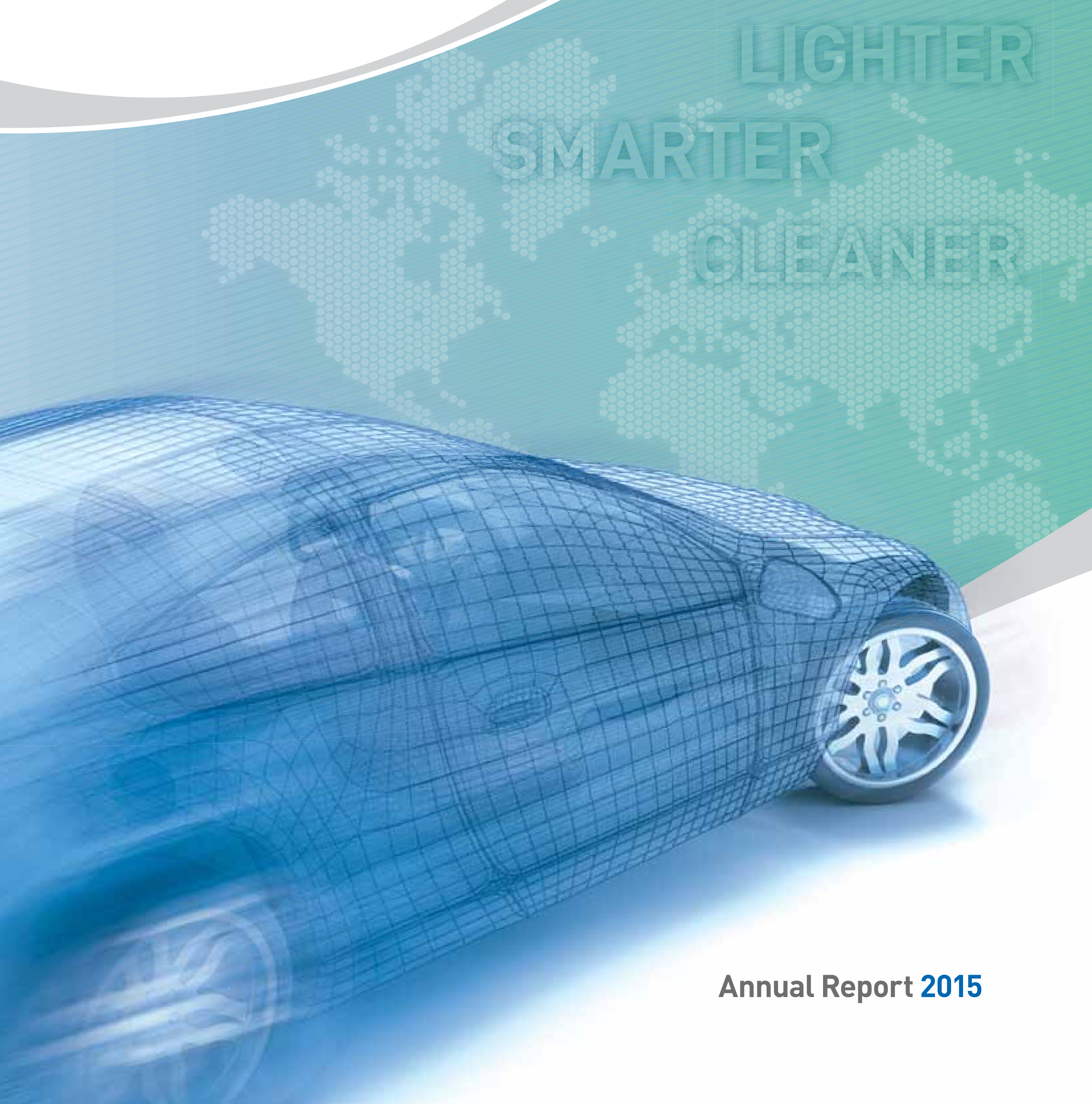
MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425



Annual Report 2015

CORE VALUES

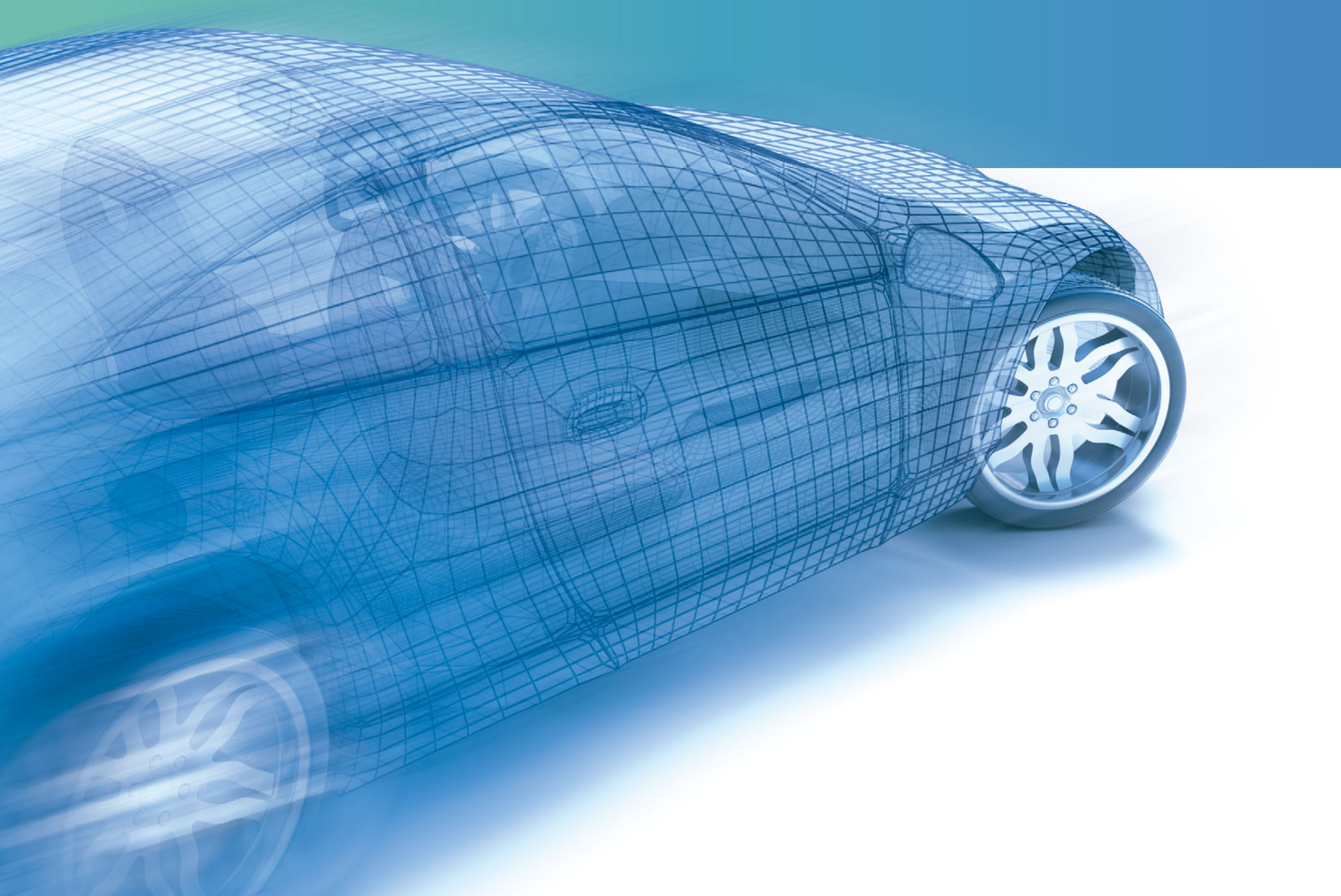
- Integrity
- Trust
- Teamwork
- Embrace change

STRATEGIC OBJECTIVE

Endeavoring to become a leader
in the global automobile parts industry

MISSION & VISION

We create beauty in motion



CONTENTS

CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive directors
Chin Jong Hwa *(Chairman)*
Shi Jian Hui *(Chief Executive Officer)*
Zhao Feng
Bao Jian Ya

Non-executive directors
Yu Zheng
He Dong Han

Independent non-executive directors
Wang Ching
Zhang Liren
Wu Fred Fong

COMPANY SECRETARY

Loke Yu

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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

OFFICE IN HONG KONG

Unit 1901, 19F FWD Financial Centre
308 Des Voeux Road Central
Sheung Wan, Hong Kong

PRINCIPAL BANKERS

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISERS TO THE COMPANY

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18 Chater Road, Central
Hong Kong

As to PRC Law
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11/F Block A Dragon Century Square
1 Hangda Road
Hangzhou
China

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

STOCK CODE

SEHK Code: 0425

SUMMARY OF FINANCIAL INFORMATION

敏于思，實于行
INTELLIGENCE IS ACTIONAL

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

	For the year ended 31 December				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Result					
Turnover	3,889,405	4,329,906	5,510,385	6,683,880	**7,654,123**
Profit before tax	962,941	1,044,076	1,225,202	1,355,762	**1,568,777**
Income tax expense	(136,011)	(147,695)	(195,788)	(202,834)	**(249,065)**
Profit for the year	826,930	896,381	1,029,414	1,152,928	**1,319,712**
Attributable to:					
Owners of the Company	787,318	841,159	971,338	1,117,605	**1,271,677**
Non-controlling interests	39,612	55,222	58,076	35,323	**48,035**
	826,930	896,381	1,029,414	1,152,928	**1,319,712**

	As at 31 December				
	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Assets and Liabilities					
Total assets	7,832,893	9,374,460	11,492,628	12,851,070	**13,155,917**
Total liabilities	(1,590,420)	(2,392,666)	(3,774,182)	(4,305,599)	**(3,749,501)**
	6,242,473	6,981,794	7,718,446	8,545,471	**9,406,416**
Equity attributable to owners of the Company	6,087,225	6,773,546	7,456,752	8,288,552	**9,192,237**
Non-controlling interests	155,248	208,248	261,694	256,919	**214,179**
	6,242,473	6,981,794	7,718,446	8,545,471	**9,406,416**

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors ("Directors") of Minth Group Limited (the "Company") together with its subsidiaries (collectively the "Group"), I hereby present to our shareholders (the "Shareholders") the annual report for the financial year ended 31 December 2015 (the "Review Year").

