Effective interest rate:		
Fixed-rate borrowings	**5%**	5% to 6.60%
Variable-rate borrowings	**0.95% to 3.45%**	1.64% to 3.95%

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

Original currency	**US$** RMB'000	**HK$** RMB'000	**EUR** RMB'000	**JPY** RMB'000	**THB** RMB'000
As at 31 December 2014	**2,118,098**	**166,846**	**75,876**	**52,043**	**–**
As at 31 December 2013	987,533	584,147	85,873	58,527	–

32. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2014	2013	**2014**	2013
	'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	
	2014	2013	**2014**	2013
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid				
At beginning of year	**1,091,689**	1,077,473	**110,342**	109,206
Exercise of share options under the Company's employee share option scheme (note 38)	**5,758**	14,216	**459**	1,136
At end of year	**1,097,447**	1,091,689	**110,801**	110,342

33. NON-CONTROLLING INTERESTS

	2014	2013
	RMB'000	RMB'000
Balance at beginning of year	**261,694**	208,248
Share of total comprehensive income for the year	**31,522**	53,433
Derecognised on deemed disposal of a subsidiary (note)	**(23,501)**	–
Capital contribution	**15,376**	27,766
Dividends declared to non-controlling interests during the year	**(28,172)**	(27,753)
Balance at end of year	**256,919**	261,694

Note: During the year, the Company lost its control over Wuhan Minth Nojima and it became a joint venture of the Company as disclosed in note 35.

33. 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.

	2014 RMB'000	2013 RMB'000
Current assets	**470,399**	368,665
Non-current assets	**86,600**	90,455
Current liabilities	**366,757**	242,315
Non-current liabilities	**37,630**	37,211
Equity attributable to owners of the Company	**108,268**	127,086
Non-controlling interests	**44,344**	52,508

	For the year ended 31 December 2014 RMB'000	For the year ended 31 December 2013 RMB'000
Revenue	**601,480**	536,547
Expenses	**534,785**	437,690
Profit for the year	**66,695**	98,857
Profit attributable to owners of the Company	**46,687**	69,200
Profit attributable to non-controlling interests	**20,008**	29,657
Dividends declared to non-controlling shareholders	**28,172**	19,044
Net cash inflow from operating activities	**264,691**	84,912
Net cash outflow from investing activities	**(8,867)**	(83,501)
Net cash outflow from financing activities	**(140,824)**	(82,206)
Net cash inflow (outflow)	**115,000**	(80,795)

33. NON-CONTROLLING INTERESTS (CONTINUED)

Tianjin Shintai Automotive Parts Co., Ltd.

	2014 RMB'000	2013 RMB'000
Current assets	**384,248**	357,844
Non-current assets	**56,609**	74,166
Current liabilities	**240,601**	253,811
Non-current liabilities	**4,284**	15,242
Equity attributable to owners of the Company	**157,665**	131,173
Non-controlling interests	**38,307**	31,784

	For the year ended 31 December 2014 RMB'000	For the year ended 31 December 2013 RMB'000
Revenue	**610,953**	535,888
Expenses	**577,938**	472,331
Profit for the year	**33,015**	63,557
Profit attributable to owner of the Company	**26,492**	50,998
Profit attributable to non-controlling interests	**6,523**	12,559
Dividends paid to non-controlling shareholders	**–**	–
Net cash (outflow) inflow from operating activities	**(27,041)**	17,975
Net cash inflow (outflow) from investing activities	**11,486**	(15,687)
Net cash outflow from financing activities	**(13,036)**	(70)
Net cash (outflow) inflow	**(28,591)**	2,218

33. NON-CONTROLLING INTERESTS (CONTINUED)

Wuhan Tokai Minth Automotive Parts Co., Ltd.

