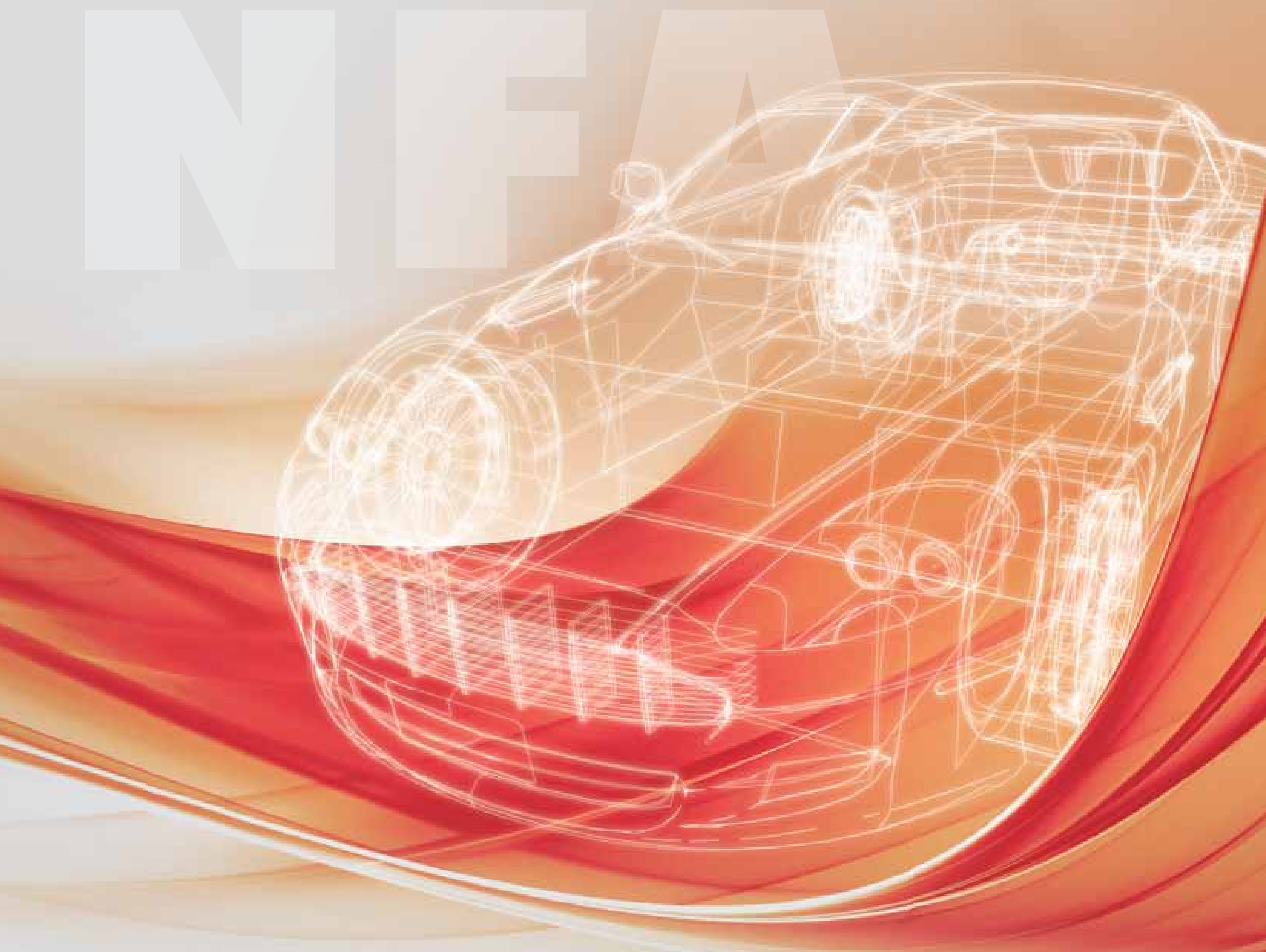
新焦點汽車技術控股有限公司*
New Focus Auto Tech Holdings Limited

(Incorporated in the Cayman Islands with limited liability) Stock Code: 360

ANNUAL REPORT 2014



* For identification purpose only

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CORPORATE INFORMATION

Directors

Executive Directors

Zhang Jianxing *(Chief Executive Officer)*

Non-executive Directors

Ying Wei *(Chairman)*
Hung Wei-Pi, John *(Vice-Chairman)*
Wang Zhenyu
Du Jinglei

Independent Non-executive Directors

Hu Yuming
Lin Lei
Zhang Xiaoya

Company Secretary

Liu Xiaohua

Registered Office

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

Principal Place of Business in Hong Kong

5/F, 180 Hennessy Road
Wan Chai
Hong Kong

Auditor

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road Central
Hong Kong

Legal Advisers

O'Melveny & Myers
31st Floor, AIA Central
1 Connaught Road
Central
Hong Kong

Principal Share Registrar and Transfer Office

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

Branch Share Registrar and Transfer Office in Hong Kong

Computershare Hong Kong Investor Services Limited
17M/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Stock Code

360

Websites

http://www.nfa360.com

CHAIRMAN'S STATEMENT

On behalf of the Board, I express my sincere gratitude to all our shareholders, customers and parties who have long been supportive to the Group and to present the business review of the Group for 2014 and the future prospect.

Group Profile

The Group focused on the construction of a robust automotive aftermarket chain service network in the Greater China region as well as the production of innovative and environmentally friendly automotive lighting and automotive electronic power products, with an aim to provide the automobile consumers with products and services of high performance-price ratio. The Group is a leader in the automotive aftermarket chain service network sector in the Greater China region. Within the region, we have 75 retail and service shops and have 11 automotive accessories distribution exhibition centers, and ranked first in terms of both the scope and market share in the Greater China region. The large-scale one-stop service chain shops under the Group provides comprehensive after-sales services to car owners, including repair and maintenance, car wash and beauty, metal sheet painting, sales of auto accessories and automotive insurance. Our chained shops are situated in Beijing, Shanghai, Shenzhen, Jinan, Changchun, Wuhan and Taiwan.

Business Review

During 2014, the Group continued internal resource integration and allocation in order to explore new operating methods that match the needs of industrial requirements and current situation of the Group. Compared to 2013, during which turnover remained flat, profitability of the Group in 2014 has been improved significantly.

During the review period, retail services segment of the Group continued to implement the urban strategies and expanded the market that are currently well developed and have stable earnings, and emphasized on increasing branding impacts by standardized services and enhanced service experience, so as to further increase the market share in the existing regions. The Group also entered into the new market when various conditions were mature. In December 2014, a subsidiary of the Group in Beijing which is part of our service business entered into a strategic cooperation agreement with Sinopec Hubei. Such cooperation combined the resources advantage of Sinopec Hubei and professional advantage of the Group and is expected to enlarge the market share of Group's service segment in Central China region significantly.

The service segment of the Group continued to explore and improve business model during the review period, and started to explore setting up new stores by a combined portfolio of large comprehensive stores or maintenance and metal sheet painting center and small satellite stores. Not only such approach helps easing pressure from the difficulties in identifying large properties for opening stores, but also it helps widening the customer base and is more convenient when providing services to customers. The Group has opened a pilot portfolio in Shenzhen, which gained initial success. After such model is proven to meet the market demand, the Group will promote it in other markets.

The Group fully recognizes the significant influence from the e-commerce to its businesses. We have gradually improved and integrated our own e-commerce business within the Group which also considered the possibility of investing in or introducing into our Group a third-party e-commerce company. During the review period, the management of the Group focused on perfecting the incentive mechanism for our employees, and expected to enhance the enthusiasm of the staff of our stores through employee investment, participating in dividends and other incentives, so as to encourage the staff of our stores to grow together with the Group. The Board also granted options to the management in October 2014 to encourage the management of the Group to make greater contributions to the development of the Group.

Outlook

It is expected that the market of automotive aftermarket in the PRC will continue to grow rapidly, providing a favorable macro environment for the future development of the Group. The Group will keep adhering to our effective business strategy and improving business model. Meanwhile, it will actively identify mergers and acquisition and cooperation opportunities that would create synergy, with an aim to improve the Group's operating results.

Finally, I would like to take this opportunity to express, on behalf of the Board of Directors, deep appreciation to our loyal, responsible, and diligent management and staff.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In 2014, the Group focused on the automotive aftermarket chain service in the Greater China region to satisfy the basic needs of numerous automotive users, taking the market-leading position in the industry.

Results Highlights

Revenue

For the year ended 31 December 2014, the Group recorded a consolidated turnover of approximately RMB1,397,498,000 (2013: RMB1,414,616,000), representing a decrease of approximately 1.2%.

The consolidated turnover of the Group's retail service business amounted to approximately RMB516,898,000 (2013: RMB524,491,000), representing a decrease of approximately 1.5%. The decrease was mainly due to the limitation of government expenditure from the PRC government, resulting in a decrease of revenue from the government customers.

The consolidated turnover of wholesale service business of the Group was approximately RMB443,257,000 (2013: RMB471,338,000), representing a decrease of approximately 6.0%. The decrease was mainly attributable to the challenges from e-commerce and the vigorous competition in the industry.

The consolidated turnover of manufacturing business of the Group was approximately RMB437,343,000 (2013: RMB418,787,000), representing an increase of approximately 4.4%. The increase was mainly due to the increase of orders from clients and the appreciation of the United States dollars ("**USD**").

Gross profit and gross margin

The consolidated gross profit of the Group was approximately RMB297,119,000 in 2014 (2013: RMB258,024,000), representing an increase of approximately 15.2%. Gross margin increased from approximately 18.2% in 2013 to approximately 21.3% in 2014.

The gross profit of the Group's retail service business was approximately RMB122,934,000 (2013: RMB112,667,000), representing an increase of approximately 9.1%. The increase was mainly attributable to the initial success in the transformation of our retail service business in terms of optimization of product structure.

The gross profit of the Group's wholesale service business was approximately RMB98,318,000 (2013: RMB92,522,000), representing an increase of approximately 6.3%, while its gross margin increased from 19.6% to 22.2%. The increase of gross profit was mainly because, in face of vigorous challenges from e-commerce, the Group has aggressively optimized the products structure and increased the proportion of sales of high gross profit products.

The gross profit of the Group's manufacturing business was approximately RMB75,867,000 (2013: RMB52,835,000), representing an increase of approximately 43.6%, while its gross margin was approximately 17.3% (2013: 12.6%). The increase in the gross profit was mainly because the provision for impairment of inventory with net realizable value lower than its carrying amount decreased to approximately RMB4,292,000 (2013: RMB20,368,000) and the appreciation of USD in 2014.

Expenses

Sales and marketing expenses for the year were approximately RMB225,042,000 (2013: RMB252,116,000), representing a decrease of approximately 10.7%. The decrease was mainly due to the transformation of business model of the Group.

The administrative expenses for the year were approximately RMB121,268,000 (2013: RMB160,159,000), representing a decrease of approximately 24.3%, which was mainly due to the reduction of our workforce and tightening of other administrative expenses.

Operating loss

The operating loss of the Group was approximately RMB113,000 (2013: operating loss of RMB539,627,000). The operating loss decreased by approximately RMB539,514,000, of which approximately RMB401,791,000, which was recognized in 2013, was the amount of the impairment loss of long term assets such as goodwill and intangible assets arising from merger and acquisition activities and the loss on disposal of other long-term assets, while the remaining RMB137,723,000 was attributable to the transformation and consolidation of the Group's business in 2014, of which initial success has been achieved.

Finance costs

Net finance costs amounted to approximately RMB26,266,000 (2013: RMB25,635,000), representing an increase of approximately 2.5%.

Taxation

Income tax expenses were approximately RMB9,422,000 (2013: minus RMB48,412,000). Such increase was mainly attributable to reversal of deferred tax liabilities of approximately RMB48,261,000 resulting from the impairment of intangible assets which was recognized in 2013. Excluding this factor, income tax expenses for 2014 increased by RMB9,573,000 as compared with 2013. The increase was due to the increase of profit before tax of certain profitable subsidiaries of the Group in 2014.

Loss attributable to owners of the Company

Loss attributable to owners of the Company was approximately RMB43,223,000 (2013: loss of RMB446,700,000). Compared with 2013, the loss attributable to the owner of the Company decreased by RMB403,477,000. After deducting the impairment of long term assets such as goodwill and intangible assets arising from merger and acquisition activities and impairment of current assets such as inventories and receivables and loss on disposal of long-term assets that led to the loss attributable to the owners of the Company of RMB357,241,000 which was recognized in 2013, the loss attributable to owners of the Company decreased by RMB46,236,000, which was mainly due to the initial success in the transformation and consolidation of the Group's business in 2014. Loss per share was approximately RMB1.27 cents (2013: loss per share of RMB31.60 cents).

Financial Position and Liquidity

For the year ended 31 December 2014, the Group maintained a stable financial position and the liquidity of assets of the Group remained healthy. The Group had a net operating cash inflow of approximately RMB64,321,000 (2013: outflow of RMB58,017,000).

The non-current assets were approximately RMB469,881,000 as at 31 December 2014 (31 December 2013: RMB521,097,000).

The net current assets were approximately RMB234,232,000 as at 31 December 2014 (31 December 2013: RMB245,853,000), with a current ratio of approximately 1.48 (31 December 2013: 1.42).

Gearing ratio calculated by dividing total liabilities by total assets was approximately 54.54% as at 31 December 2014 (31 December 2013: 63.34%). As at 31 December 2014, the total bank borrowings of the Group were approximately RMB161,829,000 (31 December 2013: RMB138,927,000).

The Group maintains strong and sufficient operating cash flow, bank deposits and banking facilities to finance its daily operation, capital expenditure, merger and acquisition activities and future investment opportunities for further expansion in the domestic market of the Greater China region.

The announcement of the Company dated 28 July 2014 disclosed the actual use of net proceeds from the issuance of the Investor Subscription Shares and the Convertible Bonds (as defined in the circular dated 17 July 2013 of the Company). The Company previously intended to apply the remaining proceeds of approximately US$14 million (equivalent to approximately HK$108.9 million) to (i) the settlement of the outstanding RMB20,000,000 payable to the vendor under a supplement agreement in relation to the acquisition of 51% equity interest in Changchun Guangda Automobile Trading Co., Ltd. (長春市廣達汽車貿易有限公司) ("**Changchun Guangda**") as disclosed in the announcement of the Company dated 29 January 2014; (ii) potential mergers and acquisitions of the Group's service business and (iii) general working capital of the Group. At the end of 2014, the Board reasonably estimated that the Audited Net Profit After Taxation of 2014 (as defined in the announcement of the Company dated 29 January 2014) could not reach RMB26,000,000, therefore the Company should not be required to pay the aforesaid RMB20,000,000. Considered that there are no immediate mergers and acquisitions for the business of the Group and our operation capital is still sufficient, the Company has applied the aforesaid US$14 million together with other internal resources of the Group for the provision of entrusted loans in the principal amount of RMB100,000,000 (representing approximately HK$126,826,000) to Shenzhen Jiahong Trading Development Co., Ltd (深圳市佳鴻貿易發展有限公司) ("**Shenzhen Jiahong**"), a potential acquisition target of the Group. Details of the entrusted loans are set out in the announcement of the Company dated 29 December 2014.

Capital Structure

Upon the receipt of a conversion notice on 11 June 2014 from CDH Fast Two Limited for partial conversion of the convertible bonds in the principal amount of US$24,342,500, the Company allotted and issued a total of 813,507,946 conversion shares to CDH Fast Two Limited at the conversion price of HK$0.2328 per conversion share on 12 June 2014. After the partial conversion of the convertible bonds as described above, the Company has convertible bonds outstanding in the principal amount of US$24,342,500. Please refer to the announcement of the Company dated 12 June 2014 for details.

As at 31 December 2014, the Group's total assets were RMB1,188,415,000 (31 December 2013: RMB1,346,733,000), comprising: (1) share capital of RMB307,931,000 (31 December 2013: RMB242,704,000), (2) reserves of RMB232,366,000 (31 December 2013: RMB250,971,000), and (3) debts of RMB648,118,000 (31 December 2013: RMB853,058,000).

Financial Guarantees and Pledge of Assets

As at 31 December 2014, the net book values of investment properties, property, plant and equipment and leasehold land and land use rights pledged as security for the Group's bank borrowings amounted to approximately RMB130,322,000 (31 December 2013: RMB134,790,000).

Substantial Acquisition and Disposal of Subsidiaries and Associated Companies

Supplemental Agreements to Equity Transfer Agreement Regarding Acquisition of 51% Equity Interest in Changchun Guangda and Determination of Consideration

The Company and Ms. Gao Xiu Min ("**Ms. Gao**") entered into a supplemental agreement with effect from 29 January 2014 to amend the terms of the equity transfer agreement dated 17 July 2012 entered into by and among the Company, Ms. Gao and other parties. The amendments included the change of payment methods and the additional guarantee on future performance of Changchun Guangda by Ms. Gao. For this purpose, Equity Interest as Collateral (as defined in the announcement of the Company dated 29 January 2014) will be transferred to the designated subsidiary of the Company by Ms. Gao to secure the performance of her guarantee. For further details, please refer to the announcement of the Company dated 29 January 2014. The transfer of Equity Interest as Collateral was completed on 19 February 2014.

According to the aforesaid supplementary agreement, if the Audited Net Profit After Taxation of 2014 (as defined in the announcement of the Company dated 29 January 2014) does not reach RMB26,000,000, the Company will not need to pay RMB20,000,000 to Ms. Gao. Based on the Audited Report of 2014 (as defined in the announcement of the Company dated 29 January 2014), the Audited Net Profit After Taxation of 2014 is RMB10,344,000, hence the Company was not required to pay RMB20,000,000 to Ms. Gao.

Disposal of 51% equity interest in Hubei Autoboom

New Focus Lighting & Power Technology (Shanghai) Co.,Ltd. ("**NFLP**"), a subsidiary of the Group that held directly 51% equity interest in Hubei Autoboom Auto Accessories Supermarket Co., Ltd. (湖北歐特隆汽車用品超市有限公司) ("**Hubei Autoboom**") entered into an equity transfer agreement with Mr. Chen Bing Yu and Mr. Li Zheng Guo (collectively the "**Purchasers**") which became effective on 17 December 2014. According to the agreement, the Purchasers agreed to purchase by way of cash, and NFLP has agreed to sell, 51% equity interest in Hubei Autoboom with the total consideration of RMB23,000,000. The disposal of 51% equity interest in Hubei Autoboom was completed on 31 December 2014. For further details, please refer to the announcement of the Company dated 17 December 2014.