During the Review year, the sales of passenger vehicles in China, the U.S. and Europe continued to grow, and both production and sales of China's passenger vehicles exceeded 20,000,000 units for the first time. The Group continued to maintain its steady development path and achieved a sound performance. During the Review Year, the Group's revenue was approximately RMB7,654,123,000, representing an increase of approximately 14.5% from approximately RMB6,683,880,000 in 2014, of which the overseas revenue of the Group amounted to approximately RMB3,044,005,000, representing an increase of approximately 19.2% as compared with approximately RMB2,554,028,000 in 2014. The profit attributable to owners of the Company was approximately RMB1,271,677,000, representing an increase of approximately 13.8% from approximately RMB1,117,605,000 in 2014. The Group's gross profit was approximately RMB2,427,685,000, representing a growth of approximately 16.4% from approximately RMB2,085,207,000 in 2014. The Board has recommended the payment of a final dividend of HKD0.548 per share for the Review Year to Shareholders. The payment of the final dividend shall be subject to the approval of the Shareholders at the forthcoming annual general meeting ("AGM") expected to be held in May 2016.

OPERATIONS AND STRATEGIC MOVES

Given the continuous growth of its global market share, the Group has consistently been improving the supply chain, lean manufacturing and quality management and has reinforced the investment in renovation of production automation and forged the research and development ("R&D") capability for new products, in order to strengthen the competitive edge of the Group.

During the Review Year, the Group signed an investment agreement in relation to an automotive electronics project with the Management Committee of Ningbo Meishan bonded area of China (中國寧波梅山保税港區管理委員會). The new investment plan in automotive electronics will enable the Group to explore new growth drivers for its business. During the Review Year, the Group signed a contract to acquire the remaining equity interest of Jiaxing Dura Minth Automotive Parts Co., Ltd, a former joint venture of the Group in China. This acquisition completed on 28 January 2016 and is expected to contribute positively to the business development of the Group's body structural parts.

The Group's customer base continues to be further balanced and globalized. During the Review Year, the Group's new business intake achieved a historical breakthrough. In order to accommodate the customer demand of new business development, the Group continued to optimize the layout of production resources as well as facilitate the economies of scale in production and centralized production.

The Group has placed emphasis on the R&D of new products and technologies. Several technologies of the Group have met the international standards. During the Review Year, new business orders of the Group recorded new breakthroughs in terms of aluminum products, chrome plating products and plastic pillar capping with hard coating technology.

IMPROVING INTERNAL MANAGEMENT

In response to the globalized development, the Group conducted systematic update and publication in relation to the human resources policy of the Group on top of a policy level. It established a compensation structure based on the local labor force markets of the relevant subsidiaries and a performance-based salary adjustment system. The Group reinforced its care for the employees' physical and mental health and enhanced their sense of security, belongingness and happiness of its employees.

INVESTOR RELATIONS AND COMMUNICATION

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

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

FUTURE PROSPECT

Owing to the adjustments of policies in China's automotive industry and the household registration system reform, it is expected that China's passenger vehicle market will keep its stable growth momentum. The global automotive market will still show a certain regional differentiation. As such, the Group will continue to strengthen its market share and explore new businesses steadily.

The Group will continue its balanced and scale development path to realize a synergetic development of global strategy with its clients. Meanwhile, the Group will increase the investment and layout in automotive electronics and new energy vehicles in order to explore new growth drivers for its business. In response to the planning of China's industrial policies, the Group will gradually upgrade its industrial automation level in the future.

APPRECIATION

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

CHIN JONG HWA
Chairman
21 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Year, the production and sales of China's passenger vehicles were approximately 21,079,400 units and approximately 21,146,300 units respectively, representing a year-on-year growth of approximately 5.8% and approximately 7.3% respectively, which ranked the first in the global automotive market for seven consecutive years, and both production and sales of China's passenger vehicles exceeded 20,000,000 units for the first time. Driven by the favorable policy in relation to reduction of automobile purchase tax rate for passenger vehicles with emission of 1.6 liters or below promulgated by the Chinese government at the end of September 2015 and the price decline of international crude oil, the growth momentum of China's passenger vehicle market revived substantially in the fourth quarter. During the Review Year, the production and sales of China's new energy vehicles recorded a year-on-year growth of more than 3 times, of which the production and sales of pure electric vehicles achieved a growth of more than 4 times. As such, China has surpassed the U.S., and became the largest consuming country of new energy vehicles in the world.

During the Review Year, among mature markets, the sales of light vehicles in the U.S. market continued to grow, reaching its record high with a year-on-year growth of approximately 5.7%. As for the European market, all 28 nations in the European Union achieved sales increases for passenger vehicles in three consecutive years, with a combined growth of approximately 9.3%, which also marked a new high since the European sovereign debt crisis. The sales of passenger vehicles in the Japanese market recorded a substantial decrease of approximately 10%, and the emerging markets except China, Mexico and India continued to suffer from lackluster performances. In particular, more than double-digit drop in the annual sales was recorded in the markets of Brazil, Russia and Thailand, which was even sharper as compared to that of the first half of the Review Year.

COMPANY OVERVIEW

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

During the Review Year, by expanding the customer base and consolidating new business intake, the Group combined the technological advantages in China and overseas locations, and accelerated the transformation of its production automation and the improvement of its production efficiency. With further expansion of market shares in China and overseas markets, the Group's revenue continued to increase and the profit margin started to recover which set a new record in the annual results.

During the Review Year, the Group strengthened its management capability for preventing risk at an early stage, and laid a solid foundation for the management level of its plants by conducting tripartite joint appraisal on its local and overseas plants through supply chain management, lean manufacturing and quality management. The Group interacted with its customers on operation management and implemented advanced production mode of its clients, and it achieved 100% fulfillment rate in key accounts' logistics and lean appraisal, which significantly improved the Group's reputation among key accounts. During the Review Year, the Group completed the integration of logistics companies and the layout planning of its global transit warehouses. The Group effectively integrated project management, product design, process engineering, tooling design and manufacturing while skillfully taking the advantages of its domestic and overseas locations to build its research and development ("R&D") capabilities with Minth characteristics and market competitiveness.

During the Review Year, the Group enhanced communication and coordination with existing partners and carried out various forms of cooperation with the R&D organizations of its major customers, colleges and universities, research institutes and overseas experts. Overseas development of the Group was further strengthened. The Group optimized its organizational structure internally, learned from advanced R&D management based on the latest industry practices, improved its R&D expertise and strove for technical breakthroughs. The Group also established a protection system for intellectual property rights locally and internationally to protect its R&D achievements.

Business and Operation Layout

During the Review Year, the revenue of the Group increased by approximately RMB970,243,000 to approximately RMB7,654,123,000 compared to that of 2014, of which the domestic revenue of the Group was approximately RMB4,610,118,000, representing an increase of approximately 11.6% as compared to approximately RMB4,129,852,000 in 2014. Owing to obtaining new business orders of several global platform vehicles from various OEMs by the Group as well as the acquisition of a joint venture in 2014 which had become a subsidiary, the overseas revenue of the Group significantly grew to approximately RMB3,044,005,000, representing an increase of approximately RMB489,977,000 or approximately 19.2% as compared with approximately RMB2,554,028,000 in 2014.

During the Review Year, the Group once again hit a record high in its new business intake, with its customer base further balanced and globalized. The development of the Group's business with European OEMs achieved historical breakthroughs. The Group continued to maintain its share of sales in aluminum products to European customers and laid a solid foundation in promoting chrome plating business through its continuous effort on cross-selling chrome plating products to European customers. As for Daimler business, the Group newly acquired the business for 10 models globally with Daimler, with maximum annual volume of approximately one million units. Substantial growth was also recorded in the new businesses of aluminum trims and roof racks which successfully made the Group as Daimler's strategic supplier. As for BMW business, the Group consolidated its market share of aluminum trims for key models and secured the first roof rack business. As for Volkswagen business, the Group has successfully secured the business of stainless steel trim products for Volkswagen which altered the original global supply landscape of Volkswagen in terms of trim products. In respect to the new business with the U.S. OEMs, the Group further facilitated its expansion of new techniques and new products in new markets. The Group obtained trim business for Fiat Chrysler's car models in the South American market, became the only Asian supplier of General Motors capable of mass producing plastic pillar capping with hard coating technology and achieved a breakthrough in the long sliding rail business of General Motors. The Group continued to maintain a solid supply to the core car models in terms of the new business intake from Japanese OEMs, and it will continue its efforts in obtaining orders from the overseas and global car models for Japanese customers. During the Review Year, requests for quotation and new business intake from luxury brands also continued to grow. The Group's penetration into Honda's Acura brand and Jaguar Land Rover car models contributed to the growth of its new business. Meanwhile, the Group continued to be awarded new business orders from high-end brands such as Audi, Mercedes-Benz, Cadillac, Infiniti and BMW.

During the Review Year, the Group signed an investment agreement in relation to an automotive electronics project with the Management Committee of Ningbo Meishan bonded area of China (中國寧波梅山保稅港區管理委員會) and had commenced preparing the implementation of the investment project. The new investment plan in automotive electronics will enable the Group to explore new growth drivers for its business and satisfy the rapidly growing demand of its customers. Please refer to the announcement of the Company dated 16 November 2015 for more details.

During the Review Year, the Group signed a contract to acquire the remaining 51% equity of Jiaxing Dura Minth Automotive Parts Co., Ltd, a former joint venture of the Group in Jiaxing, China at a total consideration of approximately RMB56,415,341, which will become a wholly-owned subsidiary of the Group. The completion of the acquisition will contribute positively to the business development of the Group's body structural parts and expand the global market share of such product. Please refer to the announcement of the Company dated 31 December 2015 for more details.

In terms of production layout, to accommodate the business needs of the Group, considering its strategy of globalization of its product segments, economies of scale in production and balanced development of production capacity, the Group's layout has covered China, Southeast Asia, Europe and North America so as to fulfill a sustainable growth in the revenue of the Group. During the Review Year, the Group further deepened the adjustment of production layout of each subsidiary in a global perspective to ensure the economies of scale in production and centralized production. During the Review Year, the Group added aluminum anodizing production lines in production plants in its East China Region and Mexico, automatic coating lines in its South China Region and North China Region and ABS material chrome plating production lines in its East China Region.