	2014 RMB'000	2013 RMB'000
Current assets	**80,493**	99,601
Non-current assets	**90,279**	76,804
Current liabilities	**60,288**	66,485
Non-current liabilities	**–**	25,000
Equity attributable to owners of the Company	**55,242**	42,460
Non-controlling interests	**55,242**	42,460

	For the year ended 31 December 2014 RMB'000	For the year ended 31 December 2013 RMB'000
Revenue	**188,937**	166,189
Expenses	**163,373**	144,726
Profit for the year	**25,564**	21,462
Profit attributable to owner of the Company	**12,782**	10,731
Profit attributable to non-controlling interests	**12,782**	10,731
Dividends paid to non-controlling shareholders	**–**	4,209
Net cash inflow from operating activities	**48,694**	8,584
Net cash outflow from investing activities	**(19,083)**	(38,914)
Net cash (outflow) inflow from financing activities	**(15,000)**	16,582
Net cash inflow (outflow)	**14,611**	(13,748)

34. ACQUISITION OF A SUBSIDIARY

On 28 March 2014 and 27 June 2014, the Group entered into two sale and purchase agreements with Sojitz Corporation and Huge Leader Investment Limited, respectively, being the joint venture shareholders of PTI, a former joint venture of the Group. Pursuant to the sales and purchase agreements, the Group agreed to purchase and the joint venture shareholders agreed to sell their entire equity interests in PTI (representing 45.99% and 4.19% equity interest, respectively) at total considerations of US$9,290,000 (equivalent to RMB57,160,000), representing cash payments of US$5,000,000 and US$450,000, respectively (equivalent to RMB30,764,000 and RMB2,768,000, respectively) and settlement of a shareholder's loan of PTI amounting to US$3,840,000 (equivalent to RMB23,628,000) (together referred to as the "Acquisitions"). The Acquisitions have been completed on 15 June and 30 June 2014, respectively. Upon completion, PTI became a wholly-owned subsidiary of the Group. PTI is principally engaged in the plastic injection molding and extrusion business.

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

Consideration transferred

	RMB'000
Cash paid	33,532
Settlement of shareholder's loan	23,628
	57,160

Assets and liabilities recognised at the date of acquisition (determined on a provisional basis)

	RMB'000
Non-current assets	
Property, plant and equipment	112,354
Intangible asset – trademark	8,645
Deferred tax assets	25,589
Current assets	
Inventories	79,482
Trade and other receivables (note)	162,292
Bank balances and cash	13,233
Current liability	
Trade and other payables	(180,423)
Borrowings – due within one year	(25,832)
Non-current liabilities	
Retirement benefit obligation	(15,152)
Borrowings	(104,596)
Deferred tax liabilities	(16,237)
	59,355

Note: The receivables acquired (which principally comprised trade receivables) with a fair value of RMB162,292,000 at the date of acquisition had gross contractual amounts of RMB163,195,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB903,000.

34. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Goodwill arising on acquisition (determined on a provisional basis)

	RMB'000
Consideration transferred	57,160
Add: fair value of previously held equity interest	33,326
Less: recognised amount of identifiable net assets acquired	(59,355)
Goodwill arising on acquisition	31,131

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

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

Net cash outflow arising on acquisition

	RMB'000
Consideration paid in cash	(33,532)
Settlement of shareholder's loan	(23,628)
Less: cash and cash equivalent balances acquired	13,233
	(43,927)

Impact of acquisition on the results of the Group

The loss and revenue attributable to PTI included in the consolidated financial statements for the current year were RMB12,047,000 and RMB436,643,000, respectively.

Had the acquisition of PTI been effected at the beginning of the current year, the total amount of revenue of the Group for the current year would have been RMB7,153,354,000, and the amount of the profit for the current year would have been RMB1,134,615,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the year, nor is it intended to be a projection of future results.

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

35. DEEMED DISPOSAL OF A SUBSIDIARY

On 4 September 2014, the article of association of Wuhan Minth Nojima is changed. After the change, all the resolutions of Wuhan Minth Nojima must be approved by all the directors from both shareholders. As such, the Group lost its control over Wuhan Minth Nojima without change in shareholdings and it became a joint venture of the Group thereafter.

There is no consideration received on disposal of Wuhan Minth Nojima.

Analysis of asset and liabilities over which control was lost

	RMB'000
Non-current assets	
Plant and equipment	26,023
Deferred tax assets	508
Current assets	
Inventories	10,720
Trade and other receivables	32,353
Bank balances and cash	5,090
Current liabilities	
Trade and other payables	(27,017)
Tax liabilities	(897)
Net assets disposed of	46,780

Net cash outflow on deemed disposal of a subsidiary

	RMB'000
Consideration received in cash and cash equivalents	–
Less: cash and cash equivalent balances disposed of	(5,090)
	(5,090)

No gain or loss was realised on disposal of Wuhan Minth Nojima as the management of the Company considers that the carrying amount of the interest in Wuhan Minth Nojima approximates to its fair value at the date when the control was lost.