Significant investments

For the year ended 31 December 2014, the Group had no significant investments. The Group has no specific future plans for material investments.

Exchange Risk

The Group's retail and wholesale service businesses were mainly in mainland China and their settlement currency was RMB, so there was no exchange risk. The settlement currency of the Group's manufacturing business was mainly US dollar. The Group reduced the exposure of USD assets by USD borrowings to minimize exchange risk.

Contingent Liabilities

As at 31 December 2014, the Group had no significant contingent liabilities.

Employees and Remuneration Policy

As at 31 December 2014, the Group employed a total of 4,135 full-time employees (31 December 2013: 4,879), of which 573 were managerial staff (31 December 2013: 654). The remuneration package for the Group's employees includes wages, incentives (such as performance-based bonus) and allowances. The Group also provides social security insurance and benefits to its employees.

Industry Development and Business Review

In 2014, the scale of the China automobile after-sales market reached RMB600 billion, representing an increase of 20% comparing to that of 2013. As the average age of automobiles grows, it is predicted that the China automobile after-sales market will maintain growth at a high pace, providing a supportive macro-environment for the subsequent development of the Group.

As at 31 December of 2014, the Group had a total of 75 consumer service retail centres, 11 wholesale service stores and two manufacturing business factories.

The Group's Service Business

Based on the industry knowledge that terminal service is irreplaceable, in 2014, the operational management team of the Group tracked the changes in the industry and the sustainability of new business models and continued to integrate and allocate internal resources for exploring the mode of operation which fits the demand in the industry and the existing condition of the Group. Comparing with 2013, there was a significant improvement in the profit of the Group while the revenue remained nearly the same as 2013. The management believes that so long as we continue to insist on implementing new development strategies and operating direction, the performance of the Group will continue to improve. The operating strategies implemented during the year of 2014 mainly include:

(i) We implemented urban strategies, which led to an in-depth development of the markets that were already well-developed with stable profits. We emphasized on increasing branding impacts by standardized services and enhanced service experience, and further increased the market shares in regions under our current market coverage to achieve the absolute advantages. Meanwhile, we entered into new markets when various conditions were mature. In particular, a subsidiary of the Group which is part of our service business, Beijing Aiyihang Auto Service Ltd has entered into a strategic cooperation agreement with Sinopec Hubei Oil Products Company ("**Sinopec Hubei**") in December 2014. The parties will jointly operate automotive services business at the gas stations within the Sinopec Hubei network. Such cooperation combined the resources advantages of Sinopec Hubei and the professional advantages of the Group. The parties plan to build 300 automobile services stores at the gas stations of Sinopec Hubei in Hubei Province in the next three years. Our management anticipates that the plan can increase the market share of our service business in the Central region of China. The four automobile services stores under the first phase have commenced operations as at the date of this report.

(ii) Our management no longer merely pursued for the large-scale operating stores, but also focused on the synergies among operating stores of different sizes and types in the business layouts. The Group started to explore setting up new stores by a combined portfolio of large comprehensive stores or maintenance sheet metal painting center and small satellite stores. These small satellite stores can penetrate into residence communities and are radically distributed around the large comprehensive stores or maintenance and metal sheet painting center to provide the residence community customers with cleaning, maintenance and quick repair, and insurance premium service. They also function as automobile reception terminal of large comprehensive stores providing complex repair and metal sheet painting to allow customers to enjoy basic services for their automobiles within the residence communities or in nearby areas. Large comprehensive stores will continue to provide comprehensive after-sales services such as comprehensive automobile detailing and cleaning, maintenance and repair, sales of automobile accessories and settlement of insurance claims, and they are equipped with senior technical personnel and testing equipment to provide technical support for the entire store portfolio. We may rent factories or non-store properties to operate the maintenance and metal sheet painting center to reduce the rent, while providing the same comprehensive services and technical support to the satellite stores. Our management believes that this model is not only beneficial in further penetrating into the residence communities to expand the source and increase the loyalty of customers, but also helps to share the cost of maintaining advanced technical support and quality service for large comprehensive stores. This arrangement also reduces the dependence on large and expensive properties during the expansion process, which benefits the rapid opening of new stores and allows for better cost control. Shenzhen Yonglonghang Auto Service Ltd ("**Shenzhen Yonglonghang**"), a subsidiary of the Group, has opened a set of stores combining maintenance and metal sheet painting center with community satellites shop in Shenzhen. The set of three shops have started to generate profit after the first month of operation. Comparing with the traditional large-scale one-stop stores, the same amount of invested capital is sufficient for the opening of more sets of stores, covering a larger market and attracting more car owners. When the mode of operation of large comprehensive stores or maintenance and metal sheet painting center with community satellite stores have proved to be suitable to satisfy market demand, the Group will promote such mode of operation in Shenzhen speedily and replicate it to other target markets, forming a new business model for the auto aftermarket service.

(iii) The Group has been considering acquisitions that can help facilitate the realization of the strategic targets and integration of the existing resources of the Group, so as to create synergies for the existing business of the Group and enhance the competitive advantages of the Group. In December 2014, NFLP provided an entrusted loan of RMB100 million to Shenzhen Jiahong, for the purpose of allowing the Group to analyze the business viability of Shenzhen Jiahong in greater detail, and such that we stand in a favorable strategic position in negotiating the terms of the potential acquisition when the Group determines to acquire the equity interests of Shenzhen Jiahong in the future. In the event that the Group acquires the equity interests in Shenzhen Jiahong, it is expected that such acquisition would add high-end automobile after-sales services and products lines with strong customer loyalty to the Group's current business and improve the consistency between cash flow and profit of the Group while rapidly developing its auto chain services network.

(iv) In order to cope with the competition of electronic commerce, the Group has strengthened the cooperation with e-commerce companies. We have gradually improved and integrated our own e-commerce business within the Group while also considered the possibility of investing in or introducing into our Group a third-party e-commerce company, which focuses on the automotive after-market platform services. It is expected that it will increase the Group's sales and improve its profitability.

(v) The subsidiaries of the Group engaging in the wholesale business have also continuously increased their product types related to vehicle repair and maintenance, and enhanced the added-value of products and services by improving logistics service and network coverage, which increased the loyalty of downstream retail customers and the on-going demand for orders.

(vi) The Group strengthened employee training to foster and train personnel for the rapid development of our service business in the future and improved our employee incentive scheme. Through the specialized training institute set up by Shenzhen Yonglonghang and the professional management and advisory institution focusing on the automobile service business, the business skills and integrated qualities of the operations personnel of the Group will be enhanced. In addition, subsidiaries of the Group which are engaging in retail services business are gradually improving their employee incentive systems to stimulate the enthusiasm of employees and enhance the performance of stores through measures including investment by employees and bonus sharing.

The Group's Manufacturing Business

During the period under review, our target markets, customers and products underwent a comprehensive adjustment within the manufacturing business. In particular, our communication and liaison with international clients have been enhanced, leading to further understanding of the demand for products and the development trend of similar products in the international market. Also, we have continued with our efforts in terms of products design and research and development, upgrading and replacing the existing products, and striving to explore new product categories. Meanwhile, the Group's manufacturing business focused on strengthening the development of the domestic market by developing products that are suitable for sales in the domestic market and e-commerce networks. Our manufacturing business has put forward the business ideas of 'the sharpest insight, the wisest research and development, the most efficient production and the most effective promotion.' The measures adopted, including optimizing the suppliers, reducing the number of staff, improving logistics and enhancing internal control were proven to be effective and remarkable during the implementation period and have also significantly reduced our operating and administrative costs.

Prospects

In 2015, increasing the number of auto service stores and improving our operation model will be the main focus of the Group, thus we will continue to adopt the following operational strategies:

First, continue to carry out our urban strategies, focus on the development of key markets, open new stores in the combined form of large and small stores, and steadily improve market share and the number of stores in these markets, so as to lay the foundation for expansion to new markets. The Group will fully implement cooperation and venture plans so as to attract the participation by outstanding key employees and aspiring teams.

Secondly, actively adjust the product mix of wholesale business, and focus on automobile repair and maintenance products with rigid demand and improve logistics efficiency and service quality, enabling the Group to become an indispensable comprehensive supplier that provides integrated repair and maintenance products for automobile after-sales service stores in target markets.

Thirdly, select bulk commodities such as the repair and maintenance products of the Group and directly cooperate with manufacturers, carry out purchase by way of original equipment manufacturer (OEM) with our own brands, thus reduce costs and improve the impact of the Group's products.

In addition, the Group will also continue to actively search for and negotiate with potential targets the acquisition of which will help us achieve the strategic objectives of the Group, consider acquisition in due course and explore opportunities to introduce a new business scope of automotive after-sales market, such as professional automotive repair, automotive insurance and automotive finance, so as to provide car owners with a more comprehensive automotive after-sales service to improve our competitive advantages.

The manufacturing business of the Group will continue with the market expansion in Europe and Asia Pacific, a market with giant potential, and continue to explore the upgrading needs of customers in North America. It will also enlarge the categories of authorized products by leveraging on the partnership with Michelin Lifestyle Limited to expand the domestic markets and actively explore the research and development of new product categories according to the latest industry development.

PROFILES OF THE DIRECTORS AND SENIOR MANAGEMENT

Profiles of the Directors and senior management as at the date of this annual report are set out below.

Executive Directors

Mr. Zhang Jianxing

Mr. Zhang, aged 48, is the executive Director and the chief executive officer, and is currently responsible for the operation and management of the Group. Mr. Zhang has been the executive Director and the chief executive officer since August 2013.

Mr. Zhang graduated from Tongji University (同濟大學) and received a Bachelor of Science degree in civil engineering. He has been employed by CDH Investments Management (Hong Kong) Limited ("CDH") since 2011, and his current position is operating managing director. Prior to joining CDH, from 2009 to 2011, Mr. Zhang served as an operating director at China Resources Asset Management (華潤資產管理公司). From 2006 to 2009, he worked as a vice president at China Worldbest Group Co.,Ltd (中國華源集團有限公司).

Non-executive Directors

Mr. Ying Wei (Chairman)

Mr. Ying, aged 48, is a non-executive Director and Chairman of the Company. He holds a master's degree in business administration from the University of San Francisco and a bachelor's degree in economics from the Zhejiang Gongshang University (浙江工商大學) (formerly known as Hangzhou Institute of Commerce (杭州商學院) and is a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). Mr. Ying had worked for China Resources Textiles (Holdings) Company Limited (華潤紡織（集團）有限公司) as executive director and vice president for 18 years during the period from 1989 to 2007. Mr. Ying had also worked for China Water Affairs Group Limited (中國水務集團有限公司) (Stock Code: 855) as vice president during the period from 2007 to 2009, worked for China Botanic Development Holdings Limited (中國植物開發控股有限公司) (now re-named as China City Infrastructure Group Limited) (Stock Code: 2349) as an executive director and president during the period from July 2008 to July 2009, and worked for China Public Procurement Limited (中國公共採購有限公司) (Stock Code: 1094) as an independent non-executive director during the period from December 2012 to March 2014. Currently, Mr. Ying is the operating partner of CDH Investments, an independent non-executive director of Chtc Fong's Industries Company Limited (恒天立信工業有限公司) (Stock Code: 641) and Fountain Set (Holdings) Limited (Stock Code: 420). Mr. Ying joined the Group since August 2013.

Mr. Hung Wei-Pi, John (Vice Chairman)

Mr. Hung, aged 54, is a non-executive Director and the Vice Chairman of the Company and is one of the founders of the Group. He graduated from Chung Yuan Christian University in Taiwan (台灣中原大學) with a bachelor's degree in commerce in 1982. In March 1994, Mr. Hung established Shanghai New Focus Auto Parts Co., Ltd. He assumed the positions of both the director and general manager. In 2001, Mr. Hung established Shanghai New Focus Auto Repair Services Co., Ltd. He served as the Chairman of the Company from February 2005 to August 2013. He is the brother of Ms. Hung Ying-Lien.

Mr. Wang Zhenyu

Mr. Wang, aged 51, is a non-executive Director. He graduated from Hefei University of Technology (合肥工業大學) with a bachelor's degree in machinery engineering in 1985 and a master's degree in industrial management engineering in 1988. Mr. Wang has been employed by CDH since 2008, and his current position is managing director. From 2002, he served as a vice President and managing Director in several affiliates of CDH. Prior to joining CDH, from 2000 to 2002, he served as an associate in the investment consultancy department of China International Capital Corporation Limited (中國國際金融有限公司). He served as a non-executive director of Xiezhong International Holdings Limited (協眾國際控股有限公司) (Stock Code: 3663) from June 2012 to July 2014. Mr. Wang joined the Group in August 2013.

Mr. Du Jinglei

Mr. Du, aged 37, is a non-executive Director. He graduated with a bachelor's degree in mechanical engineering and a master's degree in measurement technology and instrumentation from Tsinghua University (清華大學) in July 2000 and July 2002, respectively. He has been employed by Ding Hui Investment Management (Tianjin) Company Limited (鼎暉股權投資管理(天津)有限公司) since August 2006, and his current position is executive director who is in charge of deal sourcing and executions. Prior to joining CDH, from August 2002 to August 2006, Mr. Du worked as an assistant manager in KPMG China and was responsible for certain IPO audit and other audit assurance engagements. Mr. Du joined the Group in August 2013.

Independent Non-executive Directors

Mr. Hu Yuming

Mr. Hu, aged 49, is an independent non-executive Director. He received a Bachelor's degree in Economics, a master's degree in Economics and doctor's degree in economics from Xiamen University (廈門大學) in 1986, 1989 and 1995, respectively and is a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). He has been a professor at the School of Management of Jinan University (暨南大學管理學院) from 2000 to present and held various teaching positions in Xiamen University (廈門大學) from 1989 to 2000. He had worked for China Resources Jinhua Co., Ltd. (華潤錦華股份有限公司) (The Shenzhen Stock Exchange ("SZSE") Stock Code: 000810) as an independent director during the period from 2004 to 2010. Mr. Hu had also worked for Guangzhou Zhujiang Brewery Co., Ltd. (廣州珠江啤酒股份有限公司) (SZSE Stock Code: 002461) and Guangdong HongDa Blasting Co., Ltd. (廣東宏大爆破股份有限公司) (SZSE Stock Code: 002683) as an independent director during the period from 2009 to 2012 and from 2010 to 2013, respectively. He also worked for Guangzhou Canudilo Fashion and Accessories Co., Ltd. (廣州卡奴迪路服飾股份有限公司) (SZSE Stock Code: 002656) as an independent director during the period from December 2008 to January 2015, Currently, Mr. Hu is an independent director of By-health Co., Ltd. (湯臣倍健股份有限公司) (SZSE Stock Code: 300146). Mr. Hu joined the Group in August 2013.

Mr. Lin Lei

Mr. Lin, aged 47 is an independent non-executive Director. He received a bachelor's degree in Applied Economic Mathematics from the Renmin University of China (中國人民大學) in 1990. He is the founder and Chairman of the Board of Sinotrust International Information & Consulting (Beijing) Co., Ltd. (新華信國際信息諮詢（北京）有限公司) ("Sinotrust"). Prior to founding Sinotrust in 1992, from 1990 to 1992, Mr. Lin worked at the Ministry of Foreign Economic Relation and Trade (對外經濟貿易部). Currently, Mr. Lin is an independent non-executive Director of Synutra International Inc (聖元國際集團)(NASDAQ:SYUT), Xiezhong International Holdings Limited (Stock Code: 3663) and CAR Inc. (Stock Code: 699). Mr. Lin is currently a member of the European Society for Opinion and Marketing Research (ESOMAR) (歐洲民意與市場研究協會) and the American Marketing Association (AMA) (美國市場營銷學會). Mr. Lin is also vice president of China Association of Market Information and Research (CAMIR) (中國市場信息調查業協會), a council member of Society of Automotive Engineers of China (SAE) (中國汽車工程學會), commissioner of the expert committee of China Automobile Dealers Association (CADA) (中國汽車流通協會). Mr. Lin joined the Group in August 2013.

Mr. Zhang Xiaoya

Mr. Zhang, aged 52, is an independent non-executive Director. He is a graduate of the Shangdong University (山東大學) and the school of management at the Beijing University of Aeronautics and Astronautics (北京航空航天大學) and is a senior engineer. Mr. Zhang is the chairman of Beijing Xindajiading Investment Company (北京信達嘉鼎投資公司), an independent non-executive director of China Mengniu Diary Company Limited (中國蒙牛乳業有限公司) (Stock Code: 02319), an independent director of Syswin Inc. (思源經紀), which was listed on the New York Stock Exchange until April 2013, and an independent director of Guangzhou Zhujiang Digital Group (廣州珠江數碼集團). Mr. Zhang has previously served as a director and president of AirMedia Group Inc. (航美傳媒集團) (NASDAQ: AMCN) and the chairman of Unibank Media (銀廣通傳媒集團), and is experienced in the management of media operations and initial public offering. Mr. Zhang joined the Group in March 2015.

Senior Management

Mr. Lin Ming

Mr. Lin, aged 35, is the chief financial officer of the Group. He is currently responsible for financial budget and capital management of the Group.

Mr. Lin graduated from Nankai University (南開大學) in 2002. He holds a bachelor's degree in accountancy and is a non-practicing member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). From 2002 to 2007, he served as audit manager in KPMG Huazhen (畢馬威華振會計師事務所) and was responsible for certain IPO audit and other audit assurance engagements. From 2007 to 2013, he served as chief financial officer and senior vice president of Towona Mobile TV Media Group (China) Limited (世通華納移動電視傳媒集團（中國）有限公司). Mr. Lin joined the Group in August 2013.

Ms. Hung Ying-Lien

Ms. Hung, aged 49, is the COO of the Group and is responsible for the operating of the Group.

She graduated from Taiwan Fu Jen Catholic University (台灣輔仁大學) with a bachelor's degree in accountancy in 1988. She has extensive experience in the wholesale and retail service sector and in the finance field. Prior to joining the Group, Ms. Hung had worked in various positions in a hypermarket chain stores in Taiwan from 1991 to 2001, responsible for wholesale operations, human resource management, product management, inventory logistics and financial management. Ms. Hung joined the Group in July 2001. She is the sister of Mr. Hung Wei-Pi, John.