Research and Development

In response to the increasing demand in global concurrent design, the Group built a global R&D network by integrating global resources with domestic and overseas advanced technologies, and strengthened its communication and exchange with R&D organizations of major customers. The Group has provided concurrent design validation and prototype development for the global platform vehicles of various OEMs and completed the product design. During the Review Year, in terms of the R&D for new products, the Group continued the expansion of existing product line-ups while implemented the R&D for innovative products combining technologies in relation to automotive camera module system and electronics. In respect of the R&D for new materials, the innovation of highly conductive thermoplastic elastomer (TPE) material and plastic material initiated by the Group had obtained breakthroughs and the promotion for application is underway. In terms of new technological breakthroughs, the Group's surface treatment technologies such as chrome plating, aluminum anodizing and hard coating have reached international standards, passed the qualification for mass production from international high-end clients, and obtained international patents. As a result, the competitive position of the Group for the relevant products has been reinforced. The Group has regulated the production models for each product segment and has begun applying such models to the development of new products. In particular, the automation and scale production applied to trims formed a standardized production model and underwent mass replication and horizontal expansion to the mass production in its plants. System integration and automatic grinding and polishing applied to door frames formed a competitive production model. Gate cut in mould and automatic assembly was applied to projects for new products and modification for old products in relation to decorative parts. Cellular integrated processing and polishing was applied to aluminum products, and the development of integrated production line was also carried out, with high automation level materialized. Through these production model innovations, the Group was able to further reduce its production costs and improve its product quality. Meanwhile, the Group reinforced the construction and investment in automation by applying resources from Germany, Japan and Taiwan to forge a leading R&D capability in automation of design, manufacturing, assembly and debugging. A team of about 200 people focusing on improving its automatic assembly capability provided a strong support in establishing economies of scale in production with competitive advantages.

The Group has placed emphasis on protecting its intellectual property rights. It has obtained the certification of protection system of intellectual property rights and has actively applied for international patents. During the Review Year, the Group filed 159 patent applications for approval, and 166 patents were authorized by competent institutions.

Corporate Social Responsibility

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

In respect of the production safety, the Group attaches great importance for its subsidiaries to comply with the national and local regulations regarding employee occupational health in the countries or regions where they have operations. A safety management model enlisting the participation of all staff was established. The Group strictly controls and prevents production safety accidents and occupational diseases. Stringent safety management system was in place at the group level and its subsidiaries. The Group continued to reinforce the improvement of technologies in recent years, so as to eliminate safety hazards through production process optimization and enhancement of automation at the positions where production accidents easily occur.

In respect of the caring for our employees, the Group concerns about the mental and physical health of the employees. It has established hospitals, mental health clinics in the principal subsidiaries. In addition to the social insurance coverage for the employees in pursuant with the requirements, the Group has purchased additional supplementary commercial insurance for the employees. Multi-level talent development and training programs are in place to enhance the professional skills of the staff, such as MTP (Manager Training Program), SMTP (Senior Manager Training Program), TTT (Train the trainer), Turbo Program.

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

In respect of the environmental protection, the Group strictly complies with environmental protection laws and regulations. It is committed to form green plants by continuously improving production processes and methods. During the Review year, the Group has set up a dedicated department, which is engaged in process improvement and promotion of the energy saving and emission reductions of the subsidiaries. As for the carbon monoxide emissions, the advancement of photovoltaic power, heat recovery and water recycling have achieved certain effects.

As for social charity, the Group concerns about the education matters in China's poverty-stricken areas and the welfare of the disabled people all along. In 2010, the Group's donation to the Ningbo Charity Society (寧波慈善總會) were used to set up the "Minth Charity Fund", which aims at paying attention to the education affairs of the underprivileged and disabled people in China. In 2013, the Group sponsored the "Zhejiang Minth Foundation" (浙江省敏實愛心基金會), continuing its care for the education in the poverty areas in China. Pearl Retrieval Program, Pearl Polishing Program as well as the education programs for remote mountainous areas have been launched. Thousands of underprivileged students have been aided over the years.

FINANCIAL REVIEW

Results

During the Review Year, the Group's revenue was approximately RMB7,654,123,000, representing an increase of approximately 14.5% from approximately RMB6,683,880,000 in 2014. It was mainly driven by the growth of European, American and Chinese markets, the mass production of more global platform vehicles of the Group as well as the increase of overseas revenue as a result of having acquired the equity interest in a former joint venture by the end of June 2014, which had become a subsidiary.

During the Review Year, the profit attributable to owners of the Company was approximately RMB1,271,677,000, representing an increase of approximately 13.8% from approximately RMB1,117,605,000 in 2014. It was mainly attributable to the increase in revenue, together with the continuous emphasis on the control of costs and expenses, enabling the Group to maintain a decent profitability in general.

Sales of Products

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

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

Customer category	2015 RMB'000	2015 %	2014 RMB'000	2014 %
The PRC	**4,610,118**	**60.2**	4,129,852	61.8
Asia Pacific	**485,114**	**6.4**	439,623	6.6
North America	**1,890,915**	**24.7**	1,506,002	22.5
Europe	**667,976**	**8.7**	608,403	9.1
Total	**7,654,123**	**100.0**	6,683,880	100.0

Revenue from Overseas Market

During the Review Year, the overseas market revenue of the Group increased from approximately RMB2,554,028,000 in 2014 to approximately RMB3,044,005,000, representing a growth of approximately 19.2%. It accounted for approximately 39.8% of the total revenue of the Group in 2015, representing an increase when compared to approximately 38.2% in 2014.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB2,427,685,000, representing a growth of approximately 16.4% from approximately RMB2,085,207,000 in 2014. The gross profit margin was approximately 31.7% in 2015, representing an increase of approximately 0.5% from approximately 31.2% in 2014. It was mainly attributable to the Group's persistent measures including continuous improvement in the manufacturing processes, a greater utilization rate of materials and implementation of a centralized procurement policy to enhance the efficiency of both production and management so as to maintain the overall gross profit margin at a decent level.

Investment Income

During the Review Year, the investment income of the Group was approximately RMB135,435,000, representing an increase of approximately RMB11,394,000 from approximately RMB124,041,000 in 2014. It was mainly due to an increase in interest income.

Other Income

During the Review Year, other income of the Group amounted to approximately RMB141,507,000, representing a decrease of approximately RMB30,845,000 from approximately RMB172,352,000 in 2014. It was mainly attributable to a decrease in government subsidies.

Other Gains and Losses

During the Review Year, the Group's other gains and losses amounted to a net gain of approximately RMB21,780,000, representing a decrease of approximately RMB38,680,000 as compared to the net gain of approximately RMB60,460,000 in 2014. It was mainly attributable to the increase in exchange losses of the Group due to the significant depreciation of RMB during the second half of 2015. In response to the risk of exchange rate fluctuations, the Group proactively adopted control measures for foreign exchange exposure. As of 31 December 2015, the foreign exchange exposure of main currencies was basically balanced which significantly reduced the overall foreign exchange risk of the Group.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses were approximately RMB230,571,000, representing an increase of approximately RMB27,735,000 from approximately RMB202,836,000 in 2014. It accounted for approximately 3.0% of the Group's revenue, which basically stood at the same level as compared to approximately 3.0% in 2014.

Administrative Expenses

During the Review Year, the administrative expenses of the Group amounted to approximately RMB585,930,000, representing an increase of approximately RMB18,485,000 from approximately RMB567,445,000 in 2014. It accounted for approximately 7.7% of the revenue of the Group, representing a decrease of approximately 0.8% from approximately 8.5% in 2014. It was mainly attributable to the stringent control of the administrative expenses by the Group, which lowered its percentage of the revenue.

Research Expenditures

During the Review Year, the research expenditure of the Group amounted to approximately RMB330,566,000, representing an increase of approximately RMB31,858,000 from approximately RMB298,708,000 in 2014. It was mainly attributable to an increase in labor costs arising from the Group's recruitment of high-level R&D personnel to enhance its R&D capabilities in order to maintain its market competitiveness and sustainable growth, as well as its continuous investment in research.

Share of Profits of Joint Ventures

During the Review Year, the Group's share of profits of joint ventures was approximately RMB21,592,000, representing an increase of approximately RMB15,487,000 from the net gain of approximately RMB6,105,000 in 2014, which was mainly attributable to the increase in profit of a joint venture and the losses in 2014 recorded by a former joint venture, which was acquired by the Group at the end of June 2014 and became its subsidiary as a result. This company recorded profit during the Review Year.

Share of Profits of Associates

During the Review Year, the Group's share of profits of associates was approximately RMB38,308,000, representing a decrease of approximately RMB3,490,000 from approximately RMB41,798,000 in 2014. This was mainly attributable to the decrease in profit arising from the revenue decline of one of the associates.

Income Tax Expense

During the Review Year, the Group's income tax expense was approximately RMB249,065,000, representing an increase of approximately RMB46,231,000 from approximately RMB202,834,000 in 2014.

During the Review Year, the effective tax rate was approximately 15.9%, representing an increase of approximately 0.9% from approximately 15.0% in 2014.

Profits Attributable to Non-controlling Interests

During the Review Year, the Group's profits attributable to non-controlling interests were approximately RMB48,035,000, representing an increase of approximately RMB12,712,000 from approximately RMB35,323,000 in 2014. It was mainly attributable to the increase in profit due to the increase of revenue of a non-wholly owned subsidiary and the disposal of a former non-wholly owned subsidiary TK Minth who was making losses in 2014.

Liquidity and Financial Resources

As of 31 December 2015, the Group's total bank balances and cash amounted to approximately RMB2,766,705,000, representing a decrease of approximately RMB827,504,000 compared to approximately RMB3,594,209,000 as of 31 December 2014. As of 31 December 2015, the Group's low-cost borrowings amounted to approximately RMB1,957,964,000, among which the equivalent of approximately RMB882,700,000, approximately RMB579,000,000, approximately RMB224,258,000, approximately RMB148,602,000, approximately RMB79,336,000,approximately RMB39,410,000 and approximately RMB4,658,000 were denominated in

Renminbi ("RMB"), US Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro ("EUR"), Thai Baht ("THB"), Japanese Yen ("JPY") and Mexican Peso ("MXN") respectively, representing a decrease of approximately RMB750,521,000 as compared to approximately RMB2,708,485,000 as of 31 December 2014. The decrease was mainly due to the amount of borrowings that the Group repaid after considering the consolidated gains from exchange rates, interest rates and capital.

During the Review Year, the net cash flow from the Group's operating activities was approximately RMB1,042,288,000, indicating a sound cash flow condition.

During the Review Year, the Group's trade receivables turnover days were approximately 75 days, decreasing by approximately 1 day from approximately 76 days in 2014.

During the Review Year, the Group's trade payables turnover days were approximately 49 days, decreasing by approximately 3 days from approximately 52 days in 2014.

During the Review Year, the Group's inventory turnover days were approximately 59 days, increasing by approximately 1 day from approximately 58 days in 2014.

The Group's current ratio was approximately 2.1 as of 31 December 2015, which increased by 0.1 compared to approximately 2.0 as of 31 December 2014. As of 31 December 2015, the Group's gearing ratio was approximately 14.9% (31 December 2014: approximately 21.1%), which was a percentage based on the interest bearing borrowings divided by total assets.