36. 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:

	2014 RMB'000	2013 RMB'000
Within one year	**5,220**	4,732
In the second to fifth year inclusive	**7,797**	291
Over five years	**1,018**	125
	14,035	5,148

Operating lease payments represent rentals payable by the Group for certain of its properties. The leases are negotiated for terms ranging from 1 to 6 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 RMB14,898,000 (2013: RMB10,850,000).

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

	2014 RMB'000	2013 RMB'000
Within one year	**2,039**	2,679
In the second to fifth year inclusive	**1,332**	1,749
Over five years	**1,469**	–
	4,840	4,428

37. COMMITMENTS

	2014 RMB'000	2013 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**393,680**	307,088
Acquisition of land use rights	**–**	3,162

38. 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 will expire on 13 November 2015. 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 and 2012 under the 2005 Share Option Scheme and Share Option Scheme, respectively. Approved by the Board of Directors, the Group granted share options to certain directors and employees in January 2014 under the Share Option Scheme ("2014 Options"), pursuant to which, if the grantees' period of service within the Group is or more than one year as of 1 June 2014, 30% of the granted options can be exercised on or after 1 June 2014, 30% of the granted options can be exercised on or after 1 June 2015 and the remaining 40% of options can be exercised on or after 1 June 2016, while if the grantees' period of service within the Company is less than one year as of 1 June 2014, 30% of the granted options can be exercised on or after 1 June 2015, 30% of the granted options can be exercised on or after 1 June 2016 and the remaining 40% of options can be exercised on or after 1 June 2017. The exercise price is HK$15.84. The exercise price of each 2014 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 2014, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 39,137,000 (2013: 33,098,000), representing 3.6% (2013: 3.0%) of the shares of the Company in issue at end of the reporting period.

38. 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$
2008	04/07/08	A	04/07/08 to 31/01/10	01/02/10 to 12/11/13	5.34	0.76
	04/07/08	B	04/07/08 to 31/01/11	01/02/11 to 12/11/13	5.34	0.96
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	A	31/05/12 to 29/05/13	30/05/13 to 30/05/17	9.13	2.45
	31/05/12	B	31/05/12 to 29/05/14	30/05/14 to 30/05/17	9.13	2.66
	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

38. 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 2014 and 2013:

2014:

Option type	Outstanding at 01/01/2014	Granted during the year	Exercised during the year	Forfeited during the year (note)	Expired during the year	Outstanding at 31/12/2014
2011A	8,617,400	–	(1,689,500)	(110,400)	–	6,817,500
2011B	8,617,400	–	(1,689,500)	(110,400)	–	6,817,500
2011C	13,587,200	–	(2,210,000)	(147,200)	–	11,230,000
2012A	554,000	–	(106,500)	(114,300)	–	333,200
2012B	738,000	–	(62,500)	(114,300)	–	561,200
2012C	984,000	–	–	(152,400)	–	831,600
2014-I – A	–	3,198,000	–	(172,200)	–	3,025,800
2014-I – B	–	3,198,000	–	(172,200)	–	3,025,800
2014-I – C	–	4,264,000	–	(229,600)	–	4,034,400
2014-I – E	–	543,000	–	(9,000)	–	534,000
2014-I – F	–	543,000	–	(9,000)	–	534,000
2014-I – G	–	724,000	–	(12,000)	–	712,000
2014-II-A	–	333,000	–	(129,000)	–	204,000
2014-II-B	–	333,000	–	(129,000)	–	204,000
2014-II-C	–	444,000	–	(172,000)	–	272,000
	33,098,000	13,580,000	(5,758,000)	(1,783,000)	–	39,137,000
Exercisable at the end of the year						29,319,200
Weighted average exercise price	HK$10.77	HK$15.84	HK$10.84	HK$13.38	–	HK$12.40

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

2013:

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

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$15.83 (2013: HK$14.38).

The Binomial model has been used to estimate the fair value of the 2014 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.