Mr. Zuo Yungui

Mr. Zuo, aged 42, vice president of the Group, is responsible for the operations and management of the Group's manufacturing industry and the operations and management of Shenzhen Yonglonghang Auto Service Ltd (深圳市永隆行汽車服務有限公司) ("Shenzhen Yonglonghang (深圳永隆行)"), a subsidiary of the Group.

Mr. Zuo obtained his bachelor's degree in weaving and product design from Chengdu Textile College (成都紡織高等專科學校) in 1996, with engineers titles. He worked for China Resources Jinhua Co., Ltd. (華潤錦華股份有限公司), China Resources Textiles (Holdings) Company Limited (華潤紡織(集團)有限公司) and Meihua Holdings Group Co., Ltd.(梅花生物科技集團股份有限公司). He has extensive management experience in the manufacturing sector, as well as seven consecutive years of group strategic management experience. Mr. Zuo joined the Group in August 2013.

Mr. Li Haidong

Mr. Li, aged 45, is the executive general manager of Liaoning Xin Tian Cheng Industrial Co., Limited and is responsible for the operations and management of Liaoning Xin Tian Cheng, a subsidiary of the Group. He founded Liaoning Xin Tian Cheng in 1994. Mr. Li joined the Group in June 2010.

Mr. Lin Yunling

Mr. Lin, aged 50, is a Director and general manager of Zhejiang Autoboom Industrial Co., Limited ("Zhejiang Autoboom") and is responsible for the operations and management of Zhejiang Autoboom, a subsidiary of the Group. Mr. Lin is currently studying the internationalization president class in Economics and Management of Tsinghua University. He served as manager of Hangzhou Autoboom Auto Accessories Supermarket Co., Ltd (杭州歐特隆汽車用品超市有限公司) from 2004 to 2008. He founded Zhejiang Autoboom at the end of 2008. Mr. Lin joined the Group in August 2010.

Ms. Liu Fengxi

Ms. Liu, aged 48, is a Director and general manager of Shanghai Astrace Trade Development Company Limited ("Shanghai Astrace") and is responsible for the operating and management of Shanghai Astrace, a subsidiary of the Group. Ms. Liu graduated from Wuhan University (武漢大學) in 1988 and worked in universities, State-owned enterprises, foreign enterprises and listed companies. Ms. Liu was involved in the aftermarket of automotive in the PRC in 2000 and engaged in the agent business of various international car audio brands. She has produced excellent results in PRC car audio market with deep and systematic innovation at the beginning of the business and has been active in promoting the development and growth of the industry. She founded Shanghai Astrace at the end of 2003 and successfully operated several brands of heat insulating film such as Sunsaint films (天幕), Apex (歐帕斯) and Master Tint Art (大師貼膜). Ms. Liu joined the Group in June 2011.

Mr. Wu Yande

Mr. Wu, aged 45, is a Director and executive general manager of Changchun Guangda Automobile Trading Co., Ltd. ("Changchun Guangda") and is responsible for the operating and management of Changchun Guangda, a subsidiary of the Group. He founded Changchun Guangda in 1996. Mr. Wu joined the Group in July 2012.

Mr. Xing Aiyi

Mr. Xing, aged 53, is a Director and general manager of Beijing Aiyihang Auto Service Ltd. ("Beijing Aiyihang") and is responsible for the operating and management of Beijing Aiyihang, a subsidiary of the Group. Mr. Xing received a master's degree in Business Administration from Party School of Beijing Municipal Committee (北京市委黨校) in 2009. He established Aiyihang Auto Service Centre in 1992, founded Beijing Aiyihang and started the automotive chain operation in 1997. Mr. Xing joined the Group in February 2007.

CORPORATE GOVERNANCE REPORT

The board of Directors (the "**Board**" or the "**Directors**") hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2014.

Corporate Governance Practices

The Board believes good corporate governance practice is the key to business growth and management of the Group.

The Company has applied the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 December 2014.

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2014, save and except for the deviation from code provisions A.5.1 and A.6.7.

Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized as below.

Securities Transactions of Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealings in securities of the Company by the directors or relevant employees as defined in the Model Code. Having made specific enquiry to all directors by the Company, all directors confirmed that they had complied with the requirements set out in the Model Code during the financial year ended 31 December 2014.

Board of Directors

Responsibilities and Delegation

The Board is responsible for the overall management and control of the Company. Its main roles are to provide leadership and to approve strategic policies and plans with a view to enhancing shareholder value. All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively, and acting in the interests of the Company and its shareholders at all times.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and senior management. Any director may request independent professional advice in appropriate circumstances at the Company's expense, upon making reasonable request to the Board. The Board has implemented appropriate measures and internal control procedures to ensure that the Company runs its business pursuant to all applicable legal and regulatory requirements with prudence and integrity.

The senior management are obliged to supply the Board with adequate information in a timely manner to enable the Board to make informed decisions in a timely manner. Each of the Directors is entitled to obtain such records of the Company as are necessary to enable them to make informed decisions. Biographical details of the Directors and their relationships are set out under the section headed "Profiles of the Directors and Senior Management" in this annual report.

Issues reserved for discussion and approval by the Board include the following: (i) corporate strategies; (ii) annual budget and annual business plan; (iii) annual and interim results; (iv) internal control and risk management; (v) major acquisitions, disposals and capital transactions; (vi) other significant operational and financial matters.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual and interim financial statements for Board approval before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate internal control and risk management system, and compliance with relevant statutory requirements and rules and regulations. Each executive Director should assume individual responsibilities to oversee and monitor the operations of a specific business unit, and to implement the strategies and policies set by the Board. The independent non-executive Directors will provide independent advice to the Board and share their knowledge and experience with the other members of the Board.

Board Composition

Throughout the year ended 31 December 2014, the Board comprises one executive Director and seven non-executive Directors with three of them being independent non-executive Directors:

Executive Director
Mr. Zhang Jianxing *(Chief Executive Officer)*

Non-executive Directors
Mr. Ying Wei *(Chairman)*
Mr. Hung Wei-Pi, John *(Vice-Chairman)*
Mr. Wang Zhenyu
Mr. Du Jinglei

Independent Non-executive Directors
Mr. Hu Yuming
Mr. Lin Lei
Mr. Zhang Jie

The Company has received from each independent non-executive Director an annual confirmation or confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such Directors to be independent.

All Directors have brought a wide range of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Moreover, through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive Directors make various contributions to the effective direction of the Company.

Appointment and Re-Election of Directors

All Directors are appointed for a fixed term of three years. The articles of association of the Company ("**Articles**") require that one-third of the Directors (including executive and non-executive Directors) retire each year. The Directors to retire each year shall be those appointed by the Board during that year and those who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

Apart from the service agreement or letter of appointment (as the case may be) entered into by each non-executive Director with a fixed term, none of them has signed any form of service contract with the Company or any of its subsidiaries.

Continuous Professional Development of Directors

Under code provision A.6.5, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

All directors are encouraged to attend relevant training courses at the Company's expense. During the year ended 31 December 2014, the Company organized briefings conducted by the Company Secretary for all its Directors, namely, Mr. Zhang Jianxing, Mr. Ying Wei, Mr. Wang Zhenyu, Mr. Hung Wei-Pi, John, Mr. Du Jinglei, Mr. Hu Yuming, Mr. Lin Lei and Mr. Zhang Jie, on corporate governance and provided reading materials on regulatory update to all the directors for their reference and studying. Directors are requested to provide their training records to the Company Secretary for record-keeping.

Board Committees & Corporate Governance Functions

On 28 August 2013, the Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee for overseeing particular aspects of the Company's affairs. The Audit Committee, the Remuneration Committee and the Nomination Committee have been established with defined written terms of reference, which are posted on the Company's website "www.nfa360.com" and the Stock Exchange's website and are available to shareholders upon request. All Board committees report to the Board on their decisions or recommendations.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Audit Committee

Throughout the year ended 31 December 2014, the Audit Committee comprises a total of three members, being two independent non-executive Directors, namely, Mr. Hu Yuming (Chairman) and Mr. Lin Lei, and one non-executive Director, namely, Mr. Du Jinglei. The chairman of the Audit Committee is Mr. Hu Yuming who possesses the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The terms of reference of the Audit Committee have been determined with reference to the CG Code. The main duties of the Audit Committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; (ii) review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process; (iii) make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and (iv) review the adequacy and effectiveness of the Company's financial reporting system, internal control system, risk management system and associated procedures and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2014, the audit committee, through its meetings held on 29 January 2014, 28 March 2014 and 29 August 2014 respectively, has performed, among others, the following:

- recommendation to the Board for the adoption of the International Financial Reporting Standards, changing from the Hong Kong Financial Reporting Standards, in the preparation of financial statements to be presented in the annual report for the financial year ended 31 December 2013 and subsequent annual reports and interim reports of the Company;

- review and discussion of the annual financial results and report in respect of the year ended 31 December 2013 and interim financial results and report for the six months ended 30 June 2014 and discussion with the management of the accounting principles and practices adopted by the Group;

- discussion on and recommendation of the re-appointment of the external auditors; and

- review of the internal control, financial reporting and risk management systems of the Group.

The external auditors were invited to attend the meetings of the Audit Committee held during the year to discuss with the Audit Committee members issues arising from the audit and financial reporting matters.

Remuneration Committee

The Remuneration Committee was set up on 28 August 2013. Throughout the year ended 31 December 2014, the Remuneration Committee comprises a total of three members, being two independent non-executive directors, namely, Mr. Hu Yuming (Chairman) and Mr. Zhang Jie; and one non-executive director, namely, Mr. Ying Wei.

The terms of reference of the Remuneration Committee have been determined with reference to the CG Code. Under the terms of reference of the Remuneration Committee, the responsibilities of the Remuneration Committee include, among others, (i) to make recommendations to the Board on the Company's policy and structure for directors and senior management's remuneration and the establishment of a formal and transparent procedure for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration; and (ii) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and the Company's senior management.

During the year ended 31 December 2014, the Remuneration Committee, through its meetings held on 28 March 2014 and 4 July 2014 respectively, performed the following:

- review and discussion of the remuneration policy of the Group and the remuneration packages of the Directors and senior management of the Company; and

- recommendation for the adoption of new share option scheme and termination of the old share option scheme, adopted by the Company on 13 February 2005, and recommendation to the Board for the grant of share options to eligible participants.

Details of the remuneration of each Director and the remuneration of the five highest paid individuals for the year ended 31 December 2014 are set out in note 10 to the financial statements.

Nomination Committee

The Nomination Committee was set up on 28 August 2013. Throughout the year ended 31 December 2014, it comprises a total of three members, being two independent non-executive Directors, namely, Mr. Zhang Jie and Mr. Lin Lei and one non-executive Director, namely, Mr. Wang Zhenyu.

The terms of reference of the Nomination Committee have been determined with reference to the CG Code. Under the terms of reference of the Nomination Committee, the principal duties of the Nomination Committee are mainly to (i) review the structure, size and composition of the Board annually; (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) assess the independence of independent non-executive Directors; and (iv) make recommendations to the Board on the appointment or re-appointment of directors of the Company.

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board in August 2013. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business.

During the year ended 31 December 2014, the Nomination Committee, through its meeting held on 28 March 2014, performed the following:

- review the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company; and

- recommendation of the re-appointment of those directors standing for re-election at the 2014 annual general meeting of the Company.

Code provision A.5.1 stipulates that the Nomination Committee should be chaired by the chairman of the board or an independent non-executive director. As disclosed in the announcement of the Company dated 29 August 2014, Mr. Wang Zhenyu resigned as chairman of the Company but remained as a non-executive director of the Company and the chairman of the Nomination Committee with effect from 30 August 2014. Considering that there was no other suitable candidate to replace Mr. Wang Zhenyu as the chairman of the Nomination Committee at that time and Mr. Wang Zhenyu had accumulated appropriate experience to serve as the chairman of the Nomination Committee, the Board was of the view that such code provision deviation would not affect the performance of the Nomination Committee. To re-comply with code provision A.5.1, the Company has appointed Mr. Ying Wei (chairman of the Board) as the chairman of the Nomination Committee to replace Mr. Wang Zhenyu with effect from 20 March 2015. For details, please refer to the announcement of the Company dated 19 March 2015.

Strategy Committee

Throughout the year ended 31 December 2014, the strategy committee of the Company (the "**Strategy Committee**") consists of four members, namely Mr. Zhang Jie (Chairman), Mr. Wang Zhenyu, Mr. Hung Wei-Pi, John and Mr. Lin Lei. The duties of the Strategy Committee include formulating and revising the Group's future development strategies, carrying out procedures and enhancing the efficiency and quality of important decision-making procedures. The Strategy Committee shall convene meetings to discuss important investment and financing matters.

During the year, the Group has not been involved in any corporate action that requires the involvement of the Strategy Committee.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

Up to the date of this annual report, the Board met once to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on the compliance of the Model Code, the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Attendance Record of Directors and Committee Members

During the year ended 31 December 2014, the Board held 6 Board meetings. The attendance record of each director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2014 is set out in the table below:

Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Mr. Ying Wei	6/6	–	2/2	–	0/1
Mr. Hung Wei-Pi, John	5/6	–	–	–	0/1
Mr. Wang Zhenyu	6/6	–	–	1/1	1/1
Mr. Zhang Jianxing	6/6	–	–	–	1/1
Mr. Du Jinglei	5/6	3/3	–	–	1/1
Mr. Hu Yuming	6/6	3/3	2/2	–	1/1
Mr. Lin Lei	6/6	3/3	–	1/1	0/1
Mr. Zhang Jie	5/6	–	2/2	1/1	0/1

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2014. The Directors' responsibilities for the accounts and the responsibilities of the external auditors to the shareholders are set out on pages 42 and 43.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Internal Controls

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, operational, and compliance controls and risk management function. The Board confirmed that the Group's internal control systems are effective in material respects.

External Auditors and Auditors' Remuneration

During the year under review, the fees paid/payable to KPMG (the "**Auditor**") in respect of their audit services for the year 2014 amounted to approximately RMB2,000,000.

During the year under review, the performance of the Auditor has been reviewed by the Audit Committee and the Audit Committee recommended to the Board (which endorsed the view) that subject to shareholders' approval at the forthcoming annual general meeting, the Auditor be re-appointed as the external auditor of the Company for 2015.

Company Secretary

The Company does not engage an external service provider as its company secretary. Mr. Liu Xiaohua, being the secretary of the Company, has taken no less than 15 hours of relevant professional training during the year ended 31 December 2014.

Communications with Shareholders and Investors Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at "www.nfa360.com", where extensive information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. For enquiries, shareholders and investors may write directly to the Company's head office at Unit A, 9th Floor, Building 1, 100 Zixiu Road, Minhang District, Shanghai, the People's Republic of China and all enquiries will be dealt with in an informative and timely manner.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members of the Group are available at the general meetings to answer any questions raised by shareholders.

Code provision A.6.7 stipulates that non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. However, only Mr. Wang Zhenyu, being a non-executive Director, former chairman of the Company and the chairman of the Nomination Committee, Mr. Hu Yuming, being an independent non-executive Director and the chairman of Audit Committee and Remuneration Committee, Mr. Zhang Jianxing, being an executive Director and the CEO of the Company and Mr. Du Jinglei, being an non-executive Director, attended the annual general meeting of the Company held on 25 June 2014. Other four non-executive directors failed to attend such general meetings due to their other business engagement. The Company is of the view that the directors participated in the relevant general meetings were able to answer questions from the shareholders at the general meetings and to develop a balanced understanding of the shareholders' view.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

Shareholders' Rights

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the Articles, shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company. Contact details are as follows:

Address: Unit A, 9th Floor, Building 1, 100 Zixiu Road, Minhang District, Shanghai, the People's Republic of China (For the attention of the Company Secretary)
Fax: 86-21-6405-6816
Email: gavin_liu@nfa360.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

During the year under review, the Company has not made any changes to its Articles. An up-to-date version of the Articles is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.nfa360.com) immediately after the relevant general meetings.

The Directors are pleased to present their annual report for the year ended 31 December 2014 (the "**Year**") and the audited consolidated financial statements (the "**Financial Statements**") of the Group for the Year.

Group Reorganisation, Subsidiaries and Basis of Presentation

The Company was incorporated in the Cayman Islands on 15 May 2002 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to the group reorganisation as detailed in section 4 headed "Corporate Reorganisation" in Appendix VI to the prospectus dated 17 February 2005 of the Company, in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company became the holding company of other companies comprising the Group on 13 February 2005.

Principal Activities

The Group focused on the construction of automotive chain service network in the Greater China region (the Group's service business) as well as the innovative production of environmentally friendly automotive lighting and automotive electronic power products (the Group's manufacturing business), with an aim to providing automobile consumers with products and services with premium performance-price ratio.

Details of the principal activities of the subsidiaries of the Company are set out in note 21 to the Financial Statements.

Results and Dividends

The consolidated results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 44. An analysis of turnover and segmental results for the Year by geographical and business segments is set out in note 6 to the Financial Statements.

The Directors do not recommend the payment of a final dividend for the Year (2013: Nil).

Property, Plant and Equipment

Details of the movements of property, plant and equipment of the Group during the Year are set out in note 16 to the Financial Statements.

Investment Properties

Details of the movements of investment properties of the Group during the Year are set out in note 18 to the Financial Statements.

Share Capital

Details of the issued share capital of the Company and its movements during the Year along with the relevant reasons are set out in note 28 to the Financial Statements.

Reserves

Movements of reserves of the Group and the Company are set out in the consolidated statement of changes in equity and note 29 to the Financial Statements respectively.

Distributable Reserves

Under the Companies Law of the Cayman Islands, share premium amounting to approximately RMB760,136,000 is distributable to shareholders, provided that immediately following the date on which the distribution or dividend is proposed to be made, the Company is able to settle its debts as they fall due in the ordinary course of business.

As at 31 December 2014, the reserve available for distribution to Shareholders of the Company amounted to approximately RMB249,334,000.

Closure of Register of Members

The register of members will be closed from 23 June 2015 to 25 June 2015 (both days inclusive), during which period no transfer of shares will be registered. In order to be entitled to attend the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 22 June 2015.