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

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

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

COMMITMENTS

As of 31 December 2015, the Group had the following commitments:

	RMB'000
Capital Commitment	
Capital expenditure contracted for but not provided in the financial statements in respect of:	
– Acquisition of property, plant and equipment	346,973

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 31 December 2015, the balance of bank borrowings of the Group was approximately RMB1,957,964,000, of which approximately RMB882,700,000 was bearing at fixed interest rates, and approximately RMB1,075,264,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality features. In addition, approximately RMB855,071,000 of the said borrowings was denominated in currencies other than the functional currencies of the Group's relevant entities, of which the equivalent of approximately RMB514,065,000, approximately RMB224,258,000, approximately RMB77,338,000 and approximately RMB39,410,000 were denominated in USD, HKD, EUR and JPY respectively.

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

As of 31 December 2015, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB254,359,000 of which approximately RMB220,882,000 was denominated in USD, approximately RMB23,113,000 was denominated in EUR, approximately RMB6,466,000 was denominated in HKD, approximately RMB2,466,000 was denominated in JPY, approximately RMB1,401,000 was denominated in Canadian Dollar ("CAD") and the remainder of approximately RMB31,000 was denominated in other foreign currencies.

As a result of the constant expansion of overseas sales and the vigorous fluctuation in currency markets, the management of the Group expressed more concern on the foreign exchange risk and would take the exchange rate expectations of relevant currencies into consideration when deciding the billing currency for relevant businesses, and also closely monitored the foreign exchange exposure and adjusted the control strategy. The Group timely repaid its USD borrowings at the time of substantial depreciation of RMB during the second half of 2015, with which the foreign exchange exposure of USD was basically balanced as of 31 December 2015 and in turn the overall foreign exchange risk of the Group was reduced significantly.

CONTINGENT LIABILITIES

As of 31 December 2015, the Group had no contingent liabilities (31 December 2014: Nil).

MORTGAGED ASSETS

As of 31 December 2015, the Group had bank borrowings of USD35,000,000 (equivalent to approximately RMB227,276,000) and RMB882,700,000 secured by bank deposits of approximately RMB1,015,000,000. The borrowings are to be settled in USD and RMB respectively (31 December 2014: the Group had borrowings of approximately USD156,440,000 (equivalent to approximately RMB957,257,000), HKD199,500,000 (equivalent to approximately RMB157,379,000) and JPY30,000,000 (equivalent to approximately RMB1,541,000) secured by bank deposits of approximately RMB1,193,105,000 and freehold lands with a net book value of approximately RMB19,086,000. The Loans were to be settled in USD, HKD and JPY respectively). The Group has also pledged freehold lands and buildings with a net book value of approximately RMB16,495,000 (31 December 2014: approximately RMB18,586,000) to secure general banking facilities granted to the Group.

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Year, the Group's capital expenditure amounted to approximately RMB1,180,082,000 (2014: approximately RMB1,331,600,000). The capital expenditure for the Review Year accommodated the increase in investment as the Group's plan for global production layout.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

As of 31 December 2015, the Group had a total of 11,337 employees. The total number of employees increased by 1,099 compared to 31 December 2014. During the Review Year, the Group conducted systematic update and publication in relation to the human resources policy of the Group on top of a policy level. The Group prepared and issued "Globalization Behavior Guide", "Core Value Behavior Assessment Guide" and "Group Assessment Index Pool" to provide support for the management to improve the capability of performance management. As for salaries and welfare, the Group has implemented its salary and welfare policy throughout its global presence and established a compensation structure based on the local labor force markets and a performance-based salary adjustment system, resulting in an internally fair and externally competitive remuneration system for its global operations.

During the Review Year, based on the four principles, namely "Group Value, Care for Health, Care for Family, Care for Society", the Group strove to improve the employees' health. Various activities were commenced across China for the benefit of the employees' physical, mental and holistic health. These activities included Core Values Promotion, Couple's Camp, Children's Camp for Character Building, Minth Family Day and Parenting Lecture. The Group also helped with the schooling of employees' children and provided medical assistance resources to the employees. All these aim at improving the health and vitality of the employees both mentally and physically, the practicing of the core values in work and daily life, and enhancing the sense of security, belongingness and happiness of each member in the Minth family.

FUTURE PROSPECTS

China's macro-economic growth is still facing downward pressure and the growth in automotive consumption is also under great pressure. China's automotive industry still confronts the challenges of overcapacity, fierce competition in segment markets and intensified seasonal fluctuations in automotive prices. However, the adjustments of policies in China's automotive industry, the household registration system reform and the universal two-child policy are showing initial results in accelerating the growth of automotive consumption and its structural transformation. It is expected that China's passenger vehicle market will keep its stable growth momentum. The fluctuations of global automotive industry were remarkably great during the Review Year and a growth slowdown was witnessed globally. It is expected that the development trend will continue in 2016: North American market may grow modestly while growth rate in European market may slow down; automotive sales in markets such as Japan, South Asia, South America and Eastern Europe may see a downward trend owing to the prevailing economic environment.

As for automotive electronic products, in order to comply with the compulsory traffic safety regulations in the U.S. and European markets, it is expected that the market of automotive camera module system and sensor will manifest a substantial growth. Under various initiatives to encourage the development of new energy vehicles, the energy conservation and emission reduction and the improvement of automotive intelligence, automotive enterprises also increase their investment in independent R&D and the efforts on technology innovation. New energy vehicles together with "Internet+" and the trend of intelligence and body weight reduction will have far-reaching impact on the automotive industry. Consumer electronics as well as internet enterprises like Apple, Google, Alibaba, LeTV also join the campaign of the R&D of new energy vehicles and automotive intelligent products. The improvement and sophistication of intelligent network services and the automatic driving technology will further enrich the existing automotive model range. With the improvement of people's living standards, the total vehicle population of China will continue to increase and self-driving travelling will become the choice of a growing number of people. There will be persistent issues including traffic congestion, inconvenience of car parking, bad traffic condition and extended driving duration. Consumers will pay more attention to the additional functions of vehicles such as active safety, intelligence and entertainment. Major OEMs also timely place automotive electronics as a key point of the differentiated operation strategy. New energy vehicles and automotive electronic products will have plentiful prospects in the future.

The Group will endeavor to forge itself into a globalized company. In order to secure the safe and steady development, the Group will continue its balanced and scale development path to further consolidate the global management capability of the Group and realize a synergetic development of global strategy with its clients and improve its team and footprint globally. While consolidating the market share in China, the Group expects to expand its presence in North American market and particularly, to expand the new businesses of its Japanese and Korean customers in North America in the future. By leveraging the existing base and resources of its business in China, the Group sets to enhance its competitiveness in North America. Meanwhile, the Group will continue to combine its reasonable application of economies of scale in production with the just-in-time delivery to realize global supply for customers. In respect of product development, the Group will continue to strengthen the global market share of its traditional products, make greater efforts to promote its key products, improve the added-value of its products and reinforce the research on light-weight materials, and continue to explore the expansion of new products and opportunities for cooperation in the fields of electronics and intelligence which are expected to become the new driving forces of the Group's subsequent growth. Meanwhile, in response to the "China Manufacturing 2025" plan, the Group will substantially upgrade its industrial automation level in the future.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Chin Jong Hwa (秦榮華) ("Mr. Chin"), aged 57, is the Chairman and an executive Director of the Company and director of various subsidiaries of the Group. He founded the Group in March 1997 and is the controlling shareholder of the Company. Mr. Chin graduated from China Urban Administration College. Mr. Chin has experience of over 28 years in management in the auto-parts industry and has been leading the management team since the founding of the Group. Mr. Chin was also active in various other organizations, including being a vice-chairman of Ningbo Association of Enterprise with Foreign Investments, a director of the Ningbo Polytechnic, a consultant to the Ningbo People's Political Consultative Conference for Hong Kong, Macao and Taiwan affairs and an executive vice-chairman of Jiaxing Association of Enterprises with Investments from Taiwan. Mr. Chin was awarded the titles of Honorary Citizen in Ningbo, Jiaxing and Huai'an, and the Economic Person of 2010 in Huai'an as well. He was appointed as a Director of the Company on 14 July 2005. As at 31 December 2015, Mr. Chin is interested in approximately 40.02% shareholding interest in the Company through Linkfair Investments Limited ("Linkfair"), a company wholly owned by Mr. Chin, which held 443,072,000 shares of the Company ("Shares"). As at 31 December 2015, save as aforesaid, Mr. Chin has no interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO").

Shi Jian Hui (石建輝) ("Mr. Shi"), aged 43, is the Chief Executive Officer ("CEO") and an executive Director of the Company and director of various subsidiaries of the Group. Mr. Shi graduated from Zhejiang University of Technology where he majored in the machinery design and manufacturing and obtained an Executive Master of Business Administration ("EMBA") degree from the Cheung Kong Graduate School of Business in 2007. Mr. Shi has experience of over 20 years in the Chinese auto-parts industry since he joined one of Mr. Chin's companies in 1993. Prior to his current position as CEO, he assumed responsibility as general manager of operations (including leading both overseas and domestic business departments), head of the R&D Centre and was in charge of Human Resources Departments for the Group as a whole. Mr. Shi joined the Group in March 1997 and was appointed as a Director on 14 July 2005. As at 31 December 2015, save for his interest in 400,000 Shares and 3,000,000 Share Options, Mr. Shi has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Zhao Feng (趙鋒) ("Mr. Zhao"), aged 47, is the Vice President and an executive Director of the Company and director of various subsidiaries of the Group, with the overall responsibilities for the Group's sales. Mr. Zhao has over 15 years of experience in management. Since joining the Group in 1999, Mr. Zhao has worked successively as a purchase officer, manager of the business department and deputy general manager of business operations. Mr. Zhao was appointed as a Director on 22 December 2006. As at 31 December 2015, Mr. Zhao was interested in 404,000 Shares and 1,950,000 Share Options in the Company. Since Mr. Zhao is the spouse of Ms. Zhu Chun Ya ("Ms. Zhu"), he is deemed to be also interested in the 100,000 Shares in which Ms. Zhu was interested. Accordingly, Mr. Zhao was interested in 504,000 Shares and 1,950,000 Share Options in the Company. As at 31 December 2015, save as disclosed herein, Mr. Zhao has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Bao Jian Ya (包建亞) ("Ms. Bao"), aged 44, is an executive Director of the Company and the Chief Financial Officer ("CFO") of the Group. Ms. Bao graduated from Shanghai University of Finance and Economics in 1993 where she majored in international accounting. She has over 20 years of experience in accounting and financial management. Prior to joining the Group in March 2005 and assuming the responsibility of financial controller, she was the financial controller of another Chinese manufacturer. She was nominated as CFO of the Group on 22 December 2006 and was appointed as a Director on 29 May 2014. Ms. Bao also serves as an independent director of Ningbo Powerway Alloy Material Co., Ltd., which is a company listed on the Shanghai Stock Exchange. As at 31 December 2015, save for her interest in 120,000 Shares and 2,050,000 Share Options in the Company, Ms. Bao has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Non-executive Directors