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The estimated fair values of 2014 Options at the grant date are RMB48,985,000. The following assumptions were used to calculate the fair value of share options:

	Option type					
	2014-I – A	2014-I – B	2014-I – C	2014-I – E	2014-I – F	2014-I – G
Grant date share price	HK$15.84	HK$15.84	HK$15.84	HK$15.84	HK$15.84	HK$15.84
Exercise price	HK$15.84	HK$15.84	HK$15.84	HK$15.84	HK$15.84	HK$15.84
Expected volatility	46%	46%	46%	46%	46%	46%
Option life	5.37 years	5.37 years	5.37 years	5.37 years	5.37 years	5.37 years
Vesting period	0.37 year	1.37 years	2.38 years	0.37 year	1.37 years	2.38 years
Risk-free rate	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Expected dividend yield	3%	3%	3%	3%	3%	3%
Early exercise multiple	1.5	1.5	1.5	1.4	1.4	1.4

	Option type		
	2014-II-A	2014-II-B	2014-II-C
Grant date share price	HK$15.84	HK$15.84	HK$15.84
Exercise price	HK$15.84	HK$15.84	HK$15.84
Expected volatility	46%	46%	46%
Option life	5.37 years	5.37 years	5.37 years
Vesting period	1.37 years	2.38 years	3.38 years
Risk-free rate	1.5%	1.5%	1.5%
Expected dividend yield	3%	3%	3%
Early exercise multiple	1.5	1.5	1.5

Expected volatility for the 2014 Options was determined by using the historical volatility of the Company's share price over the previous 5.37 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 RMB32,178,000 for the year ended 31 December 2014 (2013: RMB18,778,000) in relation to share options granted by the Company.

39. 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 RMB46,419,000 (2013: RMB34,974,000) represents contributions paid to the retirement benefits scheme by the Group in respect of the current accounting period.

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 2014 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 RMB2,013,000, representing the net interest on the net defined benefit liability.

The actuarial valuation showed that the market value of plan assets was RMB34,722,000 and that the actuarial value of these assets represented 60.2% of the benefits that had accrued to members. The shortfall of RMB22,942,000 is to be cleared by the contributions to be made by the Group in the future years.

	2014 RMB'000
Present value of funded defined benefit obligations	57,664
Fair value of plan assets	(34,722)
Funded status and net liability arising from defined benefit obligation	22,942

40. 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	2014 RMB'000	2013 RMB'000
Joint venture, in which the Company has a 49% equity interest	Sales of finished goods	**15,772**	19,166
	Sales of raw materials and moulds	**1,623**	1,245
	Purchases of raw materials and moulds	**36,750**	36,493
	Purchase of semi-finished/finished goods	**150,166**	163,942
	Property rental income	**3,396**	3,119
Joint venture, in which the Company has a 50% equity interest (note i)	Sales of finished goods	**5,968**	N/A
	Purchases of raw materials	**12,388**	N/A
	Purchase of semi-finished/finished goods	**133**	N/A
	Property rental income	**1,394**	N/A
A former joint venture, in which the Company had a 49.82% equity interest (note ii)	Sales of finished goods	**135,874**	183,375
	Sales of raw materials and moulds	**48,129**	397
	Consulting service income	**10,122**	24,767
	Purchase of semi-finished/finished goods	**397**	11,324
	Interest income	**1,777**	1,081
	Property rental charges	**3,220**	6,370
Associates, in which the Company has a 48% and 49% and 35% equity interest	Sales of finished goods	**36,758**	58,183
	Sales of raw materials and moulds	**10,990**	13,050
	Purchase of raw materials and moulds	**1,426**	21,652
	Purchase of semi-finished/finished goods	**7,638**	14,650
	(Loss) gain from disposal of property, plant and equipment	**(165)**	650
	Consulting service income	**–**	1,143
	Purchase of property, plant and equipment	**306**	6,568
Non-controlling shareholders of subsidiaries*	Sales of finished goods	**63,325**	108,132
	Sales of raw materials and moulds	**485**	–
	Purchase of raw materials and moulds	**50,546**	66,334
	Purchase of fixed assets	**6,395**	–
	Technology support services charges	**14,547**	14,595

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

40. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

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

	2014 RMB'000	2013 RMB'000
Short-term benefits	15,199	15,763
Post-employment benefits	26	22
Share-based payments	6,396	4,442
	21,621	20,227

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): Wuhan Minth Nojima was previously a subsidiary of the Company. On 4 September 2014, the Company lost the control over Wuhan Minth Nojima and it became a joint venture of the Company as disclosed in note 35. The disclosure includes the transaction amounts after the date the control lost.