Directors

The Directors who held office during the Year and up to the date of this annual report were:

Executive Directors

Zhang Jianxing *(Chief Executive Officer)*

Non-executive Directors

Ying Wei *(Chairman)**
Hung Wei-Pi, John *(Vice-chairman)*
Wang Zhenyu*
Du Jinglei

Independent Non-executive Directors

Hu Yuming
Lin Lei
Zhang Jie *(resigned with effect from 20 March 2015)*
Zhang Xiaoya *(appointed with effect from 20 March 2015)*

* As disclosed in the announcement of the Company dated 29 August 2014, Mr. Wang Zhenyu resigned as chairman of the Company but remained as a non-executive director of the Company and the chairman of the Nomination Committee with effect from 30 August 2014, while Mr. Ying Wei was appointed as the chairman of the Company with effect from 30 August 2014.

Directors *(Continued)*

Biographical details of the Directors are set out in the section headed "Profiles of the Directors and Senior Management" in this annual report.

In accordance with Article 87(1) of the Company's Articles, Mr. Hung Wei-Pi, John, Mr. Du Jinglei and Mr. Lin Lei and Mr. Zhang Xiaoya will retire by rotation at the forthcoming annual general meeting of the Company. All such Directors being eligible, offer themselves for re-election.

The Company has received from each of its independent non-executive directors an annual confirmation of his independence. The Company considers that all of its independent non-executive directors are independent.

Directors' Service Contracts

Each of Mr. Zhang Jianxing, Mr. Ying Wei, Mr. Wang Zhenyu, Mr. Hung Wei-Pi, John, and Mr. Du Jinglei, has entered into a service agreement with the Company for a term of three years commencing from 28 August 2013, subject to retirement by rotation in accordance with the Articles of the Company.

Pursuant to the respective letters of appointment of the independent non-executive directors, namely, Mr. Hu Yuming and Mr. Lin Lei, each of them was appointed for a term of three years commencing from 28 August 2013, subject to retirement by rotation in accordance with the Articles of the Company.

Mr. Zhang Xiaoya, an independent non-executive director, has entered into a letter of appointment with the Company for a term of three years commencing from 20 March 2015, subject to retirement by rotation in accordance with the Articles of the Company.

Directors' Service Contracts (Continued)

Save as disclosed above, none of the Directors had entered into service contracts with the Company which are not determinable by the Company within one year without compensation (other than statutory compensation).

Directors' Interests in Contracts

Save as disclosed in the section headed "Connected Transactions" in this report, none of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the Year.

Management Contracts

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

Share Option Scheme

The Company terminated the old share option scheme (the "**Old Scheme**") and adopted a new share option scheme (the "**Existing Scheme**") pursuant to a shareholders' resolution passed on 25 June 2014 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation. Eligible participants of the Existing Scheme include the Directors, employees, suppliers, customers and business or strategic alliance partners of the Group. The Existing Scheme became effective on 25 June 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. A summary of the principal terms of the Existing Scheme was included in the circular dated 30 April 2014 dispatched to the Shareholders.

The maximum number of shares which may be issued upon exercise of all share options granted and to be granted under the Existing Scheme is 376,116,501 shares, representing 10% of the shares of the Company in issue as at the date of adoption of the Existing Scheme and as at the date of this annual report respectively, unless approval for refreshing the 10% limit from the Company's shareholders has been obtained. The maximum number of shares issued and may be issued under share options granted to each eligible participant in the Existing Scheme (including both exercised and outstanding share options) within any 12-month period is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share Option Scheme *(Continued)*

The grant of share options to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to prior approval by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in the 12-month period up to and including the date of the grant of share options in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, are subject to shareholders' prior approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer upon payment of a nominal consideration of HK$10 in total by the grantee. The exercise period of the share options granted is determined by the Board, save that such a period shall not be more than 10 years from the date of grant of the share options subject to the provisions for early termination as set out in the Existing Scheme. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum holding period or a performance target which must be achieved before a share option can be exercised.

The exercise price of the share options shall be the highest of (i) the nominal value of a share of the Company on the date of grant; (ii) the closing price of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of grant.

Share options do not confer rights on the holders to dividends or to vote at general meetings.

As at 31 December 2014, options had been granted by the Company under the Existing Scheme which, if exercised in full, would entitle the grantees to subscribe for 149,500,000 shares. The total number of shares available for issue under the Existing Scheme (excluding share options already granted) is 226,616,501 shares, representing approximately 6.03% of the total issued share capital of the Company as at that date.

Share Option Scheme *(Continued)*

As at 31 December 2014, details of share options granted under the Old Scheme are as follows:

Name of option holder	Date of grant	Exercise period	Exercise price (per share)	Closing price of share on date of grant (per share)	Number of underlying shares subject to options outstanding as at 1 January 2014	Number of underlying shares subject to options granted since 1 January 2014	Number of options exercised/ lapsed/ cancelled since 1 January 2014	Number of underlying shares subject to options outstanding as at 31 December 2014
Ms. Hung Ying-Lien *Former Executive Director* *(Note 1)*	28 February 2005	1 January 2006 to 12 February 2015 *(Note 2)*	HK$0.94	HK$0.94	3,400,000	–	–	3,400,000
Total					3,400,000	–	–	3,400,000

Notes:

1. Ms. Hung Ying-Lien resigned as an executive Director and the chief financial officer of the company with effect from 28 August 2013 and was appointed as chief operating officer of the Group. Ms. Hung Ying-Lien is the sister of Mr. Hung Wei-Pi, John, being a non-executive Director of the Company.

2. None of the share option was exercised during the period from 1 January 2014 to 31 December 2014 and the remaining share options have not been vested during the period from 1 January 2015 to 12 February 2015 as the relevant performance targets or conditions as determined by the Board have not been fulfilled.

Share Option Scheme *(Continued)*

As at 31 December 2014, details of share options granted under the Existing Scheme are as follows:

Name of option holder	Date of grant	Exercise period	Exercise price (per share)	Closing price of share on date of grant (per share)	Number of underlying shares subject to options outstanding as at 1 January 2014	Number of underlying shares subject to options granted since 1 January 2014	Number of options exercised/ lapsed/ cancelled since 1 January 2014	Number of underlying shares subject to options outstanding as at 31 December 2014
Ms. Hung Ying-Lien	14 October 2014	15 October 2014 to 14 October 2019 *(Note)*	HK$0.50	HK$0. 50	–	13,000,000	–	13,000,000
Continuous contractual employees *(in aggregate)*	14 October 2014	15 October 2014 to 14 October 2019 *(Note)*	HK$0. 50	HK$0. 50	–	136,500,000	–	136,500,000
Total					–	149,500,000	–	149,500,000

Note: None of the share option was exercised during the period from 15 October 2014 to 31 December 2014 and the remaining share options shall be vested and are exercisable during the period from 1 January 2015 to 14 October 2019 subject to the fulfilment of certain performance targets and other vesting conditions as described in the grant letter issued by the Company to each Grantee.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2014, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be recorded in the register maintained by the Company under Section 352 of the SFO, or required 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 in which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

(a) Interest in shares of the Company

Name	**Capacity/Nature of interest**	**Number of shares interested (other than under equity derivatives)** *(Note 1)*	**Percentage of issued shares**
Mr. Hung Wei-Pi, John	Interest in a controlled company *(Note 2)*	163,462,120 (L)	4.35%

Notes:

1. The letter "L" denotes a long position in the shares.

2. These shares are registered in the name of and beneficially owned by Sharp Concept Industrial Limited, the entire issued share capital of which is registered in the name of and beneficially owned by Mr. Hung Wei-Pi, John. Under the SFO, Mr. Hung Wei-Pi, John is deemed to be interested in all the shares of the Company held by Sharp Concept Industrial Limited.

As at 31 December 2014, to the best knowledge of the Directors, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

Substantial Shareholders' Interests and Short Positions in the Shares of the Company

So far as is known to the Directors and chief executives of the Company, as at 31 December 2014, the following persons (other than Directors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company, which are required to be notified to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interest	Number of shares interested (other than under equity derivatives) *(Note 1)*	Number of shares interested under equity derivatives	Total number of shares/ underlying shares under equity derivatives	Percentage of issued shares
CDH Fast Two Limited	Beneficial owner *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
CDH Fast One Limited	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
CDH Fund IV, L.P.	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
CDH IV Holdings Company Limited	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
China Diamond Holdings IV, L.P.	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%
China Diamond Holdings Company Limited	Interest in a controlled corporation *(Note 2)*	2,076,072,279 (L)	813,507,947 (L) *(Note 3)*	2,889,580,226 (L)	76.83%

Substantial Shareholders' Interests and Short Positions in the Shares of the Company (Continued)

Notes:

1. The letter "L" denotes a long position in the shares.

2. CDH Fast Two Limited entered into an investment agreement (the "**Investment Agreement**") with the Company on 25 June 2013 pursuant to which CDH Fast Two Limited agreed to subscribe for 1,262,564,333 new shares and convertible bonds in principal amount of US$48,685,000 (the "**Convertible Bonds**") issued by the Company. Each of CDH Fast One Limited (as the sole shareholder of CDH Fast Two Limited); CDH Fund IV, L.P. (as the sole shareholder of CDH Fast One Limited); CDH IV Holdings Company Limited (as the general partner of CDH Fund IV, L.P.); China Diamond Holdings IV, L.P. (as the controlling shareholder of CDH IV Holdings Company Limited); and China Diamond Holdings Company Limited (as the general partner of China Diamond Holdings IV, L.P.) is deemed to be interested in the shares of the Company. Transactions contemplated under the Investment Agreement were completed on 28 August 2013. Upon the receipt of a conversion notice on 11 June 2014 from CDH Fast Two Limited for partial conversion of the Convertible Bonds in the principal amount of US$24,342,500, the Company allotted and issued a total of 813,507,946 Conversion Shares to CDH Fast Two Limited at the Conversion Price of HK$0.2328 per Conversion Share on 12 June 2014. After the partial conversion of the Convertible Bonds as described above, the Company has Convertible Bonds outstanding with a principal amount of US$24,342,500.

3. These represent the shares that may be issued to CDH Fast Two Limited upon the full conversion of the Convertible Bonds into the shares of the Company.

Save as disclosed above, as at 31 December 2014, the Directors are not aware of any person (other than the Directors and chief executives of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Arrangements to Purchase Shares or Debentures

Save as disclosed above and under the section headed "Share Option Scheme", at no time during the Year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

Pre-emptive Rights

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

Material Acquisitions

Supplemental Agreement to the Equity Transfer Agreement in relation to the acquisition of 51% equity interest in Changchun Guangda

For details, please see the section headed "Connected Transaction – Supplemental Agreement to the Equity Transfer Agreement in relation to the Acquisition of 51% equity interest in Changchun Guangda" below.

Determination and Settlement of Second Instalment of Consideration for Acquisition of IPO Automotive

In relation to the acquisition of 100% equity interest in IPO Automotive on 15 November 2012, the Company has updated on the determination and settlement of second instalment of consideration, and no further payment is payable by the purchaser (a wholly-owned subsidiary of the Company) to the vendors under the relevant acquisition agreement. Details can be referred to the Company's announcement dated 17 April 2014.

Connected Transactions

During 2014 and up to the date hereof, the following connected transactions were carried out by the Company and its subsidiaries pursuant to Chapter 14A of the Listing Rules.

(i) Supplemental Agreement to Equity Transfer Agreement Regarding Acquisition of 51% Equity Interest in Changchun Guangda

The Company and Ms. Gao Xiu Min ("**Ms. Gao**") entered into a supplemental agreement with effect from 29 January 2014 to amend the terms of the equity transfer agreement dated 17 July 2012 entered into between, among others, the Company and Ms. Gao. The amendments include the change of payment terms and the additional guarantee of future performance of Changchun Guangda Automobile Trading Co., Ltd. by Ms. Gao. For this purpose, Equity Interest as Collateral (as defined in the announcement of the Company dated 29 January 2014) will be transferred to the designated subsidiary of the Company by Ms. Gao to secure the performance of her guarantee. The transfer of Equity Interest as Collateral was completed on 19 February 2014. For further details, please refer to the announcement of the Company dated 29 January 2014.

The supplemental agreement described above constitutes connected transaction of the Company. The applicable percentage ratios (other than the profits ratio) are less than 1% and the transaction is a connected transaction only because it involves the vendor who is a connected person at the subsidiary level. As such, the transaction is a *de minimis* transaction and is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.76(1)(b).

***Connected Transactions** (Continued)*

(ii) Sale of goods to Liaoning Auto Make Business Management Co., Ltd. ("Auto Make")

In 2014, Liaoning Xin Tian Cheng Industrial Co., Limited ("Liaoning XTC"), which is owned as to 51% by the Company, 29% by Tong Yan and 20% by Li Hai Peng, has sold goods to Auto Make which is wholly owned by Tong Yan and Li Hai Peng. Such sale of goods constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The applicable percentage ratios (other than the profit ratios) are less than 1% and the transactions are continuing connected transactions only because they involve connected persons at the subsidiary level. As such, the continuing connected transactions are *de minimis* transactions and are fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.76(1)(b).

(iii) Sale of goods to Custom Accessories Asia Limited ("Custom Accessories") and Custom Accessories Europe

In 2014, the Group sold goods to Custom Accessories and Custom Accessories Europe and both companies were controlled by Mr. Edward B. Matthew ("Mr. Matthew"), who resigned as a director of the Company on 28 August 2013. Such sale of goods during the period from 1 January 2014 to 27 August 2014 (the "Relevant Period") constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules as Mr. Matthew was a past director and a connected person of the Company for the 12 months after his resignation date. As all percentage ratios (other than the profits ratio) for transactions with Custom Accessories and Custom Accessories Europe during the Relevant Period are less than 5% and the total consideration is less than HK$3,000,000, they are fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.76(1)(c). After the Relevant Period, the Group's transactions with Custom Accessories and Custom Accessories Europe ceased to be continuing connected transactions of the Company.

(iv) Financial Assistance received by Liaoning XTC from Tong Yan ("Financial Assistance from Tong Yan")

In 2014, Tong Yan provided guarantee to a supplier of Liaoning XTC to secure the debt up to RMB6,120,850 owed to such supplier by Liaoning XTC by using the property owned by Tong Yan as mortgage. The Financial Assistance from Tong Yan constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. The Financial Assistance from Tong Yan was conducted on normal or better commercial terms and it was not secured by the assets of the Group. As such, it is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90.

(v) Financial assistance received by the Company from Mr. Ying Wei ("Financial Assistance from Ying Wei")

In 2014, Mr. Ying Wei, Chairman and a non-executive director of the Company, provided guarantee to a bank in Taiwan to secure the debt owed to such bank by New Focus Richahaus Co., Ltd, a subsidiary of the Company. The Financial Assistance from Ying Wei constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. The Financial Assistance from Ying Wei was conducted on normal or better commercial terms and it was not secured by the assets of the Group. As such, it is fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for all connected transactions and continuing connected transactions conducted during the year of 2014.

Directors' Interests in Contracts

Save as disclosed in this report, the Directors have confirmed that so far as they are aware, there were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

During the Year, the Company did not repurchase any ordinary shares of the Company on the Stock Exchange under the general mandate granted at the annual general meeting held on 25 June 2014, and, there were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Year.

Major Customers and Suppliers

Sales to our five largest customers accounted for approximately 13.79% of the total revenue for the Year, whereas the largest customer accounted for 7.69%. Purchases from the five largest suppliers were less than 30% of the total purchases for the Year.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

Public Float

As at the date of this annual report, based on public information available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, being 25% of the issued share capital of the Company, as required under the Listing Rules.

Auditor

The financial statements have been audited by KPMG. At the forthcoming annual general meeting, the Company will propose a resolution to re-appoint KPMG as the auditor of the Company.

On behalf of the Board
Ying Wei
Chairman

Hong Kong, 19 March 2015

KPMG

Independent auditor's report to the shareholders of
New Focus Auto Tech Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of New Focus Auto Tech Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 119, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising 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 International Financial Reporting Standards issued by the International Accounting Standards Board 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

Opinion

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

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Turnover	6	**1,397,498**	1,414,616
Cost of sales and services		**(1,100,379)**	(1,156,592)
Gross profit		**297,119**	258,024
Other revenue and gains and losses	7	**49,078**	(17,952)
Distribution costs		**(225,042)**	(252,116)
Administrative expenses		**(121,268)**	(160,159)
Impairment loss on goodwill		**–**	(154,696)
Impairment loss on other intangible assets		**–**	(211,722)
Impairment loss on property, plant and equipment		**–**	(1,006)
Finance costs	8	**(26,266)**	(25,635)
Loss before taxation	9	**(26,379)**	(565,262)
Income tax expenses	11	**(9,422)**	48,412
Loss for the year		**(35,801)**	(516,850)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	15	**(7,037)**	3,033
Other comprehensive income for the year, net of tax		**(7,037)**	3,033
Total comprehensive income for the year		**(42,838)**	(513,817)
Profit/(Loss) for the year attributable to			
– Owners of the Company		**(43,223)**	(446,700)
– Non-controlling interests		**7,422**	(70,150)
		(35,801)	(516,850)
Total comprehensive income attributable to			
– Owners of the Company		**(50,260)**	(443,667)
– Non-controlling interests		**7,422**	(70,150)
		(42,838)	(513,817)
Loss per share	14		
Basic (RMB cents)		**(1.27)**	(31.60)
Diluted (RMB cents)		**(1.27)**	(31.60)

The notes on pages 52 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*16*	**185,696**	220,848
Leasehold land and land use rights	*17*	**32,324**	41,793
Investment properties	*18*	**42,033**	47,958
Goodwill	*19*	**146,256**	146,256
Other intangible assets	*20*	**47,919**	49,003
Deferred tax assets	*27*	**15,653**	15,239
		469,881	521,097
Current assets			
Inventories	*22*	**214,646**	259,845
Tax recoverable		**5**	311
Trade receivables	*23(a)*	**131,356**	180,238
Deposits, prepayments and other receivables	*23(b)*	**199,618**	123,327
Amounts due from related parties	*32(b)*	**3,186**	4,325
Trading securities		**–**	196
Pledged time deposits	*30*	**6,212**	22,529
Cash and cash equivalents		**163,511**	234,865
		718,534	825,636
Current liabilities			
Bank borrowings, secured	*24*	**152,620**	128,269
Trade payables	*25*	**190,445**	210,799
Accruals and other payables		**134,639**	218,129
Amount due to related parties		**–**	12,758
Amounts due to non-controlling owners of subsidiaries		**5,000**	7,900
Tax payable		**1,598**	1,928
		484,302	579,783
Net current assets		**234,232**	245,853
Total assets less current liabilities		**704,113**	766,950

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current liabilities			
Bank borrowings, secured	*24*	**9,209**	10,658
Convertible bonds	*26*	**134,755**	239,526
Deferred tax liabilities	*27*	**19,852**	23,091
		163,816	273,275
NET ASSETS		**540,297**	493,675
CAPITAL AND RESERVES			
Share capital	*28*	**307,931**	242,704
Reserves	*29*	**102,824**	88,204
Total equity attributable to owners of the Company		**410,755**	330,908
Non-controlling interests		**129,542**	162,767
TOTAL EQUITY		**540,297**	493,675

These financial statements were approved and authorised for issue by the board of directors on 19 March 2015.