Yu Zheng (鄭豫) ("Ms. Zheng"), aged 47, is a non-executive Director of the Company. Ms. Zheng is a partner at Advantage Partners Asia fund. She has extensive experience in private equity, management consultancy and corporate management over the last 20 years. She was the managing director at PineBridge Investments (former AIG Investments) from 2008 to 2012. Ms. Zheng was also a senior partner at Roland Berger Strategy Consultants and a Principal with the Boston Consulting Group. Ms. Zheng also served as vice president and president of the sales company of Brilliance Auto Group from 2003 to 2004. In addition, she has been serving Fufeng Group (a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange")) as an independent non-executive director. She also worked in the computer industry for years in China and the U.S. Ms. Zheng has a bachelor's degree of science in Computer Science from Beijing Normal University and an MBA from the University of Texas at Austin. Ms. Zheng joined the Group and was appointed as a non-executive Director of the Company on 1 January 2008. As at 31 December 2015, Ms. Zheng was interested in 200,000 Share Options in the Company. Since Ms. Zheng is the spouse of Mr. Wei Wei ("Ms. Wei"), she is deemed to be also interested in the 200,000 Shares in which Mr. Wei was interested. Accordingly, Ms. Zheng was interested in 200,000 Shares and 200,000 Share Options in the Company. As at 31 December 2015, save as disclosed herein, Ms. Zheng has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

He Dong Han (何東翰) ("Mr. He"), aged 43, is a non-executive Director of the Company. Mr. He graduated from Beijing Foreign Studies University in 1993 with a bachelor's degree. Prior to joining the Group, Mr. He focused on financial investments and had an extensive experience of 20 years in investment, with an investment direction involving various industries including tyre, new material, medicine and internet. Mr. He joined the Group in 2011 and was appointed as a non-executive Director on 18 May 2011. As at 31 December 2015, save for his interest in 1,200,000 Share Options in the Company, Mr. He has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Independent Non-executive Directors

Wang Ching (王京) ("Dr. Wang"), aged 61, is an independent non-executive Director and the chairman of the nomination committee of the Company ("Nomination Committee"). Dr. Wang has over 24 years' managerial experience in investment banking, securities, treasury and asset management in the United States, Hong Kong, Taiwan and the PRC. He is currently the managing director of Shanghai International Asset Management (HK) Co., Ltd., a licensed corporation registered with Hong Kong Securities and Futures Commission and the executive director of Shanghai International Shanghai Growth Investment Limited, an investment fund company listed on the Stock Exchange. Dr. Wang also serves as independent non-executive directors of China Singyes Solar Technologies Holdings Limited and Yingde Gases Group Company Limited, both are listed on the Stock Exchange, in which he advises the management on financial development and internal control. Dr. Wang received his doctorate degree from the Graduate School of Business, Columbia University in 1992. Dr. Wang joined the Company as an independent non-executive Director on 26 October 2005. As at 31 December 2015, save for his interest in 200,000 Share Options in the Company, Dr. Wang has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Zhang Liren (張立人) ("Mr. Zhang"), aged 69, is an independent non-executive Director and the chairman of the remuneration committee of the Company ("Remuneration Committee"). Mr. Zhang has over 47 years' experience in the automobile, electronic and mechanical industry. He has served as the executive director of the S-car, L-car & V-car platforms of Shanghai General Motors Corporation Limited ("SGM"), the chief engineer of Pan Asia Auto Technology Centre of SGM, a special consultant to president of SGM, the director of Business Planning Development Department and the senior manager of the Quality Control Department in SGM. He was also the deputy chief engineer of Shanghai Auto Industry Technology Centre and a research officer in the Computer and Equipment Department in Shanghai Auto Research Institute. Mr. Zhang joined the Company as an independent non-executive Director on 26 October 2005. As at 31 December 2015, save for his interest in 200,000 Share Options in the Company, Mr. Zhang has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Wu Fred Fong (胡晃) ("Mr. Wu"), aged 68, is an independent non-executive Director and Chairman of the audit committee of the Company ("Audit Committee"). Mr. Wu has considerable directorship and corporate governance experience and has been involved in auditing, corporate planning, corporate finance, investment, consulting with public companies in Canada and Hong Kong. Mr. Wu holds an MBA degree in the Schulich School of Business, York University, Canada. Mr. Wu is a Chartered Accountant qualified in Canada and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Wu is currently an independent non-executive director of China Public Procurement Limited and Sheng Yuan Holding Limited, both of which are companies listed on the Mainboard of the Stock Exchange. Mr. Wu joined the Company as an independent non-executive Director on 1 January 2009. As at 31 December 2015, save for his interest in 200,000 Share Options in the Company, Mr. Wu has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Loke Yu (陸海林) ("Dr. Loke"), aged 66, is the Company Secretary of the Company. Dr. Loke has over 40 years of experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds an MBA Degree from the University Teknology Malaysia and a Doctor of Business Administration Degree from the University of South Australia. Dr. Loke is a Fellow of The Institute of Chartered Accountants in England and Wales, Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Directors and the Hong Kong Institute of Chartered Secretaries. He currently serves as an independent non-executive director of V1 Group Limited, Matrix Holdings Limited, China Beidahuang Industry Group Holding Limited, China Fire Safety Enterprise Group Limited, Winfair Investment Company Limited, SCUD Group Limited, Zhong An Real Estate Limited, Chiho-Tiande Group Limited, Tianjin Development Holdings Limited, China Household Holding Limited, Mega Medical Technology Limited, Tianhe Chemicals Group Limited and China New Energy Power Group Limited all of which are companies listed on the Stock Exchange. Dr. Loke joined the Company as the Company Secretary in 2007. As at 31 December 2015, save for his interest in 200,000 Share Options in the Company, Dr. Loke has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Huang Chiung Hui (黃瓊慧) ("Ms. Huang"), aged 44, is the Chief Human Resources Officer("CHO") of the Group. Ms. Huang is a seasoned senior HR executive and brings with her more than 20 years of global HR experience from the banking and manufacturing industries such as Citigroup (in New York, Singapore and Taiwan), Taiwan Cement, and ANZ Banking Group. Prior to joining the Group, she has been in various senior HR leadership roles and particularly focused on driving talent strategy and solutions, organizational development, global leadership development initiatives, M&As and HR transformations. Ms. Huang graduated from National Tsing Hua University where she majored in Economics and obtained her MBA (in Human Resources Management) from City University Business School in London, UK. Ms. Huang was nominated as CHO of the Group on 1 September 2014. As at 31 December 2015, save for her interest in 1,000,000 Share Options in the Company. Ms. Huang has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Robert Chi Yu (余其瑜) ("Mr. Yu"), aged 55, is the Chief Technology Officer ("CTO") of the Group. Mr. Yu received his Bachelor of Science degree in Applied Science and Engineering from the University of Toronto in Canada in 1985. Mr. Yu has solid track record in automotive industry. Mr. Yu has worked over 20 years for Ford Motor in various senior roles and functions and most recently worked for General Motors (China). He has significant experience in negotiation and establishment of joint ventures with Chinese OEMs, plant operations, new products launches and finance restructures. Mr. Yu joined the Group in April 2013 as the Chief Operating Officer ("COO") of the Group. As at 31 December 2015, save for his interest in 1,700,000 Shares Options in the company, Mr. Yu has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Chen Ching Ming (陳淨銘) ("Mr. Chen"), aged 56, is the COO of the Group. Mr. Chen received his PhD of Mechanical Engineering from Auburn University, USA in 1992. Mr. Chen is a seasoned senior executive with a solid track record in automotive parts industry. Prior to joining the Group in September 2015, he worked for TRW and Delphi Automotive in various senior roles and functions, and most recently worked for Autoliv. Mr. Chen has abundant experience in multiple areas of leadership and development of cross-functional teams, operational P&L management, strategic business development, supply chain management, and lean manufacturing system implementation. Mr. Chen was nominated as COO of the Group on 1 September 2015. As at 31 December 2015, Mr. Chen has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Yi Lei Li (易蕾莉) ("Ms. Yi"), aged 42, is the head of the Investor Relations Department of the Group. Ms. Yi graduated from East China Normal University in 1994 where she majored in English Language and Literature. Prior to joining the Group in February 2001, she was a lecturer at the Faculty of Foreign Languages in Ningbo University. Since joining the Group, Ms. Yi has worked as manager of the Human Resources Department, manager of Overseas Business Development Department and assistant to general manager. As at 31 December 2015, save for her interest in 78,000 Shares and 830,000 Share Options in the Company, Ms. Yi has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Jin Zheng Xun (金正勛) ("Mr. Jin"), aged 42, is the General Manager of Europe Operations of the Group. Mr. Jin graduated from China Institute of Metrology in 1997, and obtained Master's degree from the Otto-von-Guericke University of Magdeburg in Germany in 2003 majoring in Mechanical Engineering. Mr. Jin joined the Group in April 2004 and has worked as manager of Quality Control Department, manager of Overseas Business Development Department, assistant to general manager and the General Manager of North America Operations of the Group. As at 31 December 2015, save for his interest in 100,000 Shares and 690,000 Share Options in the Company, Mr. Jin has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

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

DISTINCTIVE ROLES OF CHAIRMAN, CHIEF EXECUTIVE OFFICER AND SENIOR MANAGEMENT

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

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

THE BOARD

As of 31 December 2015, there are nine members on the Board, which are the Chairman, the CEO, two other executive Directors, two non-executive Directors ("NEDs") and three independent non-executive Directors ("INEDs").

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

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

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

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) to review the Company's compliance with the Corporate Governance Code (the "Code") set out in Appendix 14 of the Listing Rules and disclosure in the Corporate Governance Report.

The Board met four times during the Review Year and the Directors' attendance is shown in the table on page 21 of the annual report.

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

Mr.Chin, Mr.Shi, and Mr. He will retire from office at the forthcoming AGM of the Company. Mr. Chin and Mr. Shi, both being eligible, will be offering themselves for re-election at the forthcoming AGM of the Company while Mr. He has agreed with the Company that he will not be offering himself for re-election and his directorship with the Company shall cease at the conclusion of the forthcoming AGM of the Company.