(ii): PTI was previously a joint venture of the Company. It became a wholly-owned subsidiary of the Company during the current year as disclosed in note 34. The disclosure includes the transaction amounts before the date of acquisition.

41. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2014 and 31 December 2013 are as follows:

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2014	Attributable equity interest of the Group 2013	Issued shares	Principal activities
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

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2014	2013	Issued shares	Principal activities
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
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$10,000	Investment holding
睿途(香港)有限公司 (Mindway (HK) Limited)	Hong Kong	**100%**	100%	HK$10,000	Investment holding
展圖(香港)有限公司 (Cheerplan (HK) Limited)	Hong Kong	**100%**	100%	HK$10,000	Investment holding
泰琳發展有限公司 (Talentlink Development Limited)	Hong Kong	**100%**	100%	HK$10,000	Investment holding
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co., Ltd.)	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$93,510,000	Manufacture and sales of automobile body parts

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2014	Attributable equity interest of the Group 2013	Issued shares	Principal activities
寧波國鴻汽車零部件有限公司 (Ningbo Guohong Automotive Co., Ltd.) body parts	the PRC as a WOFE	100%	100%	US$4,800,000	Design, manufacture, development 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 sales 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
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

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2014	Attributable equity interest of the Group 2013	Issued shares	Principal activities
嘉興興禾汽車零部件有限公司 (Jiaxing Xinghe Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$18,000,000	Manufacture and sales of automobile body parts
寧波敏禾機械有限公司 (Ningbo Minhe Machines Co., Ltd.)	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
煙臺敏實汽車零部件有限公司 (Yantai Minth Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$1,200,000	Manufacture and sales of automobile body parts
嘉興敏實機械有限公司 (Jiaxing Minth Machines Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$25,000,000	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
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.) ("Jiaxing Minrui")	the PRC as a WOFE	**100%**	100%	US$8,000,000	Manufacture of automotive parts

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2014	2013	Issued shares	Principal activities
Minth Japan株式會社 (Minth Japan Co., Ltd.)	Japan	100%	100%	JPY95,000,000	Act as an agent of sales of automobile body parts and purchase of raw materials
Minth Aapico (Thailand) Co., Ltd	Thailand	60%	60%	THB178,500,000	Design, manufacture, development and sales of automobile body parts
Minth Financial Limited	Hong Kong	100%	100%	HK$10,000	Bookkeeping service
寧波泰甬汽車零部件有限公司 (Ningbo Taiyong Automotive Parts Co., Ltd.)	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$6,660,000	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
Minth Mexico, S.A. DE C.V.	Mexico	100%	100%	MXN173,420,800	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

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2014	2013	Issued shares	Principal activities
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$53,000,000	Design, manufacture, development and sales of welfare vehicle, development of new energy vehicle
淮安和泰汽車零部件有限公司 (Huaian Hetai Automotive Parts Co., Ltd.)	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
武漢敏島汽車零部件有限公司 (Wuhan Minth Nojima Automotive Parts Co., Ltd.) (Note v)	the PRC as a foreign equity joint venture enterprise	**N/A**	50%	US$4,700,000	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$1,000,000	Design, manufacture and sales of automobile drive
淮安和欣日資工業園管理有限公司 (Huaian Hexin Rizi Industrial Park Management Co., Ltd.)	the PRC as a WOFE	**100%**	100%	RMB76,200,000	Management consulting
武漢東海敏實汽車零部件有限公司 (Wuhan Tokai Minth Automotive Parts Co., Ltd.) (Note iii)	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%	MOP100,000	Investment holding
柳州敏瑞汽車零部件有限公司 (Liuzhou Minrui Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	RMB7,000,000	Design, development and sales of automobile body parts