Mr. Ying Wei
Director

Mr. Zhang Jianxing
Director

The notes on pages 52 to 119 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Interest in subsidiaries	*21*	**623,800**	587,097
		623,800	587,097
Current assets			
Deposits, prepayments and other receivables		**174**	1,479
Short-term loan to a subsidiary	*21*	**104,000**	104,000
Cash and cash equivalents		**1,304**	92,525
		105,478	198,004
Current liabilities			
Accruals and other payables		**3,916**	5,405
Amounts due to subsidiaries	*21*	**3**	3,859
		3,919	9,264
Net current assets		**101,559**	188,740
Total assets less current liabilities		**725,359**	775,837
Non-current liabilities			
Convertible bonds	*26*	**134,755**	239,526
		134,755	239,526
NET ASSETS		**590,604**	536,311

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	**31 December 2014 RMB'000**	31 December 2013 RMB'000
CAPITAL AND RESERVES			
Share capital	*28*	**307,931**	242,704
Reserves	*29*	**282,673**	293,607
TOTAL EQUITY		**590,604**	536,311

These financial statements were approved and authorised for issue by the board of directors on 19 March 2015.

Mr. Ying Wei
Director

Mr. Zhang Jianxing
Director

The notes on pages 52 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Share capital RMB'000 *(Note 28)*	Share premium RMB'000 *(Note 29(i)(a))*	Statutory reserve fund RMB'000 *(Note 29(i)(b))*	Re-organisation reserve RMB'000	Enterprise expansion fund RMB'000 *(Note 29(i)(c))*	Convertible bonds reserve RMB'000 *(Note 29(i)(g))*	Other RMB'000 *(Note 29(i)(d))*	Capital redemption reserve RMB'000 *(Note 29(i)(e))*	Exchange reserve RMB'000 *(Note 29(i)(f))*	Retained profits/ (accumulated losses) RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	242,704	668,949	44,431	2,738	2,756	57,775	6,283	1,545	(5,317)	(690,956)	330,908	162,767	493,675
Loss for the year	–	–	–	–	–	–	–	–	–	(43,223)	(43,223)	7,422	(35,801)
Other comprehensive income	–	–	–	–	–	–	–	–	(7,037)	–	(7,037)	–	(7,037)
Total comprehensive income for the year, net of tax	–	–	–	–	–	–	–	–	(7,037)	(43,223)	(50,260)	7,422	(42,838)
Transfer of reserves	–	–	4,614	–	–	–	–	–	–	(4,614)	–	–	–
Disposal of investment properties	–	–	–	–	–	–	(1,006)	–	–	1,340	334	–	334
Conversion of convertible bonds *(Note 26)*	65,227	91,187	–	–	–	(28,887)	–	–	–	–	127,527	–	127,527
Disposal of a subsidiary*	–	–	–	–	–	–	–	–	–	–	–	(21,862)	(21,862)
Dividends declared to non-controlling owners of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(18,785)	(18,785)
Recognition of equity-settled of share based payments *(Note 33)*	–	–	–	–	–	–	2,246	–	–	–	2,246	–	2,246
At 31 December 2014	307,931	760,136	49,045	2,738	2,756	28,888	7,523	1,545	(12,354)	(737,453)	410,755	129,542	540,297
At 1 January 2013	59,443	296,192	40,943	2,738	2,756	110,427	6,230	1,545	(8,350)	(227,568)	284,356	241,332	525,688
Loss for the year	–	–	–	–	–	–	–	–	–	(446,700)	(446,700)	(70,150)	(516,850)
Other comprehensive income	–	–	–	–	–	–	–	–	3,033	–	3,033	–	3,033
Total comprehensive income for the year, net of tax	–	–	–	–	–	–	–	–	3,033	(446,700)	(443,667)	(70,150)	(513,817)
Transfer of reserves	–	–	3,488	–	–	–	–	–	–	(3,488)	–	–	–
Issuance of shares	180,583	349,647	–	–	–	–	–	–	–	–	530,230	–	530,230
Recognition of equity-settled share-based payments *(Note 33)*	–	–	–	–	–	–	53	–	–	–	53	–	53
Consideration issues	2,678	23,110	–	–	–	–	–	–	–	–	25,788	–	25,788
Issuance of convertible bonds	–	–	–	–	–	57,775	–	–	–	–	57,775	–	57,775
Redeem of convertible bonds	–	–	–	–	–	(110,427)	–	–	–	(13,233)	(123,660)	–	(123,660)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	33	33	(9,080)	(9,047)
Disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	809	809
Dividends declared to non-controlling owners of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(144)	(144)
At 31 December 2013	242,704	668,949	44,431	2,738	2,756	57,775	6,283	1,545	(5,317)	(690,956)	330,908	162,767	493,675

* On 17 December 2014, the Group disposed all equity interest in a subsidiary, Hubei Autoboom Auto Accessories Supermarket Co, Ltd ("Hubei Autoboom").

The notes on pages 52 to 119 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
Operating activities:		
Loss before income tax expense	**(26,379)**	(565,262)
Adjustments for:		
– Impairment of inventories	**5,721**	24,073
– Depreciation of property, plant and equipment	**41,820**	52,964
– Amortisation of leasehold land and land use rights	**1,260**	1,260
– Additional allowance for doubtful debts on trade receivables	**1,872**	9,404
– Additional allowance for doubtful debts on other receivables	**–**	500
– Impairment on goodwill	**–**	154,696
– Impairment on other intangible assets	**–**	211,722
– Impairment on property, plant and equipment	**–**	1,006
– Equity-settled share-based payments	**2,246**	53
– Interest income from bank deposits	**(5,331)**	(2,268)
– (Gain)/loss on disposal of property, plant and equipment	**(7,550)**	18,779
– Fair value gain on investment properties	**(1,075)**	(817)
– Fair value loss on trading securities	**–**	46
– Interest expenses on bank borrowings	**8,730**	16,371
– Imputed interest on Renminbi-denominated bonds	**–**	4,568
– Imputed interest on convertible bonds	**17,536**	4,696
– Gain on change in fair value of contingent consideration payable for acquisition of a subsidiary	**–**	(1,156)
– Gain on disposal of a subsidiary and trading securities	**(2,094)**	–
– Written-off of consideration payables and other payables	**(24,202)**	–
Operating cash flows before working capital changes	**12,554**	(69,365)
Decrease in inventories	**11,527**	9,916
Decrease in trade receivables	**5,013**	3,558
Decrease in deposits, prepayments and other receivables	**32,063**	25,931
Decrease in amounts due from related companies	**808**	4,475
Increase/(decrease) in trade payables	**5,135**	(30,685)
Increase in accruals and other payables	**16,059**	43,661
Cash generated from/(used in) operations	**83,159**	(12,509)
Income tax paid	**(10,284)**	(17,231)
Interest paid	**(8,554)**	(28,277)
Net cash generated from (used in) operating activities	**64,321**	(58,017)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
Investing activities		
Purchase of other intangible assets	**–**	(30)
Purchase of property, plant and equipment	**(22,858)**	(57,058)
Proceeds from disposal of property, plant and equipment and investment properties	**17,200**	8,249
Loan to a third party	**(100,000)**	–
Considerations paid for acquisition of subsidiaries	**(72,820)**	(17,866)
Decrease/(increase) in pledged time deposits	**14,670**	(13,941)
Interest received	**5,331**	2,268
Proceeds from disposal of a subsidiary and trading securities	**23,306**	–
Net cash used in investing activities	**(135,171)**	(78,378)
Financing activities		
Proceeds from issue of shares and convertible bonds	**–**	844,902
Issuance costs of shares and convertible bonds	**–**	(21,952)
Proceeds from new bank loans	**152,621**	126,763
Repayment of bank loans	**(129,718)**	(250,622)
Repayment of convertible bonds	**–**	(246,668)
Repayment of RMB-denominated bonds	**–**	(200,000)
Repayment of loan from a non-controlling owner of a subsidiary	**(4,511)**	(6,804)
Advance from a related party	**–**	1,760
Net cash outflow arising from acquisition of additional interests in subsidiaries	**–**	(8,814)
Dividend paid to non-controlling owners of subsidiaries	**(18,785)**	(144)
Net cash (used in)/generated from financing activities	**(393)**	238,421
Net (decrease)/increase in cash and cash equivalents	**(71,243)**	102,026
Cash and cash equivalents at beginning of year	**234,865**	133,557
Effect of foreign exchange rate changes	**(111)**	(718)
Cash and cash equivalents at end of year	**163,511**	234,865
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**163,511**	234,865

The notes on pages 52 to 119 form part of these financial statements.

1 ORGANISATION AND PRINCIPAL ACTIVITIES

New Focus Auto Tech Holdings Limited (the "Company") was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111 Cayman Islands. Its principal place of business is in Shanghai, the People's Republic of China (the "PRC").

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of electronic and power-related automotive parts and accessories; and the provision of automobile repair, maintenance and restyling services and retail distribution of merchandise goods through its service chain stores network in the Greater China Region and trading of automobile accessories. The Company and its subsidiaries are collectively referred to as the Group.

2 BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and Interpretations issued by the IASB. In addition, the financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. A summary of the significant accounting policies adopted by the Group is set out below.

The consolidated financial statements were authorised for issue by the Board of Directors on 19 March 2015.

(b) Basis of accounting

The measurement basis used in the preparation of the financial statements is the historical cost basis except the following assets and liabilities, which are measured at fair value on each reporting date.

– Investment properties;

– Available-for-sale financial assets; and

– Trading securities.

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), which is the currency of the primary economic environment in which the major entities of the Group operate. The functional currency of the Company is US dollar.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- IFRIC 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's consolidated financial statements as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The adoption of the amendments to IAS 36 did not have any material impact on the Group's consolidated financial statements.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's consolidated financial statements as the guidance is consistent with the Group's existing accounting policies.

4 PRINCIPAL ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets.

All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income.

4 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable are taken into account.

Interests in subsidiaries are included in the Company's statement of financial position at cost less any impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(c) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other asset of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent period.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

The historical cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is charged so as to write off the cost of assets, other than construction in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis. The principal estimated useful lives are as follows:

Freehold land	Not depreciated
Buildings	20 years
Leasehold improvements	Over the remaining term of the lease but not exceeding 10 years
Plant and machinery	3–10 years
Motor vehicles	5 years
Office equipment, furniture and fixtures	3–5 years

Construction in progress represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction as well as borrowing costs capitalised during the period of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sales proceeds and its carrying amount, and is recognised in profit or loss.

4 *PRINCIPAL ACCOUNTING POLICIES (Continued)*

(e) Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured initially at their costs, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss for the period in which they arise.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(f) Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

(g) Other intangible assets

Other intangible assets are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, other intangible assets with indefinite useful lives are carried at cost less any impairment losses and other intangible assets with finite useful lives are carried at cost less accumulated amortisation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any change in estimate being accounted for on a prospective basis. The principal annual rates of other intangible assets with definite useful lives are as follows:

Trademarks with definite useful lives	6.6% to 10%
Technical know-how	20%

4 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Impairment of tangible and intangible assets excluding goodwill

At end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 losses (if any). Where 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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 (or cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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

(i) Government grants

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

Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of providing 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.

4 *PRINCIPAL ACCOUNTING POLICIES* *(Continued)*

(j) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost, including an appropriate portion of fixed and variable overhead expenses, is assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued using a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

(k) Financial assets

Financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. The Group's financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. These financial assets are subsequently accounted for as follows, depending on their classification:

(i) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss where the financial asset is either held for trading or it is designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets.

(ii) Held-to-maturity financial assets

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method.

(iii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Available-for-sale financial assets

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency difference on debt instruments, are recognised in other comprehensive income and accumulated in the fair value reserve. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

4 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Financial assets *(Continued)*

(v) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at end of each reporting period. Financial assets are 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 investment have been impacted.

For the Group's loans and receivables, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

For trade and other current receivables and other financial assets carried at amortised cost, if any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

4 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Financial assets *(Continued)*

(v) Impairment of financial assets (Continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(vi) 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 through the expected life of the financial asset, or where appropriate, a shorter period.

(vii) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or 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 recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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.

(l) Financial liabilities and equity instrument issued by the Group

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

(ii) 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 Company are recorded at the proceeds received, net of direct issue costs.

4 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Financial liabilities and equity instrument issued by the Group *(Continued)*

(iii) Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share premiums. Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds reserve will be released to the retained earnings/accumulated losses. No gain or loss is recognised upon conversion or expiration of the option.

(iv) Other financial liabilities

Other financial liabilities of the Group are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or where appropriate, a shorter period.

(v) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

4 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(n) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight line basis over the lease term. Where the Group is the lessee, operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Leasehold land and land use rights held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense and less any impairment losses.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4 *PRINCIPAL ACCOUNTING POLICIES (Continued)*

(p) Income taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

(i) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

4 *PRINCIPAL ACCOUNTING POLICIES (Continued)*

(p) Income taxes *(Continued)*

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met:

– In the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– In the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – The same taxable entity; or

  – Different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Foreign currencies

Transactions entered into by the Group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Renminbi) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

4 *PRINCIPAL ACCOUNTING POLICIES (Continued)*

(q) Foreign currencies *(Continued)*

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

(r) Employees' benefits

(i) Short-term benefits

Salaries, annual bonuses, paid annual leaves and other allowances are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(ii) Defined contribution pension obligations

Contributions to defined contribution retirement plans are expensed when the services are rendered by the employees. The Group has no further payment obligation once the contributions have been paid.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(s) Equity-settled share-based payment transactions

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.

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 with a corresponding increase in equity (i.e. share options reserve), based on the Group's estimate of equity instruments that will eventually vest. At end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

At the time when the share options are exercised, the amount previously recognised in the 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 retained profits.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service.

4 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(t) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

4 *PRINCIPAL ACCOUNTING POLICIES (Continued)*

(u) Related parties *(Continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(i) Revenue from the sale of products is recognised when the Group has delivered products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

(ii) Revenue for providing services is recognised to the extent of services rendered and according to the terms of the agreement.

(iii) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding using the effective interest method.

(iv) Rental income from operating leases is recognised in equal instalments over the accounting periods covered by the lease terms.

(v) Subsidies from the government are recognised at their fair values when there is reasonable assurance that the subsidies will be received and the Group will comply with all attached conditions.

(vi) Sponsorship income is recognised on an accrual basis when the right to receive has been established.

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(a) Critical judgments in applying accounting policies

The following is the critical judgement that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect of the amounts recognised in financial statements.

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Other intangible assets and amortisation

The Group determines the estimated useful lives and related amortisation for the Group's other intangible assets. The useful lives of other intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Other intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for the intangible assets with finite useful lives are reviewed by the management at least at the end of each reporting period.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Key sources of estimation uncertainty

Information about assumption and estimation uncertainties that has a significant risk of resulting in a material adjustment in the year ended 31 December 2014 is included in the follow:

(i) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. Further details are set out in Note 19.

(ii) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of trade and other receivables

The Group's management determines the allowance for impairment of trade and other receivables. This estimate is based on the credit history of its customers and debtors and the current market condition. Management will reassess the allowance at end of each reporting period.

(iv) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of competitors' actions in response to severe industry cycles. Management will reassess the estimations at end of each reporting period.

6 TURNOVER AND SEGMENT INFORMATION

Turnover, which is also revenue, represents the sales value of goods supplied and services provided to customers and is analysed as follows:

	2014 RMB'000	2013 RMB'000
Sale of goods	**947,279**	973,732
Services income	**450,219**	440,884
	1,397,498	1,414,616

(a) Reportable Segment

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

The Group operates in three reportable segments: (i) the manufacture and sale of automobile accessories (the "Manufacturing Business"); (ii) trading of automobile accessories (the "Wholesale Business"); and (iii) the provision of automobile repair, maintenance and restyling services (the "Retail Service Business").