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

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

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference as suggested under the Code. As of 31 December 2015, the Audit Committee comprises all INEDs, namely Mr. Wu, Dr. Wang and Mr. Zhang. As of 31 December 2015, the chairman of the Audit Committee was Mr. Wu. Each member can bring to the Audit Committee his valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Group who among themselves possess a wealth of management experience in the accounting profession or commercial sectors. The Audit Committee held two meetings during the Review Year and the relevant Directors' attendance is shown in the table on page 21 of the annual report.

The main duties of the Audit Committee are as follows:

(i) to review the half-year and annual financial statements before they are submitted to the Board for approval;

(ii) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(iii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(iv) to review the Company's financial controls, internal controls and risk management systems;

(v) to review the Group's financial and accounting policies and practice;

(vi) to review and monitor the effectiveness of the internal audit function; and

(vii) to review the terms and conditions of connected transactions of the Group.

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

REMUNERATION COMMITTEE

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

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

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

  (i) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

  (ii) to ensure no director or any of his associates is involved in deciding his own remuneration;

  (iii) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management. Remuneration packages include benefits in kind, pension rights and compensation payable for loss or termination of their office or appointment;

  (iv) to make recommendations to the Board on the remuneration of non-executive Directors;

  (v) the Remuneration Committee should consult the Chairman and/or the chief executive about their remuneration proposals for other executive Directors;

  (vi) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

  (vii) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

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

As of 31 December 2015, the Remuneration Committee comprises a non-executive director, namely Ms. Zheng, and all three INEDs namely Mr. Wu, Dr. Wang, and Mr. Zhang. Mr. Zhang was the Chairman of the Remuneration Committee.

The Remuneration Committee held two meetings during the Review Year to discuss remuneration related matters including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts and the relevant Directors' attendance is shown in the table set out on page 21 of the annual report.

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

Details of the amount of Directors' emoluments are set out in note 13 to the consolidated financial statements and details of the 2005 Share Option Scheme and Share Option Scheme are set out in the Directors' Report and note 38 to the consolidated financial statements.

NOMINATION COMMITTEE

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

(a) formulate nomination policy for the Board's consideration and implement the Board's approved nomination policy; and

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

   (i) to review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

   (ii) to identify individuals suitably qualified to become Board members and select or make recommendations on the selection of individuals nominated for;

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

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

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

   (vi) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's articles of association (the "Articles") or imposed by legislation.

As of 31 December 2015, the Nomination Committee comprises all three INEDs, namely Mr. Wu, Dr. Wang and Mr. Zhang. Dr. Wang was the Chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held one meeting to (i) review the structure, size and composition (including the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board; (ii) assess the independence of INEDs; and (iii) adopt the Board diversity policy. Directors' attendance is shown in the table set out on page 21 of the annual report.

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

SHAREHOLDERS' RIGHTS

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

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

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

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

Composition of the Board and the Directors' attendance record for the year ended 31 December 2015

	2015AGM	The Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Meetings	1	4	2	2	1
Executive Directors					
Chin Jong Hwa *(Chairman)*	1	4	N/A	N/A	N/A
Shi Jian Hui *(CEO)*	0	4	N/A	N/A	N/A
Zhao Feng	0	4	N/A	N/A	N/A
Bao Jian Ya	0	4	2	N/A	N/A
Non-executive Directors					
Yu Zheng	0	4	N/A	2	N/A
He Dong Han	0	3	N/A	N/A	N/A
Independent Non-executive Directors					
Wang Ching	1	4	2	2	1
Zhang Liren	1	3	2	2	1
Wu Fred Fong	1	3	2	2	1

INDEPENDENCE INFORMATION

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

DIRECTOR'S TRAINING AND DEVELOPMENT

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

Since January 2013, all Directors have been required to provide the Company with their training records on a quarterly basis, and such records have been maintained by the Company for regular review. Save for Company Secretary who attended more than 15 hours of training, each Director received more than 8 hours of training in 2015.

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

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

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the Review Year, the Company was required to pay an aggregate of approximately RMB3,580,000 to the external auditor for its audit services.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for preparing the accounts and the reporting responsibilities of the external auditor to the Shareholders are set out on page 34 of the annual report.

LOOKING FORWARD

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

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company while its subsidiaries are engaged in design, manufacturing, processing, developing and sales of automobile body parts and moulds of passenger cars. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the Review Year, and an indication of likely future development in the Group's business, can be found in the "Summary of Financial Information", "Chairman's Statement" and "Management Discussion and Analysis" sections of this annual report.

RESULTS

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

DIVIDENDS

The Board recommends the payment of a final dividend of HKD0.548 per Share for the Review Year to the Shareholders on the Company's register of members on 3 June 2016.

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB1,180,082,000 for the acquisition of property, plant and equipment. Details of these and other movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

During the Review Year, the Company has issued 9,723,500 Shares as a result of the exercise of Share Options granted pursuant to the Company's New Share Option Scheme. The total consideration received by the Company for such issue during the Review Year amounted to approximately HKD105,804,050.

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

Movements in the reserves of the Group and the Company during the Review Year are set out in the Consolidated Statement of Changes in Equity on page 39 of the annual report.

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB8,694 million as at 31 December 2015. Under the Companies Law, Cap 22 (Law 3 of 1961, consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of the Company's memorandum and Articles and provided that immediately following the date on which distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends may be declared and paid out of the profits of the Company, realised or unrealised or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividend may also be declared and paid out of share premium account of the Company.

DEBENTURES

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

FINANCIAL SUMMARY

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

MAJOR SUPPLIERS AND CUSTOMERS

For the Review Year, the largest customer accounted for approximately 8.6% of the Group's revenue, and the five largest customers accounted for approximately 28.4% of the Group's revenue.

The purchases for the Review Year attributable to the Group's largest supplier and five largest suppliers were approximately 2.1% and approximately 7.8% of the Group's total cost of goods sold respectively.

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

DONATION

During the Review Year, the donations made by the Group amounted to approximately RMB963,000 (2014: approximately RMB1,172,000).

DIRECTORS

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

Executive Directors:
Chin Jong Hwa *(Chairman)*
Shi Jian Hui *(Chief Executive Officer)*
Zhao Feng
Bao Jian Ya

Non-executive Directors:
Yu Zheng
He Dong Han

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

In accordance with Article 87 of the Articles, Mr. Chin, Mr. Shi and Mr. He will retire from office at the forthcoming AGM of the Company. Mr. Chin and Mr. Shi, both being eligible, will be offering themselves for re-election at the forthcoming AGM of the Company while Mr. He has agreed with the Company that he will not be offering himself for re-election and his directorship with the Company shall cease at the conclusion of the forthcoming AGM of the Company.

As at the date of this report, both Dr. Wang and Mr. Zhang had served as independent non-executive Directors for more than 9 years. Separate resolutions are proposed at the forthcoming AGM to approve the re-appointment of Dr. Wang and Mr. Zhang accordingly pursuant to paragraph A.4.3 of the Corporate Governance Code.

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' SERVICE CONTRACTS

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 14 to 17 of the annual report.

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

As at 31 December 2015, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

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

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital as at 31 December 2015 (Note 1)
Chin Jong Hwa	Company	Long position	Interest of controlled corporation	443,072,000 (Note 2)	40.02%
Shi Jian Hui ("Mr. Shi")	Company	Long position	Beneficial owner	3,400,000 (Note 3)	0.31%
Zhao Feng ("Mr. Zhao")	Company	Long position	Beneficial owner Interest of spouse	2,354,000 100,000 (Note 4)	0.21% 0.01%
Bao Jian Ya ("Ms. Bao")	Company	Long position	Beneficial owner	2,170,000 (Note 5)	0.20%
Yu Zheng ("Ms. Zheng")	Company	Long position	Beneficial owner Interest of spouse	200,000 200,000 (Note 6)	0.02% 0.02%
He Dong Han ("Mr. He")	Company	Long position	Beneficial owner	1,200,000 (Note 7)	0.11%
Wu Fred Fong ("Mr. Wu")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%
Zhang Liren ("Mr. Zhang")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%

Note 1: The percentage of the Company's issued share capital is based on the 1,107,170,500 Shares issued as at 31 December 2015.

Note 2: As at 31 December 2015, Linkfair is beneficially interested in 443,072,000 Shares. Linkfair is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 443,072,000 Shares held by Linkfair.

Note 3: This figure represents the aggregated number of 400,000 Shares held by Mr. Shi and 2,000,000 Share Options and 1,000,000 Share Options granted to Mr. Shi under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Mr. Shi will acquire an aggregate of 3,400,000 Shares.

Note 4: These figures represent (i) the aggregated number of 404,000 Shares held by and 1,000,000 Share Options and 950,000 Share Options granted to Mr. Zhao under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable and (ii) 100,000 Shares held by Ms. Zhu Chun Ya ("Ms. Zhu"). Upon exercise of the Share Options, Mr. Zhao will acquire an aggregate of 2,354,000 Shares. Since Mr. Zhao is the spouse of Ms. Zhu, he is deemed to be interested in the aforesaid Shares in which Ms. Zhu is interested.

Note 5: This figure represents the aggregated number of 120,000 Shares held by Ms. Bao and 1,000,000 Share Options and 1,050,000 Share Options granted to Ms. Bao under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Ms. Bao will acquire an aggregate of 2,170,000 Shares.

Note 6: These figures represent (i) 200,000 Share Options granted to Ms. Zheng under the Share Option Scheme that are exercisable and (ii) 200,000 Shares held by Mr. Wei Wei ("Mr. Wei"). Upon exercise of the Share Options, Ms. Zheng will acquire an aggregate of 200,000 Shares. Since Ms. Zheng is the spouse of Mr. Wei, she is deemed to be interested in the aforesaid Shares in which Mr. Wei is interested.

Note 7: This figure represents the aggregated number of 1,000,000 Share Options and 200,000 Share Options granted to Mr. He under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Mr. He will acquire an aggregate of 1,200,000 Shares.

Note 8: These figures represent the number of Share Options granted to Mr. Wu, Dr. Wang and Mr. Zhang under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Wu, Dr. Wang and Mr. Zhang will acquire 200,000 Shares, 200,000 Shares and 200,000 Shares, respectively.

Other than as disclosed above, as at 31 December 2015, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

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

The purpose of the 2005 Share Option Scheme and the Share Option Scheme (together, the "Share Option Schemes") is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All Directors and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, services providers of any member of the Group whom the Board considers, in its sole discretion, have contributed or will contribute to the Group are eligible to participate in the Share Option Schemes.