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2014	2013	Issued shares	Principal activities
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%	RMB6,000,000	Manufacture of car-used lithium battery
鄭州敏惠汽車零部件有限公司 (Zhengzhou Minhui Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB90,000,000	Design, manufacture and sales of automobile body parts
寧波和悦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$14,300,000	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%	RMB279,000,000	Manufacture of bus and modified car
湖州敏馳汽車有限公司 (Huzhou Minchi Automotive Co., Ltd.) (Note iv)	the PRC as a WOFE	100%	N/A	US$30,000,000	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.) (Note iv)	the PRC as a WOFE	100%	N/A	RMB80,000,000	Develop and manage of ordinary real estate, property management
寧波康栢貿易有限公司 (Ningbo Kangbai Trade Co., Ltd.) (Note iv)	the PRC as a WOFE	100%	N/A	RMB5,000,000	Wholesale of packaging materials, import and export trading

41. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2014	2013	Issued shares	Principal activities
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
Minth Automotive Parts (India) Private Limited (Note vi)	India	**N/A**	100%	US$100,000	Manufacture and sales of automobile body parts
TK Minth Mexico, S.A. de C.V. (Note iii)	Mexico	**50%**	50%	MXN211,719,068	Design, manufacture, import, export and sales of automobile body parts
CST GmbH	Germany	**100%**	100%	EUR250,000	Polishing and bright anodisation of aluminum
PTI (Note ii)	USA	**100%**	49.82%	US$16,700,000	Manufacture of plastic injection moulding and extrusion
Minth Mexico Coating, S.A. de C.V. (Note iv)	Mexico	**100%**	N/A	MXN50,000	Design, manufacture, import, export and sales of automobile body parts

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

Note ii Newly acquired in 2014. Details were set out in note 34.

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

Note iv Newly established in 2014.

Note v Disposed in 2014. Details were set out in note 35.

Note vi Deregistered in 2014.

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:

	2014 RMB'000	2013 RMB'000
Unlisted investments in subsidiaries	**4,949,365**	4,897,314
Furniture and equipment	**259**	327
Bank balances and cash	**31,200**	21,271
Other current assets	**14,609**	15,096
Total assets	**4,995,433**	4,934,008
Amounts due to subsidiaries	**1,108,750**	762,468
Borrowings	**2,344,012**	2,241,376
Derivative financial liabilities	**531**	718
Other payables	**6,622**	8,688
Total liabilities	**3,459,915**	3,013,250
Net assets	**1,535,518**	1,920,758
Share capital	**110,801**	110,342
Reserves	**1,424,717**	1,810,416
Total equity	**1,535,518**	1,920,758

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

Movement in reserves

	Share capital RMB'000	Special reserve RMB'000	Other reserve RMB'000	Share options reserve RMB'000	Share premium and retained profits RMB'000	Total RMB'000
At 1 January 2013	109,206	410,321	3,276	88,642	1,657,051	2,268,496
Total comprehensive expense for the year	–	–	–	–	(109,235)	(109,235)
Recognition of share-based payments	–	–	–	18,778	–	18,778
Dividends recognised as distribution	–	–	–	–	(332,404)	(332,404)
Transfer to other reserve for share options forfeited after the vesting date	–	–	1,942	(1,942)	–	–
Exercise of share options	1,136	–	–	(17,284)	91,271	75,123
At 31 December 2013	110,342	410,321	5,218	88,194	1,306,683	1,920,758
Total comprehensive expense for the year	–	–	–	–	(72,939)	(72,939)
Recognition of share-based payments	–	–	–	32,178	–	32,178
Dividends recognised as distribution	–	–	–	–	(394,019)	(394,019)
Transfer to other reserve for share options forfeited after the vesting date	–	–	1,305	(1,305)	–	–
Exercise of share options	459	–	–	(16,188)	65,269	49,540
At 31 December 2014	**110,801**	**410,321**	**6,523**	**102,879**	**904,994**	**1,535,518**

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 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, the chairman, executive director and controlling shareholder of the Company in 2008 ("the Acquisition"). The executive directors named in the petition are Mr Chin, Mr Shi Jian Hui 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 so that in the event the SFC succeeds in its claims against the relevant executive directors, the SFC can seek consequential orders from the court for the benefit of the Company.

The directors of the Company 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 2014.

The first two directions hearings in connection with the SFC petition took place on 9 July 2014 and 31 October 2014, respectively. As of the end of the reporting period, there have been no changes to the facts and circumstances since those hearings. The Company does not know when the court will deal with the substantive claims in this matter.