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

6 TURNOVER AND SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

Set out below is an analysis of segment information:

	The Manufacturing Business RMB'000	The Wholesale Business RMB'000	The Retail Service Business RMB'000	Total RMB'000
For the year ended 31 December 2014				
Revenue				
External revenue	437,343	443,257	516,898	1,397,498
Inter-segment revenue	1,072	2,949	3,866	7,887
Segment revenue	438,415	446,206	520,764	1,405,385
Less: inter-segment revenue				(7,887)
Total revenue				1,397,498
Reportable segment results	4,712	2,296	11,296	18,304
Interest income	3,285	70	1,080	4,435
Unallocated interest income				896
Total interest income				5,331
Interest expenses	(1,188)	(202)	(1,405)	(2,795)
Unallocated interest expenses				(23,471)
Total interest expenses				(26,266)
Depreciation and amortisation charges	(14,714)	(4,379)	(21,479)	(40,572)
Unallocated depreciation and amortisation charges				(2,508)
Total depreciation and amortisation charges				(43,080)
Reportable segment assets	482,534	159,752	520,678	1,162,964
Total additions to non-current assets	14,911	1,797	5,402	22,110
Reportable segment liabilities	269,542	62,710	190,544	522,796

6 TURNOVER AND SEGMENT INFORMATION *(Continued)*

(a) Reportable Segment *(Continued)*

	The Manufacturing Business RMB'000	The Wholesale Business RMB'000	The Retail Service Business RMB'000	Total RMB'000
For the year ended 31 December 2013				
Revenue				
External revenue	418,787	471,338	524,491	1,414,616
Inter-segment revenue	1,656	–	–	1,656
Segment revenue	420,443	471,338	524,491	1,416,272
Less: inter-segment revenue				(1,656)
Total revenue				1,414,616
Reportable segment results	(43,158)	(261,766)	(196,575)	(501,499)
Interest income	732	124	365	1,221
Unallocated interest income				1,047
Total interest income				2,268
Interest expenses	(1,354)	(179)	(934)	(2,467)
Unallocated interest expenses				(23,168)
Total interest expenses				(25,635)
Impairment loss on goodwill	–	(62,278)	(92,418)	(154,696)
Impairment loss on other intangible assets	–	(186,813)	(24,909)	(211,722)
Impairment loss on property, plant and equipment	(1,006)	–	–	(1,006)
Depreciation and amortisation charges	(17,301)	(5,204)	(29,061)	(51,566)
Unallocated depreciation and amortisation charges				(2,658)
Total depreciation and amortisation charges				(54,224)
Reportable segment assets	405,896	254,349	568,085	1,228,330
Total additions to non-current assets	8,676	2,781	45,844	57,301
Reportable segment liabilities	209,712	108,528	424,998	743,238

6 TURNOVER AND SEGMENT INFORMATION *(Continued)*

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

	2014	2013
	RMB'000	RMB'000
Loss before income tax expense		
Reportable segment profit/(loss)	**18,304**	(501,499)
Unallocated other revenue and gains and losses	**4,523**	(3,721)
Unallocated corporate expenses	**(25,735)**	(36,874)
Unallocated finance costs	**(23,471)**	(23,168)
Consolidated loss before income tax expense	**(26,379)**	(565,262)

	31 December 2014	31 December 2013
	RMB'000	RMB'000
Assets:		
Reportable segment assets	**1,162,964**	1,228,330
Unallocated corporate assets	**25,451**	118,403
Consolidated total assets	**1,188,415**	1,346,733
Liabilities:		
Reportable segment liabilities	**522,796**	743,238
Unallocated corporate liabilities	**125,322**	109,820
Consolidated total liabilities	**648,118**	853,058

6 TURNOVER AND SEGMENT INFORMATION *(Continued)*

(c) Geographical segments

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

	Revenue from external customers		Specified non-current assets	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC (Place of domicile)	**887,663**	911,191	**427,628**	476,054
America	**305,128**	230,276	**–**	–
Europe	**42,806**	104,451	**–**	–
Asia Pacific	**28,712**	26,538	**–**	–
Taiwan	**133,189**	142,160	**26,600**	29,804
	1,397,498	1,414,616	**454,228**	505,858

The revenue information is based on the locations of the customers.

(d) Major customers

During the year, the Group's customer base is diversified and there was no customer (2013: Nil) with whom transactions exceeded 10% of the Group's revenues.

7 OTHER REVENUE AND GAINS AND LOSSES

	Notes	2014 RMB'000	2013 RMB'000
Gross rentals from investment properties and other rental income		**3,097**	3,732
Interest income from bank deposits		**5,331**	2,268
Gain/(loss) on disposal of property, plant and equipment, net		**7,550**	(18,779)
Valuation gains on investment properties	18	**1,075**	817
Sale of scrap inventories and sample income		**1,112**	1,301
Government subsidies#		**1,658**	932
Sponsorship income		**329**	442
Exchange losses, net		**(1,679)**	(8,875)
Gain on change in fair value of contingent consideration payable for acquisitions		**–**	1,156
Written-off of consideration payables and other payables	32(ii)	**24,202**	–
Gain on disposal of a subsidiary and trading securities		**2,395**	–
Others		**4,008**	(946)
		49,078	(17,952)

The item represented compensation income from local governments for taxes paid by certain subsidiaries in the PRC and subsidies granted by the PRC local governments.

8 FINANCE COSTS

	Notes	2014 RMB'000	2013 RMB'000
Interests on bank borrowings repayable			
– within five years		**8,519**	16,114
– after five years		**211**	257
Interest on Renminbi-denominated bonds		**–**	4,568
Interest on convertible bonds (including imputed interest)	*26*	**17,536**	4,696
		26,266	25,635

9 LOSS BEFORE INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
This is arrived at after charging:		
Cost of inventories*	**1,094,658**	1,132,519
Write-down of inventories	**5,721**	25,657
Reversal of write-down in previous year	**–**	(1,584)
	1,100,379	1,156,592
Depreciation of property, plant and equipment	**41,820**	52,964
Amortisation of		
Leasehold land and land use rights	**1,260**	1,260
Total depreciation and amortisation charges	**43,080**	54,224
Additional allowance for doubtful debts on trade receivables	**1,872**	9,404
Additional allowance for doubtful debts on other receivables	**–**	500
Auditors' remuneration	**2,000**	2,800
Operating lease expense	**63,783**	65,566
Employee benefit expenses (including directors' remuneration) *(Note 10(a))*		
Salaries and allowances	**249,552**	249,032
Pension fund contributions	**16,601**	18,523
Equity-settled share-based payments	**2,246**	53
Other benefits	**8,080**	13,509
Total employee benefit expenses	**276,479**	281,117

* Costs of inventories includes RMB185,622,000 (2013: RMB183,430,000) relating to employee benefit expenses, depreciation and amortisation charges, which are also included in the respective total amounts disclosed separately above.

10 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

The directors' remuneration for the years ended 31 December 2014 and 2013 is set out below:

2014

Name of directors	Fees RMB'000	Salaries and other allowances RMB'000	Total RMB'000
Executive directors:			
Zhang Jianxing (Chief Executive Officer)	–	–	–
Non-executive directors:			
Ying Wei (Chairman)	–	–	–
Wang Zhenyu	–	–	–
Hung Wei-Pi, John (Vice-chairman)	–	–	–
Du Jinglei	–	–	–
Independent non-executive directors:			
Hu Yuming	100	–	100
Lin Lei	100	–	100
Zhang Jie	–	–	–
	200	–	200

10 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' remuneration *(Continued)*

2013

Name of directors	Fees RMB'000	Salaries and other allowances RMB'000	Total RMB'000
Executive directors:			
Zhang Jianxing* (Chief Executive Officer)	–	–	–
Hung Ying-Lien&	–	1,046	1,046
Douglas Charles Stuart Fresco#	–	33	33
Edward B. Matthew#	–	33	33
Raymond N.Chang#	–	651	651
Non-executive directors:			
Wang Zhenyu* (Chairman)	–	–	–
Hung Wei-Pi, John* (Vice-chairman)	–	1,000	1,000
Ying Wei*	–	–	–
Du Jinglei*	–	–	–
Hsu Ming Chyuan#	–	40	40
Chang An-Li#	–	–	–
Independent non-executive directors:			
Hu Yuming*	33	–	33
Lin Lei*	33	–	33
Zhang Jie*	–	–	–
Du Hai-Bo#	56	–	56
Zhou Tai-Ming#	56	–	56
Chih T.Cheung#	42	–	42
Uang Chii-Maw#	56	–	56
	276	2,803	3,079

* appointed on 28 August 2013

Raymond N. Chang resigned on 11 August 2013, and the other directors resigned on 28 August 2013.

& The aggregated remuneration contains salary and other allowances as Ms. Hung Ying-Lien being senior management as well as executive director before her reassignment from the board on 28 August 2013.

10 DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' remuneration *(Continued)*

No discretionary bonus, inducement fee, employer's contribution to pension scheme or compensation for loss of office as directors was given to any of the directors during the year (2013: Nil).

Two of the directors have waived or agreed to waive any emolument paid by the Group during the year (2013: Two). The details are set out below:

	2014	2013
	RMB'000	RMB'000
Zhang Jianxing	**1,200**	400
Zhang Jie	**100**	33
Total	**1,300**	433

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2014 included no (2013: three) director whose emolument is reflected in the analysis presented in Note 10(a) above.

The emoluments paid or payment to the five non-director (2013: two) highest paid employees are as follows:

	2014	2013
	RMB'000	RMB'000
Salaries and other allowances	**3,373**	997
Retirement scheme contributions	**149**	36
Share-based payments	**1,038**	–
Total	**4,560**	1,033

Three of the above individuals' emoluments are within the band of Nil to HK$1,000,000 (2013: two), two are within HK$1,500,001 to HK$2,000,000 in 2014.

11 INCOME TAX EXPENSES

(a) Amounts recognized in profit or loss

	2014 RMB'000	2013 RMB'000
Current tax expense		
– Current year		
PRC	**9,907**	13,733
Taiwan	**–**	190
– Adjustment for prior years	**1,038**	(5,146)
– Land appreciation tax	**1,570**	–
	12,515	8,777
Deferred tax expense		
– Origination and reversal of temporary differences, net	**(3,093)**	(57,189)
	(3,093)	(57,189)
	9,422	(48,412)

11 INCOME TAX EXPENSES *(Continued)*

(b) No provision for Hong Kong profits tax has been made as the Group had no taxable profits arising in Hong Kong for the years ended 31 December 2014 and 2013. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

The applicable PRC and Taiwan income tax rate is 25% (2013:25%) and 17% (2013:17%) respectively for the year. One major PRC subsidiary of the Company, renewed the qualification of high and new tech enterprise in the PRC, is subject to an applicable national PRC income tax rate of 15% (2013:15%) for three years from 1 January 2014.

(c) The income tax expense for the year can be reconciled to the loss before income tax expense per consolidated statement of comprehensive income as follows:

	2014	2013
	RMB'000	RMB'000
Loss before income tax expense	**(26,379)**	(565,262)
Tax calculated at applicable tax rate of 25% (2013: 25%)	**(6,595)**	(141,316)
Tax effect of non-taxable income	**–**	(685)
Tax effect of non-deductible expenses	**3,641**	36,123
Utilisation of tax losses not previously recognised	**(1,454)**	–
Unrecognised tax losses	**8,928**	35,167
Effect of preferential tax treatments and tax exemptions	**(2,551)**	4,743
Effect of different tax rates of subsidiaries operating in other jurisdictions	**7,053**	17,568
Under-provision/(over-provision) in respect of prior years	**1,038**	(5,146)
Land appreciation tax over-provided in respect of prior years	**(979)**	–
Land appreciation tax arising from the valuation on investment properties	**341**	5,134
Income tax expense	**9,442**	(48,412)

12 LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss for the year attributable to owners of the Company includes a loss of RMB70,343,000 (2013: RMB265,122,000) which has been dealt with in the financial statements of the Company.

13 DIVIDEND

The board of directors did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: RMBNil). No interim dividend was declared in respect of the year ended 31 December 2014 (2013: RMBNil).

14 LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the year.

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

The calculations of basic and diluted loss per share are based on:

	2014	2013
	RMB'000	RMB'000
Loss		
Loss for the year attributable to the owners of the Company, used in the basic and diluted loss per share calculation	**(43,223)**	(446,700)

	2014	2013
Shares		
Weighted average number of ordinary shares for the basic loss per share calculation	**3,400,101,211**	1,414,085,597
Effect of dilution – weighted average number of ordinary shares:		
– Share options#	**–**	–
– CDH CBs*	**–**	–
Weighted average number of ordinary shares adjusted for the effect of all potential ordinary shares	**3,400,101,211**	1,414,085,597

The computation of diluted loss per share for the years ended 31 December 2014 and 2013 does not assume the conversion of the Company's outstanding share options since their exercise would result in a reduction in loss per share.

* The computation of diluted loss per share for the years ended 31 December 2014 and 2013 does not assume the conversion of the Company's convertible bonds issued to CDH Fast Two Limited ("CDH CBs"), as described in note 26, since their exercise would result in a reduction in loss per share.

15 OTHER COMPREHENSIVE INCOME, NET OF TAX

2014

	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Exchange differences on translating foreign operations	**(7,037)**	**–**	**(7,037)**

2013

	Before tax amount RMB'000	Tax expense RMB'000	Net of tax amount RMB'000
Exchange differences on translating foreign operations	3,033	–	3,033

16 PROPERTY, PLANT AND EQUIPMENT

The Group

	Construction in progress RMB'000	Freehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment, furniture and fixtures RMB'000	Total RMB'000
Opening net carrying amount as at 1 January 2014	189	85,189	53,198	42,231	10,158	29,883	220,848
Additions	10,348	–	2,582	6,308	1,749	1,123	22,110
Transfers upon completion	(779)	–	710	69	–	–	–
Disposals	(9,292)	–	(2,954)	(881)	(312)	(287)	(13,726)
Disposals of a subsidiary	–	–	(814)	–	(331)	(745)	(1,890)
Depreciation charge for the year	–	(3,989)	(12,586)	(13,884)	(3,265)	(8,096)	(41,820)
Write-off of impairment	–	–	–	650	1	355	1,006
Exchange realignment	–	(176)	(518)	(91)	–	(47)	(832)
Closing net carrying amount as at 31 December 2014	466	81,024	39,618	34,402	8,000	22,186	185,696

16 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Group *(Continued)*

	Construction in progress RMB'000	Freehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment, furniture and fixtures RMB'000	Total RMB'000
Opening net carrying amount as at 1 January 2013	20,049	89,949	43,014	51,473	11,694	30,958	247,137
Additions	10,439	358	25,627	11,234	4,507	5,136	57,301
Transfers upon completion	(29,917)	–	22,573	–	–	7,344	–
Disposals	(382)	–	(18,558)	(3,975)	(2,368)	(1,745)	(27,028)
Disposals of a subsidiary	–	–	(405)	(318)	–	(83)	(806)
Depreciation charge for the year	–	(3,979)	(18,668)	(15,572)	(3,673)	(11,072)	(52,964)
Impairment	–	–	–	(392)	(1)	(355)	(748)
Exchange realignment	–	(1,139)	(385)	(219)	(1)	(300)	(2,044)
Closing net carrying amount as at 31 December 2013	189	85,189	53,198	42,231	10,158	29,883	220,848

	Construction in progress RMB'000	**Freehold land and buildings RMB'000**	**Leasehold improvements RMB'000**	**Plant and machinery RMB'000**	**Motor vehicles RMB'000**	**Office equipment, furniture and fixtures RMB'000**	**Total RMB'000**
At 31 December 2014:							
Cost	**466**	**104,981**	**98,165**	**121,905**	**23,212**	**76,310**	**425,039**
Accumulated depreciation and impairment	**–**	**(23,957)**	**(58,547)**	**(87,503)**	**(15,212)**	**(54,124)**	**(239,343)**
	466	**81,024**	**39,618**	**34,402**	**8,000**	**22,186**	**185,696**

	Construction in progress RMB'000	Freehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment, furniture and fixtures RMB'000	Total RMB'000
At 31 December 2013:							
Cost	189	105,166	101,061	124,611	23,660	80,748	435,435
Accumulated depreciation and impairment	–	(19,977)	(47,863)	(82,380)	(13,502)	(50,865)	(214,587)
	189	85,189	53,198	42,231	10,158	29,883	220,848

Freehold land and buildings of the Group are located outside Hong Kong. Certain freehold land and buildings of the Group were pledged to secure the bank borrowings of the Group as detailed in Note 24.

17 LEASEHOLD LAND AND LAND USE RIGHTS

The Group

	2014 **RMB'000**	2013 RMB'000
Net carrying amount:		
At 1 January	**41,793**	43,053
Amortisation charge for the year	**(1,260)**	(1,260)
Disposal	**(8,209)**	–
At 31 December	**32,324**	41,793
Cost	**37,801**	46,716
Accumulated amortisation	**(5,477)**	(4,923)
Net carrying amount	**32,324**	41,793

The Group's interests in leasehold land and land use rights were held outside Hong Kong under medium term leases.

Certain leasehold land and land use rights of the Group were pledged to secure the bank borrowings of the Group as detailed in Note 24.

18 INVESTMENT PROPERTIES

The Group

	Notes	**2014** **RMB'000**	2013 RMB'000
Fair value:			
At 1 January		**47,958**	47,141
Change in fair value	7	**1,075**	817
Disposal		**(7,000)**	–
At 31 December		**42,033**	47,958

18 INVESTMENT PROPERTIES *(Continued)*

During the year, the Group disposed certain investment properties with total consideration of RMB 7,000,000 (2013: Nil).

All investment properties of the Group are located outside Hong Kong, of which investment properties of RMB14,634,000 (2013: RMB21,302,000) and RMB27,399,000 (2013: RMB26,656,000) are held under long and medium terms respectively.

As at 31 December 2014, the investment properties were revalued at RMB42,033,000 (2013: RMB47,958,000) by Shanghai Wan Long Real Estate Appraisal Co.,Ltd., an independent firm of professionally qualified valuers recognised by the relevant PRC association of valuers with recent experience in the location and category of property being valued, on the following basis.

The valuation was arrived of by reference to (i) market evidence of transaction price for similar properties, (ii) current rent of properties being held under existing tenancies and the reversionary income potential of tenancies, and (iii) the value of the land, together with the replacement costs of industrial buildings.

Details of the property rental income earned by the Group from its investment properties, all of which are leased out under operating leases, are set out in Notes 7 and 31.

Certain investment properties were pledged to secure the bank borrowings of the Group as detailed in Note 24.

19 GOODWILL

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill is allocated as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Provision of automobile repair, maintenance and restyling services:		
Changchun Guangda Automobile Trading Co., Ltd	**102,337**	102,337
Beijing Aiyihang Auto Services Ltd.	**43,919**	43,919
	146,256	146,256

The respective recoverable amounts of certain CGUs were determined by the directors of the Company with reference to professional valuation reports issued by RHL Appraisal Limited, independent firm of professionally qualified valuers, which were based on value-in-use calculations. All the calculations of recoverable amounts use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates of 3% (2013: 0–3%). The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

19 GOODWILL *(Continued)*

Key assumptions used for value-in-use calculations are as follows:

	31 December 2014 %	31 December 2013 %
Gross margin	**30–45**	15–47
Growth rate within the forecast period	**4–17**	4–24
Discount rate	**15**	17–24

Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rate used is consistent with the forecasts generally adopted in the respective industries. The discount rates used are pre-tax and reflect specific risks relating to the relevant segment.

In the current year, the growth rates of revenue and profitability of relevant CGUs had been consistent with expected. The directors of the Company are of the opinion, based on value-in-use calculations, that goodwill and other intangible assets associated with certain CGUs above were not further impaired during the year.