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

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

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

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

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

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

During the Review Year, the total number of Share Options the Company granted to the employees including the Directors amounted to 26,000,000 Share Options. As at the date of this report, the number of Share Options that could still be granted under the Share Option Scheme was 68,298,500, representing 6.17% of the 1,107,360,500 Shares in issue as at 21 March 2016, being the date of this report.

Details are as follows:

Name and category of participants	Number of Share Options (Note 1) Outstanding as at 1 January 2015	Granted during the Review Year	Exercised during the Review Year (Note 5)	Cancelled/ Lapsed during the Review Year	Outstanding as at 31 December 2015	Date of grant (Note 2)	Exercise period (Note 3)	Exercise price of the Share Options (HKD) (Note 4)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Directors, chief executives, and substantial Shareholders and their respective connected persons									
Mr. Shi Jian Hui	2,000,000	–	–	–	2,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	300,000	–	–	–	300,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	–	700,000	–	–	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Zhao Feng	1,000,000	–	–	–	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	250,000	–	–	–	250,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	–	700,000	–	–	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Bao Jian Ya	1,000,000	–	–	–	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	350,000	–	–	–	350,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	–	700,000	–	–	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Yu Zheng	–	200,000	–	–	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. He Dong Han	1,000,000	–	–	–	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	–	200,000	–	–	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Wu Fred Fong	–	200,000	–	–	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Dr. Wang Ching	–	200,000	–	–	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Zhang Liren	–	200,000	–	–	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Subtotal	5,900,000	3,100,000	–	–	9,000,000				
Other Participants	19,865,000	–	7,851,000	–	12,014,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	18.04
	1,726,000	–	1,394,000	–	332,000	31-5-2012	30-5-2013 to 30-5-2017	9.13	16.82
	11,646,000	–	478,500	736,500	10,431,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	18.14
	–	22,900,000	–	120,000	22,780,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Subtotal	33,237,000	22,900,000	9,723,500	856,500	45,557,000				
Total	39,137,000	26,000,000	9,723,500	856,500	54,557,000				

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

Note 2: The closing price of the Shares immediately before the date on which the Share Options were granted pursuant to the 2005 Share Option Scheme on 10 June 2011, i.e. on 9 June 2011 was HKD11.02, and pursuant to the Share Option Scheme on (i) 31 May 2012, i.e. on 30 May 2012 was HKD9.14, (ii) 16 January 2014, i.e. on 15 January 2014 was HKD16.00, (iii) 25 March 2015, i.e. on 24 March 2015 was HKD14.02.

Note 3: The option period for the Share Options granted on 10 June 2011 is for five years five months and two days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 February 2012; (ii) up to a further 30% of the Share Options granted on or after 1 February 2013; and (iii) all of the remaining Share Options granted on or after 1 February 2014. The option period for the Share Options granted on 31 May 2012 is for four years eleven months and thirty days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 30 May 2013; (ii) up to a further 30% of the Share Options granted on or after 30 May 2014; and (iii) all of the remaining Share Options granted on or after 30 May 2015. The option period for the Share Options granted on 16 January 2014 is for five years four months and fifteen days. If the grantees' period of service within the Company is or more than one year as of 1 June 2014, the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 June 2014; (ii) up to a further 30% of the Share Options granted on or after 1 June 2015; and (iii) all of the remaining Share Options granted on or after 1 June 2016. If the grantees' period of service within the Company is less than one year as of 1 June 2014, the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 June 2015; (ii) up to a further 30% of the Share Options granted on or after 1 June 2016; and (iii) all of the remaining Share Options granted on or after 1 June 2017. The option period for the Share Options granted on 25 March 2015 is for five years nine months and six days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 January 2016; (ii) up to a further 30% of the Share Options granted on or after 1 January 2017; and (iii) all of the remaining Share Options granted on or after 1 January 2018.

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

Note 5: The weighted average closing price of each Share immediately before the date on which the Share Options were exercised during the Review Year is HKD17.87.

During the Review Year, 9,723,500 Share Options were exercised by grantees who are not Directors, and 856,500 Share Options lapsed due to the resignations of the grantees who are not Directors.

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

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

EQUITY-LINKED AGREEMENTS

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

DIRECTORS' RIGHTS IN PURCHASING SHARES OR DEBENTURE

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which the Company, its subsidiaries, the controlling shareholder of the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the Review Year.

MANAGEMENT CONTRACT

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

SUBSTANTIAL SHAREHOLDERS

(a) Interests or short positions in the Company

As at 31 December 2015, the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company, in the Shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Long/ Short Position	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wei Ching Lien ("Ms. Wei")	Interest of spouse	Long position	443,072,000 (Note 2)	40.02%
Linkfair Investments Limited ("Linkfair")	Beneficial owner	Long position	443,072,000 (Note 3)	40.02%
The Capital Group Companies, Inc.	Interest of controlled corporations	Long position	78,260,000 (Note 4)	7.07%
Matthews International Capital Management, LLC	Investment manager	Long position	77,543,000	7.00%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	77,424,000 (Note 5)	6.99%
JPMorgan Chase & Co.	Beneficial owner	Long position	541,703	0.05%
	Investment manager	Long position	12,158,000	1.10%
	Custodian corporation/ approved lending agent	Long position	53,440,121 (Note 6)	4.83%

Note 1: The percentage of the Company's issued share capital of 1,107,170,500 Shares as at 31 December 2015.

Note 2: As at 31 December 2015, Linkfair was beneficially interested in 443,072,000 Shares. Linkfair was wholly-owned by Mr. Chin Jong Hwa ("Mr. Chin") and he was therefore deemed to be interested in the entire 443,072,000 Shares held by Linkfair. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei was deemed to be interested in the 443,072,000 Shares in which Mr. Chin was deemed to be interested.

Note 3: As at 31 December 2015, Linkfair, a company wholly-owned by Mr. Chin, was beneficially interested in 443,072,000 Shares.

Note 4: As at 31 December 2015, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by The Capital Group Companies, Inc.

Note 5: As at 31 December 2015, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.

Note 6: As at 31 December 2015, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by JPMorgan Chase & Co.

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

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

Other than as disclosed above, as at 31 December 2015, the Company had not been acknowledged by any person of any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

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

CONTINUING CONNECTED TRANSACTIONS

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

In respect of the connected transaction with Tokai Kogyo Co,. Ltd. ("Tokai Kogyo") disclosed in the Company's 2014 Annual Report, given Tokai Kogyo became a connected person in September 2011 through its 50% shareholding interest in Wuhan Tokai Minth Automotive Parts Co., Ltd. ("Wuhan Tokai") (an indirect subsidiary of the Company), and Wuhan Tokai was an "insignificant subsidiary" of the Company as per Rule 14A.09 of the Listing Rules, transactions with Tokia Kogyo is therefore no longer connected transactions of the Group. If Tokai Kogyo ceases to qualify for the exemption in the future, the Company will comply with the applicable Listing Rules.

REMUNERATION POLICY

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

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

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Schemes are set out on pages 28 to 30 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND COMPLIANCE WITH MODEL CODE

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

Under the Code provision E.1.2, the chairman of the board should attend the AGM and invite the chairmen of audit, remuneration, nomination and any other committees (as appropriate) to attend. Dr. Wang, Mr. Zhang and Mr. Wu, all being INEDs and members of the Audit Committee, the Nomination Committee and the Remuneration Committee, were invited to attend the 2015 AGM to answer any question from the Shareholders concerning the Company's corporate governance. As provided for in the Code provision A.6.7, INDEs and other NEDs should attend the AGM and develop a balanced understanding of the views of Shareholders. Two NEDs, Ms. Zheng and Mr. He were unable to attend the 2015 AGM due to other business arrangements.

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

MATERIAL LITIGATION AND ARBITRATION

Save for the petition served by the Securities and Futures Commission ("SFC") to the Company on 11 April 2014, details of which were set out in the Company's announcements dated 14 April 2014, 29 May 2014 and 9 July 2014, the Group is not engaged in any litigation or arbitration of material importance during the Review Year. As at the date of this report, certain court hearings had taken place in the High Court for the purpose of progressing matters relating to the case. The High Court has directed that the case be set down for a 25 day trial but, as at the date of this report, no trial dates have yet been fixed. The Directors of the Company are of the opinion that the SFC petition does not have any significant impact on the consolidated financial statements of the Group during the Review Year.

EVENT AFTER THE REPORTING PERIOD

On 23 December 2015, two subsidiaries of the Group entered into a sale and purchase agreement with DURA Automotive Handels und Beteiligungs GmbH ("Dura"), pursuant to which Dura had agreed to sell and the Group had agreed to purchase the remaining 51% equity of Jiaxing Dura Minth Automotive Parts Co., Ltd. ("Jiaxing Dura") at the consideration of RMB56,415,000 ("the Acquisition"). Prior to the Acquisition, Jiaxing Dura was owned as to 51% by Dura and 49% by the Group. The Acquisition was completed on 28 January 2016, and Jiaxing Dura became a wholly-owned subsidiary of the Group as a result.

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

PRE-EMPTIVE RIGHTS

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

AUDITOR

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

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

Hong Kong, 21 March 2016

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

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

We have audited the consolidated financial statements of Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 136, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Revenue	6	**7,654,123**	6,683,880
Cost of sales		**(5,226,438)**	(4,598,673)
Gross profit		**2,427,685**	2,085,207
Investment income	7	**135,435**	124,041
Other income	8	**141,507**	172,352
Other gains and losses	9	**21,780**	60,460
Distribution and selling expenses		**(230,571)**	(202,836)
Administrative expenses		**(585,930)**	(567,445)
Research expenditure		**(330,566)**	(298,708)
Interest on borrowings wholly repayable within five years		**(70,463)**	(65,212)
Share of profits of joint ventures		**21,592**	6,105
Share of profits of associates		**38,308**	41,798
Profit before tax		**1,568,777**	1,355,762
Income tax expense	10	**(249,065)**	(202,834)
Profit for the year	11	**1,319,712**	1,152,928
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Gain (loss) on remeasurement of defined benefit obligation		**311**	(4,950)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(47,944)**	(10,886)
Cumulative exchange differences reclassified from equity to profit or loss arising on disposal of TK Minth (as defined in note 20)		**10,028**	–
Fair value (loss) gain on available-for-sale investments		**(18,930)**	45,331
Income tax relating to items that may be reclassified subsequently		**2,840**	(6,800)
Other comprehensive (expense) income for the year, net of income tax		**(53,695)**	22,695
Total comprehensive income for the year		**1,266,017**	1,175,623
Profit for the year attributable to:			
Owners of the Company		**1,271,677**	1,117,605
Non-controlling interests		**48,035**	35,323
		1,319,712	1,152,928
Total comprehensive income attributable to:			
Owners of the Company		**1,219,544**	1,144,101
Non-controlling interests		**46,473**	31,522
		1,266,017	1,175,623
Earnings per share	15		
Basic		**RMB1.151**	RMB1.021
Diluted		**RMB1.144**	RMB1.014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