20 OTHER INTANGIBLE ASSETS

The Group

	Trademarks RMB'000	Tradenames RMB'000	Technical know-how RMB'000	Total RMB'000
At 1 January 2013	212,759	43,527	4,924	261,210
Additions	30	–	–	30
Impairment during the year	(164,633)	(42,443)	(4,646)	(211,722)
Exchange realignment	(237)	–	(278)	(515)
At 31 December 2013 and 1 January 2014	47,919	1,084	–	49,003
Disposal of a subsidiary	–	(1,084)	–	(1,084)
At 31 December 2014	47,919	–	–	47,919
At 31 December 2014:				
Cost	335,054	13,068	4,646	352,768
Accumulated amortisation and impairment	(287,135)	(13,068)	(4,646)	(304,849)
Net carrying amount	47,919	–	–	47,919
At 31 December 2013:				
Cost	335,054	43,527	4,646	383,227
Accumulated amortisation and impairment	(287,135)	(42,443)	(4,646)	(334,224)
Net carrying amount	**47,919**	**1,084**	**–**	**49,003**

20 OTHER INTANGIBLE ASSETS *(Continued)*

Included in the above intangible assets as at 31 December 2014 are (i) certain trademarks, (ii) tradenames with indefinite useful lives and (iii) technical know-how which are attributable to the same CGUs with which the goodwill amounts are recognised. Details of the impairment assessment of the CGUs are set out in Note 19.

As at end of reporting period, trademarks with cost of RMB205,355,000 (2013: RMB205,355,000) have indefinite useful lives as they are considered renewable at minimal costs. Management of the Group are of the opinion that the Group would renew the trademarks continuously and has the ability to do so.

21 INTERESTS IN SUBSIDIARIES

The Company

	31 December 2014 RMB'000	31 December 2013 RMB'000
Unlisted shares, at cost	**164,918**	164,066
Amounts due from subsidiaries	**817,825**	794,378
	982,743	958,444
Less: Impairment loss on amounts due from subsidiaries	**(358,943)**	(371,347)
	623,800	587,097
Short-term loan to a subsidiary	**104,000**	104,000
Amount due to subsidiaries	**3**	3,859

Amounts due from subsidiaries are unsecured, interest-free and in substance represent the Company's interests in the subsidiaries in the form of quasi-equity loans.

Short-term loan to a subsidiary is unsecured, interest free and repayable within one year.

Amount due to subsidiaries are unsecured, interest free and repayable on demand.

As at 31 December 2014, an accumulated impairment loss on amounts due from subsidiaries of RMB358,943,000 (2013: RMB371,347,000) was recognised for the carrying amount of the amounts due from subsidiaries in the aggregate amount of RMB474,011,000 (2013: RMB526,054,000) (before deducting the impairment losses) because the relevant subsidiaries had suffered accumulated losses.

21 INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2014 are as follows:

Company name	Country/place and date of incorporation/ establishment	Legal form of entities for those established in the PRC	Registered capital/ share capital	Issued and fully paid up capital	Percentage of attributable equity interest	Principal activities/place of operation
Interests directly held:						
Perfect Progress Investments Limited ("Perfect Progress")	The British Virgin Islands 8 April 2002	–	US$50,000 Ordinary shares	US$500	100%	Investment holding Hong Kong
New Focus Auto Tech International Limited	The British Virgin Islands 2 April 2007	–	US$1 Registered capital	US$1	100%	Investment holding Hong Kong
Shanghai New Focus Auto Parts Co., Ltd. ("NFA Parts")	The PRC 1 March 1994	Wholly-owned foreign enterprise	US$6,500,000 Registered capital	US$6,500,000	100%	Manufacture and sale of automobile accessories The PRC
New Focus Lighting and Power Technology (Shanghai) Co., Ltd. ("New Focus Lighting & Power")	The PRC 24 April 2001	Wholly-owned foreign enterprise	US$61,300,000 Registered capital	US$61,300,000	100%	Manufacture and sale of automobile accessories The PRC
Shanghai New Focus Auto Repair Service Co., Ltd.	The PRC 21 December 2000	Limited liability company	RMB83,500,000 Registered capital	RMB83,500,000	100%	Automobile repair, maintenance and restyling services; sales trading of automobile products The PRC
Liaoning Xin Tian Cheng Industrial Co., Limited	The PRC 8 January 2009	Limited liability company	RMB20,000,000 Registered capital	RMB20,000,000	51%	Trading of automobile products The PRC
New Focus Richahaus Co. Ltd. ("New Focus Richahaus")	Taiwan 15 September 2006	–	NTD202,574,000 Share capital	NTD202,574,000	100%	Automobile repair maintenance and restyling services; sales of automobile products Taiwan
Shandong New Focus Longsheng Auto Parts Co. Ltd.	The PRC 26 April 2006	Limited liability company	US$4,012,700 Registered Capital	US$4,012,700	59%	Manufacture and sale of automobile accessories The PRC

21 INTERESTS IN SUBSIDIARIES *(Continued)*

Company name	Country/place and date of incorporation/ establishment	Legal form of entities for those established in the PRC	Registered capital/ share capital	Issued and fully paid up capital	Percentage of attributable equity interest	Principal activities/place of operation
Beijing Aiyihang Auto Service Ltd.	The PRC September 1997	Limited liability company	RMB38,500,000 Registered capital	RMB38,500,000	60%	Automobile repair, maintenance and restyling services; sales of automobile products The PRC
Shenzhen Yonglonghang Auto Service Ltd. ("Shenzhen Yonglonghang")	The PRC June 2002	Limited liability company	RMB41,000,000 Registered capital	RMB41,000,000	100%	Automobile repair, maintenance and restyling services; sales of automobile products The PRC
Zhejiang Autoboom Industrial Co., Limited	The PRC December 2008	Limited liability company	RMB28,000,000 Registered capital	RMB28,000,000	51%	Trading of automobile products The PRC
Shanghai Astrace Trade Development Co., Limited ("Shanghai Astrace")	The PRC 11 August 2003	Limited liability company	RMB12,000,000 Registered capital	RMB12,000,000	51%	Trading of automobile products The PRC
New Focus Auto Tech Inc.	United States of America ("USA") 24 November 2009	–	US$100,000 Registered capital	US$100,000	100%	Investment holding USA
IPO Automotive Corporation Limited ("IPO Automotive")	Taiwan 8 June 2012	–	NTD40,000,000 Share capital	NTD40,000,000	100%	Automobile repair maintenance and restyling services; sales of automobile products Taiwan
Changchun Guangda Automobile Trading Co., Ltd. ("Changchun Guangda")	The PRC 31 January 2002	Limited liability company	RMB47,800,000 Registered capital	RMB47,800,000	51%	Automobile repair, maintenance and restyling services; sales of automobile products The PRC

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

22 *INVENTORIES*

The Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Raw materials	**31,087**	20,782
Work-in-progress	**14,225**	18,939
Finished goods	**14,763**	17,409
Merchandise goods	**154,571**	202,715
	214,646	259,845

23 *TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES*

(a) Trade Receivables

The Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade receivables	**156,395**	203,405
Less: allowance for doubtful debts	**(25,039)**	(23,167)
	131,356	180,238

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

23 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(a) Trade Receivables *(Continued)*

(ii) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

The Group

	2014	2013
	RMB'000	RMB'000
At beginning of year	**23,167**	14,917
Additional allowance for the year *(Note 9)*	**1,872**	9,404
Bad debts written off	**–**	(1,154)
At end of year	**25,039**	23,167

As at 31 December 2014, the Group's trade receivables of RMB35,876,000 (2013: RMB30,160,000) were individually determined to be fully or partially impaired. Such trade receivables related to customers that were in financial difficulties or had a prolonged delay in settlement, and management assessed that none or only a portion of the receivables is expected to be recovered. Consequently, an accumulated allowance for doubtful debts of RMB25,039,000 (2013: RMB23,167,000) is made as at 31 December 2014. The Group does not hold any collateral over these balances.

Except for the above, no allowance has been made for estimated irrecoverable amounts from the sale of goods and provision of services.

23 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(a) Trade Receivables *(Continued)*

(iii) The ageing analysis of trade receivables at the end of reporting period by invoice date is as follows:

The Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Current to 30 days	**61,909**	72,041
31 to 60 days	**43,228**	49,616
61 to 90 days	**12,579**	22,656
Over 90 days	**38,679**	59,092
	156,395	203,405
Less: allowance for doubtful debts	**(25,039)**	(23,167)
	131,356	180,238

23 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(a) Trade Receivables *(Continued)*

(iv) The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

The Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Neither past due nor impaired	**96,054**	93,486
Less than 1 month past due	**18,027**	53,566
1 to 2 months past due	**6,438**	26,193
	24,465	79,759
	120,519	173,245

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) Deposits, prepayments and other receivables

Included in the Group's deposits, prepayments and other receivable is a loan to an acquisition target, which is a third party, of RMB100,000,000 as at 31 December 2014 (2013: Nil).

23 TRADE RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

(b) Deposits, prepayments and other receivables *(Continued)*

On 29 December 2014, New Focus Lighting & Power instructed the lending bank (as the entrusted party and the lending agent) to release a loan in the principal amount of RMB100,000,000 to Shenzhen Jiahong Trading Development Co.,Ltd ("Shenzhen Jiahong") for a term of 12 months, at an annual interest rate of 12% from the date of drawdown. Such entrusted loan is:

- guaranteed by each of the two shareholders of Shenzhen Jiahong as sureties who collectively own 100% equity interest in Shenzhen Jiahong;
- guaranteed by a subsidiary wholly owned by Shenzhen Jiahong as a surety; and
- pledged by 30% of shares in a mineral company which was indirectly owned as to 80% by one of the two shareholders of Shenzhen Jiahong.

Having made preliminary due diligence on Shenzhen Jiahong, the directors consider Shenzhen Jiahong to be a potential acquisition target which is under further assessment by the Group.

24 BANK BORROWINGS, SECURED

The Group

	31 December 2014 RMB'000	31 December 2013 RMB'000
Bank loans	**161,829**	138,927
Bank borrowings are repayable as follows:		
On demand or within one year	**152,620**	128,269
After one year but within two years	**1,482**	1,425
After two years but within five years	**2,944**	3,494
After five years	**4,783**	5,739
	161,829	138,927
Amount due within one year included in current liabilities	**(152,620)**	(128,269)
Amount included in non-current liabilities	**9,209**	10,658

24 BANK BORROWINGS, SECURED *(Continued)*

As at 31 December 2014 and 2013, the banking facilities are secured by (i) the Group's certain freehold land and buildings with an aggregate net carrying amount of RMB72,334,000 (2013: RMB76,700,000); (ii) the Group's certain leasehold land and land use rights of RMB16,604,000 (2013: RMB17,132,000); (iii) the Group's certain investment properties of RMB42,033,000 (2013: RMB40,958,000); (iv) personal guarantees from a director of the Company and a director of a subsidiary, and their spouses; (v) pledged time deposits of RMB1,673,000 (2013: RMB22,529,000); and (vi) corporate guarantees provided by the Company and its subsidiaries.

Most of the bank loans bear fixed interest rates ranging from 1.99% to 6.6% per annum (2013: 2.29% to 4.8% per annum).

	31 December 2014 RMB'000	31 December 2013 RMB'000
Bank borrowings of the Group were denominated in RMB	**98,570**	72,784
United States dollars ("US$")	**37,224**	36,581
Taiwan dollars ("NTD")	**26,035**	29,562
	161,829	138,927

25 TRADE PAYABLES

The ageing analysis of trade payables of the Group at the end of reporting period by invoice date is as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Current to 30 days	**74,669**	113,600
31 to 60 days	**63,987**	52,690
61 to 90 days	**18,552**	9,382
Over 90 days	**33,237**	35,127
	190,445	210,799

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

26 CONVERTIBLE BONDS

The Group and the Company

	CDH CBs	STIC CBs	Total
Face value of convertible bonds upon issuance, net of issuance cost	292,720	232,087	
Equity component	(57,775)	(110,427)	
Liability component on initial recognition	234,945	121,660	
Liability component at 1 January 2013	–	129,881	129,881
Imputed interest expenses	7,980	5,305	13,285
Redemption of STIC CBs	–	(123,008)	(123,008)
Gain on early redemption	–	(8,589)	(8,589)
Exchange realignment	(3,399)	(3,589)	(6,988)
Liability component at 31 December 2013 and 1 January 2014	239,526	–	239,526
Imputed interest expenses	17,536	–	17,536
Conversion of convertible bonds	(127,527)	–	(127,527)
Exchange realignment	5,220	–	5,220
Liability component at 31 December 2014	134,755	–	134,755

CDH CBs

In August 2013, the Company issued redeemable convertible bonds (the "CDH CBs") in the principal amount of US$48,685,000(equivalent to RMB300,226,000) to CDH Fast Two Limited. The net proceeds of the CDH CBs available to the Group was RMB292,720,000, after net-off of issuance costs of RMB7,506,000. The coupon interest rate of CDH CBs is 5%. The maturity date of the CDH CBs will be the date falling on the fifth anniversary of the issue date (i.e. August 2018) and the CDH CBs can be converted into ordinary shares of the Company at the holder's option at initial conversion price of HK$0.2328 per share, subject to certain anti-dilutive adjustments.

Unless there was redemption, cancellation or conversion, the CDH CBs can be redeemed on the maturity date only by the Company at the price equal to principal amount plus premium compounded at 5% from each anniversary of the issue date to the maturity date.

26 CONVERTIBLE BONDS *(Continued)*

CDH CBs *(Continued)*

If the shares are no longer listed or traded in Stock Exchange, bondholders can redeem all CDH CBs at early redemption amount, which is the outstanding principal amount plus the amount of interest representing 30% of the internal rate of return of the principal amount of the bond from the issuance date to the payment date, on the twentieth business day after the Company gives the notice to the bondholders.

The fair value of the liability component of the CDH CBs upon issuance is calculated by computing the present value of all future cash flows discounted by the prevailing market rate of interest for non-convertible borrowing of 9.72% per annum based on a professional valuation report issued by RHL Appraisal Limited, an independent firm of professionally qualified valuers. The residual amount, representing the value of the equity component, is included in convertible bonds reserve under shareholders' equity. The initially recognised liability component and equity component of the CDH CBs amounted to RMB234,945,000 and RMB57,775,000 respectively after net – off of the issuance costs on a pro-rata basis.

On 12 June 2014, the Group partially converted CDH CBs in the principal amount of US$24,342,500. The Group allotted and issued a total of 813,507,946 shares to CDH Fast Two Limited at the conversion price of HK$0.2328. Upon the conversion, the Company derecognised the liability component of RMB127,527,000 and transferred this amount with equity component (convertible bonds reserve) of RMB28,887,000 into share capital and share premium with the amount of RMB65,227,000 and RMB91,187,000 respectively, using the method in consistency with that used initially to allocate the net proceeds on the CDH CBs issuance date.

STIC CBs

In December 2011, the Company issued redeemable convertible bonds (the "STIC CBs") in the principal amount of US$38,201,001 (equivalent to RMB241,999,000) to STIC entities. On 28 August 2013, the Company early redeemed all the STIC CBs with a consideration of US$40,000,000 (equals to RMB246,668,000) according to the revised terms entered into with STIC entities on 25 June 2013.

27 DEFERRED TAX

The Group

The movements in deferred tax assets/(liabilities) are as follows:

Deferred tax assets

	Tax losses RMB'000	Accrued expenses RMB'000	Deferred income RMB'000	Provisions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	1,618	491	–	718	32	2,859
Recognised in profit or loss *(Note 11)*	–	2,314	6,377	3,846	–	12,537
Exchange realignment	(90)	(25)	–	(42)	–	(157)
At 31 December 2013 and 1 January 2014	1,528	2,780	6,377	4,522	32	15,239
Recognised in profit or loss *(Note 11)*	(441)	(54)	2,535	(1,573)	–	467
Exchange realignment	(32)	(2)	–	(19)	–	(53)
At 31 December 2014	1,055	2,724	8,912	2,930	32	15,653

Deferred tax assets have been recognised in respect of the above item as the directors, in their opinion, consider it is probable that taxable profits will be available and the above item can be utilised.

As at 31 December 2014, the Group had unrecognised tax losses carried forward of RMB217,896,000 (2013: RMB187,521,000) as the directors are of the view that it was not probable that such benefit of tax losses would be realised before they expire. The years of expiry the tax losses unrecognised is as below:

	2014 RMB'000	2013 RMB'000
Year of expiry of PRC entities		
2014	**–**	4,687
2015	**454**	454
2016	**277**	277
2017	**34,259**	34,259
2018	**119,601**	125,415
2019	**40,876**	–
	195,467	165,092

27 DEFERRED TAX *(Continued)*

	2014 RMB'000	2013 RMB'000
Year of expiry of Taiwan entities		
2023	**22,429**	22,429

Deferred tax liabilities:

	Other intangible assets RMB'000	Fair value gain on investment properties RMB'000	Accrued subsidy income RMB'000	Total RMB'000
At 1 January 2013	(63,094)	(4,506)	(192)	(67,792)
Recognised in profit or loss *(Note 11)*	49,970	(5,318)	–	44,652
Exchange realignment	49	–	–	49
At 31 December 2013 and 1 January 2014	(13,075)	(9,824)	(192)	(23,091)
Recognised in profit or loss *(Note 11)*	832	2,006	(212)	2,626
Disposal of a subsidiary	272	–	–	272
Recognised in equity	–	335	–	335
Exchange realignment	–	–	6	6
At 31 December 2014	(11,971)	(7,483)	(398)	(19,852)

The above recognised deferred tax assets and liabilities cannot be set off.

A 10% PRC withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

27 DEFERRED TAX *(Continued)*

Deferred tax liabilities: *(Continued)*

No deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised approximately RMB12,762,000 as at 31 December 2014 (2013: RMB8,717,000).

28 SHARE CAPITAL

	2014		2013	
	Number of shares '000	**Amount HK$'000**	Number of shares '000	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**6,000,000**	**600,000**	6,000,000	600,000

	2014			2013		
	Number of shares '000	**Amount HK$'000**	**Amount RMB'000**	Number of shares '000	Amount HK$'000	Amount RMB'000
Issued and fully paid:						
At beginning of year	**2,947,657**	**294,766**	**242,704**	591,303	59,130	59,443
Consideration issues	**–**	**–**	**–**	33,119	3,312	2,678
Issuance of shares	**–**	**–**	**–**	2,323,235	232,324	180,583
Conversion of convertible bonds	**813,508**	**81,351**	**65,227**	–	–	–
At end of year	**3,761,165**	**376,117**	**307,931**	2,947,657	294,766	242,704

29 RESERVES

(i) Reserves of the Group

(a) Share premium

The balance represents the excess of consideration received for issue of shares over the corresponding par value of the issued shares. The application of the share premium account is governed by the applicable laws of the Cayman Islands.

(b) Statutory reserve fund

The Group's wholly-owned-foreign subsidiaries established in the PRC are required to transfer no less than 10% of the profit after taxation, as determined in accordance with the applicable PRC accounting standards, to statutory reserve fund until the fund aggregates to 50% of their respective registered capital.

The statutory reserve fund can only be used, upon approval by the respective board of directors, to offset accumulated losses or increase capital.

(c) Enterprise expansion fund

In accordance with the Law of the People's Republic of China on Chinese-foreign Equity Joint Venture and the articles of association of a subsidiary, a subsidiary shall appropriate 5% of its annual statutory net profit (after offsetting any prior years' losses) to enterprise expansion fund.

(d) Others comprises of share options reserve and property revaluation reserve.

The share options reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company and other parties recognised in accordance with the accounting policy in Note 4(s).

The property revaluation reserve represents the gains/losses arising on the revaluation of property (other than investment property). The balance on this reserve is wholly undistributable.

(e) Capital redemption reserve

Capital redemption reserve occurs when shares of a company are redeemed or purchased wholly out of the company's profits, the amount by which the company's issued share capital is diminished on cancellation of the shares redeemed or purchased, shall be transferred to the capital redemption reserve.

If the shares are redeemed or purchased wholly or partly out of the proceeds of a fresh issue, and the aggregate amount of those proceeds is less than the aggregate nominal value, the amount of the difference shall be transferred to the capital redemption reserve.

29 RESERVES *(Continued)*

(i) Reserves of the Group *(Continued)*

(f) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy in Note 4(q).

(g) Convertible bonds reserve

The balance represents the equity component of outstanding convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in Note 4(l)(iii).

(ii) Reserves of the Company

	Notes	Share premium RMB'000	Contributed surplus RMB'000	Convertible bonds reserve RMB'000	Others RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2013		296,192	84,242	110,427	2,155	(2,610)	(248,106)	242,300
Total comprehensive income for the year		–	–	–	–	9,504	(265,122)	(255,618)
Recognition of equity-settled share-based payments	33	–	–	–	53	–	–	53
Issuance of shares		349,647	–	–	–	–	–	349,647
Issuance of convertible bonds	26	–	–	57,775	–	–	–	57,775
Consideration issues		23,110	–	–	–	–	–	23,110
Redemption of convertible bonds	26	–	–	(110,427)	–	–	(13,233)	(123,660)
At 31 December 2013 and 1 January 2014		668,949	84,242	57,775	2,208	6,894	(526,461)	293,607
Total comprehensive income for the year		–	–	–	–	(5,134)	(70,343)	(75,477)
Recognition of equity-settled share-based payments	33	–	–	–	2,243	–	–	2,243
Conversion of convertible bonds	26	91,187	–	(28,887)	–	–	–	62,300
At 31 December 2014		760,136	84,242	28,888	4,451	1,760	(596,804)	282,673

(iii) Distributability of reserves

At 31 December 2014, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the Companies Law of the Cayman Islands, was RMB249,334,000 (2013: RMB233,640.000).

30 CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

Cash at banks earns interest at floating rates based on daily bank deposit rates and are deposited with creditworthy financial institutions with no recent history of default.

Pledged time deposits can be analysed as follows:

The Group

	2014	2013
	RMB'000	RMB'000
Guarantee deposits for issuance of bank acceptance	**4,539**	–
Guarantee deposits for bank loans	**1,673**	22,529
	6,212	22,529

The bank deposits, which are denominated in RMB, are pledged to secure certain foreign currency bank loans of the Group totalling RMB1,673,000 (2013: RMB22,529,000).

31 COMMITMENTS

Operating lease commitments

As at the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payables as follows:

	2014	2013
	RMB'000	RMB'000
Within 1 year	**51,868**	62,530
Over 1 year but within 5 years	**134,604**	116,075
Over 5 years	**29,828**	28,287
	216,300	206,892

The Group as lessor

As at 31 December 2014 and 2013, the Group leased out its investment property under operating leases.

As at the end of the reporting period, the total future minimum lease payments receivable under non-cancellable operating leases are as follows:

	2014	2013
	RMB'000	RMB'000
Within 1 year	**2,454**	1,361
Over 1 year but within 5 years	**4,044**	4,807
Over 5 years	**3,550**	3,572
	10,048	9,740

32 RELATED PARTIES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation in full and are not disclosed in this note. Except for disclosed elsewhere in the notes to financial statements, details of transactions between the Group and other related parties are disclosed below.

(a) Transactions with related parties

(i) During the year and in the ordinary course of business, the Group and the following material transactions with related companies which are not member of the Group:

	2014	2013
	RMB'000	RMB'000
Sales of goods to Auto Make ("Make")	**8,567**	2,950
Purchase of goods from Make	**–**	489
Sales of goods to Custom Accessories	**–**	983
Sales of goods to Custom Accessories Europe	**–**	1,243

Sales of goods were made at the Group's usual list prices discounted to reflect the quantity of purchase and the relationship between the parties.

The equity interest of Make are held by Tong Yan and Li Hai Peng who are non-controlling owners of a subsidiary of the Group as at the end of reporting period.

The Custom Accessories and Custom Accessories Europe are held by Mr. Edward B. Matthew who was the executive director of the Group until 28 August 2013. The transactions in 2013 only include sales of goods to them before 28 August 2013.

At the end of 2014, a non-controlling owner of a subsidiary granted the subsidiary collateral of creditor amounting to RMB6,120,850 (2013: RMB6,120,850) with his own properties.

(ii) On 28 January 2014, the Group entered into a supplemental agreement with Ms. Gao Xiumin ("Ms. Gao"), the non-controlling interest shareholder and director of Changchun Guangda Automobile Trading Co., Ltd. ("Changchun Guangda"), pursuant to the acquisition agreement for 51% of equity interest of Changchun Guangda on 17 July 2012 with Ms. Gao as the vendor, to amend the payment terms on the outstanding payable of RMB66,300,000 and include additional guarantee of future performance of Changchun Guangda for 2014 by the vendor as follows:

- RMB46,300,000 by way of cash on the completion of industry and commerce registration in relation to the transfer of 10% of equity interest in Changchun Guangda held by the vendor as collateral; and

- RMB20,000,000 by way of cash after the issue of audited report of 2014 if it determines that the audited net profit after taxation of 2014 of Changchun Guangda reaches RMB26,000,000. The Company will not need to pay such RMB20,000,000 if Changchun Guangda fails to reach the profits target.

32 RELATED PARTIES *(Continued)*

(a) Transactions with related parties *(Continued)*

(ii) *(Continued)*

As the audited net profit after taxation of Changchun Guangda for the year ended 31 December 2014 failed to reach the above profit target of RMB26,000,000, the Company would not pay the remaining consideration of RMB20,000,000 and thereafter, recognized it as other gain in the consolidated profit or loss of the Company for year ended 31 December 2014.

(iii) Transaction with key management personnel

Members of key management during the year comprised only the executive directors and non-executive directors whose remuneration is set out in Note 10(a).

As at 31 December 2014, one of the directors, Mr. Ying Wei, provided guarantee, together with other guarantees to bank loans with total amount of NTD131,160,000 (Note 24).

(iv) Applicability of the Listing Rules relating to connected transactions

The related party transactions included in (i), (ii) and (iii) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However those transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are either below the de minimis threshold under Rule 14A.76(1) or meeting the exemption criterion for financial assistance received by the listed issuer's group under Rule 14A.90.

(b) Amounts due from related parties

As at the end of the reporting period, the Group had the following material account receivable balance with its related parties:

	2014	2013
	RMB'000	RMB'000
Make	**2,903**	2,773
Others	**283**	1,552
	3,186	4,325

The highest amount due from Make during 2014 reached RMB3,571,000 (2013: RMB8,555,000).

33 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

New Scheme

The Company adopted a new share option scheme ("New Scheme") by a resolution of the shareholders passed on 25 June 2014 and terminated on the same date the share option scheme ("Old Scheme") adopted by the Company on 13 February 2005. The principal purpose of the New Scheme is to provide incentives and rewards to eligible participants for their contribution or potential contribution to the Group.

On 14 October 2014, the Company granted share options to eligible persons under the New Scheme to subscribe for a total of 149,500,000 ordinary shares of HK$0.1 of the Company. The exercise price of the granted options is HK$0.5 per share, which is equal to the closing price of the shares on the date of grant. The options granted to each grantee are valid for a period of five years (i.e. valid until 14 October 2019) commencing from the day after the date of grant. Each of the three tranches of the options, representing one third of the options equally, will be excisable on 14 October 2015, 14 October 2016 and 14 October 2017 respectively and shall be vested upon the fulfilment of certain performance targets and other vesting conditions as described in the grant letter issued by the Company to each grantee.

The Group amortised the fair value of the share options calculated above over the relevant vesting period. Accordingly, an amount of RMB2,243,000 was charged as an equity-settled share-based payment to profit or loss for the year.

The number of the New Scheme share options as at 31 December 2014 is 149,500,000 (31 December 2013: Nil).

33 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Old Scheme

On 28 February 2005, the Company granted share options of 23,780,000 to its employees. The exercise price of the granted options is equal to the closing price of the shares on the date of grant. There are 10 vesting periods ending on consecutive years from 31 December 2006 to 31 December 2014 and the period ending 12 February 2015. The options are exercisable starting from 1 January 2006 to 12 February 2015 subject to accomplishing performance targets or conditions, as determined by the board of directors of the Company.

The Company terminated the Old Scheme on 25 June 2014.

Share options outstanding as at 31 December 2014 and 2013 have the following expiry dates and exercise prices:

2014

		Share options		
Expiry date	**Exercise price HK$ per share**	**granted to directors ’000**	**granted to employees ’000**	**Total ’000**
14 October 2019	**0.5**	**–**	**149,500**	**149,500**
Weighted average exercise price (HK$)		**0.5**	**0.5**	**0.5**

2013

		Share options		
Expiry date	Exercise price HK$ per share	granted to directors ’000	granted to employees ’000	Total ’000
12 February 2015	0.94	3,400	–	3,400
Weighted average exercise price (HK$)		0.94	–	0.94

34 CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of (i) debts, which includes the borrowings and the convertible bonds as disclosed in Notes 24 and 26, respectively; (ii) cash and cash equivalents and pledged time deposits in Note 30; (iii) equity attributable to owners of the Company, comprising share capital disclosed in Note 28 and reserves as disclosed in consolidated statement of changes in equity.

The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group manages the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares to reduce debts.

The gearing ratio at end of the reporting period was as follows:

	2014 **RMB'000**	2013 RMB'000
Debts	**296,584**	378,453
Cash and cash equivalents and pledged time deposits	**(169,723)**	(257,394)
Net debt position	**126,861**	121,059
Equity attributable to owners of the Company	**410,755**	330,908
Net debt to equity ratio	**30.9%**	36.6%

35 FINANCIAL RISK MANAGEMENT

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and debtors requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers and debtors as well as pertaining to the economic environment in which the customers operate. Normally, the Group does not obtain collateral from customers.

Investments are normally only in highly liquid monetary funds with floating interest.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 16% (2013: 6%) and 30% (2013: 21%) of the total gross trade receivables that were due from the Group's largest customer and the five largest customers respectively within the manufacture and sale of automobile accessories business segment.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 23.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

35 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk *(Continued)*

The following table details the remaining contractual maturities of the Group's financial liabilities at the end of reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay:

The Group

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2014						
Bank borrowings, secured	**161,829**	**177,896**	**168,438**	**1,619**	**3,003**	**4,836**
Trade payables	**190,445**	**190,445**	**190,445**	**–**	**–**	**–**
Other payables	**75,105**	**75,105**	**75,105**	**–**	**–**	**–**
Convertible bonds	**134,755**	**191,586**	**–**	**–**	**191,586**	**–**
Amounts due to non-controlling owners of subsidiaries	**5,000**	**5,000**	**5,000**	**–**	**–**	**–**
Total	**567,134**	**640,032**	**438,988**	**1,619**	**194,589**	**4,836**
2013						
Bank borrowings, secured	138,927	155,846	145,304	1,623	3,204	5,715
Trade payables	210,799	210,799	210,799	–	–	–
Other payables	161,622	161,622	161,622	–	–	–
Convertible bonds	239,526	383,173	–	–	383,173	–
Amount due to a related party	12,758	12,758	12,758	–	–	–
Amounts due to non-controlling owners of subsidiaries	7,900	7,900	7,900	–	–	–
Total	771,532	932,098	538,383	1,623	386,377	5,715

35 *FINANCIAL RISK MANAGEMENT* *(Continued)*

(b) Liquidity risk *(Continued)*

The Company

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000
2014					
Other payables and amounts due to subsidiaries	**3,919**	**3,919**	**3,919**	**–**	**–**
Convertible bonds	**134,755**	**191,586**	**–**	**–**	**191,586**
	138,674	**195,505**	**3,919**	**–**	**191,586**
Financial guarantees issued maximum amount guaranteed	**–**	**–**	**–**	**–**	**–**
2013					
Other payables and amounts due to subsidiaries	9,263	9,263	9,263	–	–
Convertible bonds	239,526	383,173	–	–	383,173
	248,789	392,436	9,263	–	383,173
Financial guarantees issued maximum amount guaranteed	–	–	36,581	–	–

35 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Interest rate risk

The Group's fair value interest-rate risk mainly arises from liability component of convertible bonds as disclosed in Note 26. Most of bank borrowings were issued at fixed rates which expose the Group to fair value interest rate risk.

It is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year and accumulated losses as at 31 December 2014 by RMB215,137 (2013: by RMB83,160). The Group has not used any financial instrument to hedge potential fluctuations in interest rate. The interest rates and terms of repayment of the Group's borrowings are disclosed in Note 24.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily US$.

The Group is also exposed to foreign currency exchange risk arising from the cash and cash equivalents denominated in US$.

The following table details the Group's exposure at the end of reporting period to currency risk arising from transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	2014	2013
	US$'000	US$'000
Trade and other receivables	**10,667**	46,430
Cash and cash equivalents and pledged time deposits	**2,809**	5,224
Bank borrowings	**(6,000)**	(6,000)
Overall net exposure	**7,476**	45,654

35 FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Currency risk *(Continued)*

The following table indicates the approximate change in the Group's loss for the year and accumulated losses and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower. A positive number below indicates a decrease in loss or an increase in profit and other equity where the RMB weakens against the relevant currency. For a strengthening of the RMB against the relevant currency, there would be an equal and opposite impact on the profit or loss and other equity, and the balances below would be negative.

The Group	2014 Increase in foreign exchange rate	2014 Effect on loss for the year and accumulated losses RMB'000	2014 Effect on other components of equity RMB'000	2013 Increase in foreign exchange rate	2013 Effect on loss for the year and accumulated losses RMB'000	2013 Effect on other components of equity RMB'000
US$	**5%**	**1,764**	**–**	5%	10,438	–

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to each of the Group entities; exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rate over the period until the end of the next reporting period. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' results for the year and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2013.

(e) Fair values

All financial instruments of the Group and Company are carried at amounts not materially different from their fair values as at 31 December 2014 and 2013.

35 FINANCIAL RISK MANAGEMENT *(Continued)*

(f) Fair values estimation

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments of the Group set out in Notes 24 and 26.

(i) Trading securities

Fair values are based on quoted market prices at the end of reporting period without any deduction for transaction costs.

(ii) Interest-bearing bank borrowings and liability component of CBs

The fair values are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

36 SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts and fair values of the Group's financial assets and financial liabilities as recognised at 31 December 2014 and 2013 may be categorised as follows:

	2014		2013	
	Carrying value RMB'000	**Fair value RMB'000**	Carrying value RMB'000	Fair value RMB'000
Financial assets				
– Trading securities, at fair value	**–**	**–**	196	196
– Loans and receivables (including cash and cash equivalents and pledged time deposits), at amortised cost	**452,465**	**452,465**	507,991	506,998
Financial liabilities				
– Financial liabilities, at amortised cost	**569,199**	**569,199**	771,007	771,007

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

– The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

– The fair value of other financial assets and liabilities are 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 and forecast on the financial performance and other measures of the acquirees under the contingent consideration arrangements. The directors are of the opinion that there are no reasonably possible alternative assumptions to the inputs in the fair value measurement.

37 CONTINGENT LIABILITIES

At the end of reporting period, contingent liabilities not provided for in the financial statements were as follows:

The Company

	2014 **RMB'000**	2013 RMB'000
Guarantees given to banks in connection with banking facilities granted to subsidiaries	–	36,581

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 19, *Defined benefit plans: Employee contributions*	1 July 2014
Annual improvements to IFRSs 2010–2012 cycle	1 July 2014
Annual improvements to IFRSs 2011–2013 cycle	1 July 2014
Amendments to IFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to IAS 16 and IAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
IFRS 15, *Revenue from contracts with customers*	1 January 2017
IFRS 9, *Financial instruments*	1 January 2018

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below:

RESULTS

	1,1.2014 to 31.12.2014 RMB'000	1.1.2013 to 31.12.2013 RMB'000	1.1.2012 to 31.12.2012 RMB'000	1.1.2011 to 31.12.2011 RMB'000	1.1.2010 to 31.12.2010 RMB'000
Turnover	**1,397,498**	1,414,616	1,397,885	1,493,140	1,076,842
(Loss)/profit before income tax expense	**(26,379)**	(565,262)	(374,376)	83,943	61,849
Income tax expense	**(9,442)**	48,412	16,017	(25,251)	(14,183)
(Loss)/profit for the year	**(35,801)**	(516,850)	(358,359)	58,692	47,666
Attributable to:					
Owners of the Company	**(43,223)**	(446,700)	(324,761)	26,304	34,157
Non-controlling interests	**7,422**	(70,150)	(33,598)	32,388	13,509
	(35,801)	(516,850)	(358,359)	58,692	47,666

ASSETS AND LIABILITIES

	31.12.2014 RMB'000	31.12.2013 RMB'000	31.12.2012 RMB'000	31.12.2011 RMB'000	31.12.2010 RMB'000
Total assets	**1,188,415**	1,346,733	1,694,039	1,903,760	1,354,184
Total liabilities	**(648,118)**	(853,058)	(1,168,351)	(1,028,162)	(687,569)
Net assets	**540,297**	493,675	525,688	875,598	666,615