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INTELLIGENCE IS ACTIONAL

	NOTES	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	16	**4,175,383**	3,449,009
Prepaid lease payments	17	**624,238**	610,932
Goodwill	18	**46,407**	46,407
Other intangible assets	19	**39,398**	41,563
Interests in joint ventures	20	**73,986**	89,386
Interests in associates	21	**105,993**	123,814
Available-for-sale investments	22	**96,392**	154,911
Loan receivables	23	**–**	11,736
Deferred tax assets	24	**111,949**	100,163
		5,273,746	4,627,921
Current assets			
Prepaid lease payments	17	**15,537**	14,900
Inventories	25	**1,196,022**	1,129,359
Property under development	26	**207,863**	132,670
Loan receivables	23	**6,269**	11,685
Trade and other receivables	27	**2,577,428**	2,061,424
Derivative financial assets	28	**4,909**	1,628
Pledged bank deposits	29	**1,107,438**	1,270,742
Bank balances and cash	29	**2,766,705**	3,594,209
		7,882,171	8,216,617
Assets classified as held for sale	12	**–**	6,532
		7,882,171	8,223,149
Current liabilities			
Trade and other payables	30	**1,589,760**	1,392,080
Tax liabilities		**92,672**	69,690
Borrowings	31	**1,957,964**	2,708,485
Derivative financial liabilities	28	**28,069**	19,869
		3,668,465	4,190,124
Net current assets		**4,213,706**	4,033,025
Total assets less current liabilities		**9,487,452**	8,660,946

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Capital and reserves			
Share capital	32	**111,570**	110,801
Share premium and reserves		**9,080,667**	8,177,751
Equity attributable to owners of the Company		**9,192,237**	8,288,552
Non-controlling interests	33	**214,179**	256,919
Total equity		**9,406,416**	8,545,471
Non-current liabilities			
Deferred tax liabilities	24	**59,211**	92,533
Retirement benefit obligation	39	**21,825**	22,942
		81,036	115,475
		9,487,452	8,660,946

The consolidated financial statements on pages 36 to 136 were approved and authorised for issue by the Board of Directors on 21 March 2016 and are signed on its behalf by:

Shi Jian Hui
DIRECTOR

Zhao Feng
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014	110,342	3,149,817	276,199	40,154	127,136	13,120	10,939	(97,183)	88,194	3,738,034	7,456,752	261,694	7,718,446
Profit for the year	–	–	–	–	–	–	–	–	–	1,117,605	1,117,605	35,323	1,152,928
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(7,085)	–	–	(7,085)	(3,801)	(10,886)
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	45,331	–	–	–	45,331	–	45,331
Income tax relating to components of other comprehensive income	–	–	–	–	–	–	(6,800)	–	–	–	(6,800)	–	(6,800)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	(4,950)	(4,950)	–	(4,950)
Total comprehensive income (expense) for the year	–	–	–	–	–	–	38,531	(7,085)	–	1,112,655	1,144,101	31,522	1,175,623
Recognition of share-based payments	–	–	–	–	–	–	–	–	32,178	–	32,178	–	32,178
Transfer to reserve fund	–	–	–	–	15,946	–	–	–	–	(15,946)	–	–	–
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	1,305	–	–	–	–	(1,305)	–	–	–	–
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	15,376	15,376
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	(394,019)	(394,019)	–	(394,019)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(28,172)	(28,172)
Exercise of share options	459	65,269	–	–	–	–	–	–	(16,188)	–	49,540	–	49,540
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(23,501)	(23,501)
At 31 December 2014	110,801	3,215,086	276,199	41,459	143,082	13,120	49,470	(104,268)	102,879	4,440,724	8,288,552	256,919	8,545,471
Profit for the year	–	–	–	–	–	–	–	–	–	1,271,677	1,271,677	48,035	1,319,712
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(46,382)	–	–	(46,382)	(1,562)	(47,944)
Cumulative exchange difference reclassified on disposal of TK Minth (note 35)	–	–	–	–	–	–	–	10,028	–	–	10,028	–	10,028
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	(18,930)	–	–	–	(18,930)	–	(18,930)
Income tax relating to components of other comprehensive income	–	–	–	–	–	–	2,840	–	–	–	2,840	–	2,840
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	311	311	–	311
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(16,090)	(36,354)	–	1,271,988	1,219,544	46,473	1,266,017

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Recognition of share-based payments	–	–	–	–	–	–	–	–	50,922	–	50,922	–	50,922
Transfer to reserve fund	–	–	–	–	209,346	–	–	–	–	(209,346)	–	–	–
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	751	–	–	–	–	(751)	–	–	–	–
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	(450,581)	(450,581)	–	(450,581)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(46,386)	(46,386)
Exercise of share options	769	109,819	–	–	–	–	–	–	(26,788)	–	83,800	–	83,800
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(42,827)	(42,827)
At 31 December 2015	111,570	3,324,905	276,199	42,210	352,428	13,120	33,380	(140,622)	126,262	5,052,785	9,192,237	214,179	9,406,416

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

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
Operating activities		
Profit before tax	**1,568,777**	1,355,762
Adjustments for:		
Finance costs	**70,463**	65,212
Interest income	**(132,436)**	(116,048)
Dividends from available-for-sale investments	**(2,999)**	(7,993)
Share of profits of joint ventures	**(21,592)**	(6,105)
Share of profits of associates	**(38,308)**	(41,798)
Depreciation of property, plant and equipment	**317,885**	250,113
Amortisation of other intangible assets	**13,603**	12,014
Release of prepaid lease payments	**15,252**	13,177
Share-based payment expense	**50,922**	32,178
Gain on fair value changes of financial assets designated at financial assets at fair value through profit or loss ("FVTPL")	**(37,972)**	(57,845)
(Gain) loss on fair value changes of derivative financial instruments	**(30,339)**	6,021
Loss on disposal of property, plant and equipment	**455**	324
Loss on disposal of assets classified as held for sale	**117**	–
Gain on disposal of TK Minth	**(9,167)**	–
Gain on deemed disposal of equity interest in a former joint venture	**–**	(8,826)
Gain on sale of available-for-sale financial assets	**(50,607)**	(33,250)
Recognition (reversal) of allowance for inventories	**38,103**	(2,226)
Allowance for trade and other receivables	**14,805**	6,759
Reversal of allowance for trade and other receivables	**(653)**	(2,415)
Net foreign exchange losses (gains)	**20,499**	(12,718)
Impairment loss recognised in respect of property, plant and equipment	**8,000**	10,062
Loss on deregistration of an associate	**(142)**	–
Operating cash flows before movements in working capital	**1,794,666**	1,462,398
Increase in inventories	**(137,073)**	(130,199)
(Increase) decrease in trade and other receivables	**(489,871)**	33,523
Increase in property under development	**(75,193)**	(132,670)
Increase in trade and other payables	**214,537**	12,279
Cash generated from operations	**1,307,066**	1,245,331
Income taxes paid	**(264,778)**	(213,955)
Net cash from operating activities	**1,042,288**	1,031,376

	2015 RMB'000	2014 RMB'000
Investing activities		
Proceeds on redemption of other financial assets and derivative financial instruments	**12,016,539**	11,880,998
Interest received	**132,436**	116,048
Dividends received from associates	**45,428**	26,462
Dividends received from a joint venture	**2,067**	–
Dividends received from available-for-sale investments	**2,999**	7,993
Proceeds on disposal of available-for-sale investments	**90,196**	96,117
Refundable guarantee deposit paid for acquisition of land use rights	**–**	(30,000)
Proceeds on disposal of property, plant and equipment	**69,500**	22,580
Proceeds on disposal of assets classified as held for sale	**6,415**	–
Proceeds on disposal of other intangible assets	**–**	331
Proceeds on disposal of prepaid lease payment	**3,519**	932
Investment in other financial assets and derivative financial instruments	**(11,934,824)**	(11,807,147)
Purchases of property, plant and equipment	**(1,147,368)**	(1,099,470)
Placement of pledged bank deposits	**(467,348)**	(488,253)
Withdrawal of pledged bank deposits	**630,652**	4,257
Purchases of prepaid lease payments for land use rights	**(32,714)**	(119,776)
Net cash outflow arising on acquisitions (note 34)	**(12,653)**	(43,927)
Net cash outflow arising on deemed disposal of a subsidiary (note 35)	**(10,058)**	(5,090)
Payment of consideration payable in respect of prior acquisition of a subsidiary	**–**	(4,372)
Consideration received for the disposal of TK Minth (note 20)	**64,263**	–
Purchases of other intangible assets	**(10,828)**	(6,535)
Reduction of capital in an associate	**–**	8,812
Cash received upon deregistration of an associate	**10,843**	–
Advances to a joint venture	**(6,269)**	(10,015)
Advances to a third party	**–**	(2,481)
Repayment from loan advanced to a joint venture	**10,015**	–
Net cash used in investing activities	**(537,190)**	(1,452,536)
Financing activities		
Repayment of bank loans	**(4,388,561)**	(1,695,368)
New bank loans raised	**3,605,160**	2,014,345
Dividends paid to owners of the Company	**(450,581)**	(394,019)
Dividends paid to non-controlling interests	**(46,386)**	(29,072)
Interest paid	**(73,799)**	(62,510)
Proceeds from exercise of share options	**83,800**	49,540
Capital contributions from non-controlling interests	**–**	15,376
Net cash used in financing activities	**(1,270,367)**	(101,708)
Net decrease in cash and cash equivalents	**(765,269)**	(522,868)
Cash and cash equivalents at beginning of the year	**3,594,209**	4,119,191
Effect of foreign exchange rate changes	**(62,235)**	(2,114)
Cash and cash equivalents at the end of the year	**2,766,705**	3,594,209
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**2,766,705**	3,594,209

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

The Company was incorporated under the Company Law of the Cayman Islands on 22 June 2005 and registered as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 December 2005. The Company acts as an investment holding company with its subsidiaries (the "Group") engaged in the design, development, manufacture, processing and sales of automobile body parts and moulds. The principal activities of the Company's subsidiaries are set out in note 42.

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

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

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

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

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2010-2012 Cycle*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2011-2013 Cycle*

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined.

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

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

HKFRS 9 *Financial Instruments*

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

Key requirements of HKFRS 9:

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

  Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt instruments and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

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

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure on information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosure under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

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

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

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

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

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

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

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

Change in the Group's ownership interests in existing subsidiaries

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income* Taxes and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

Acquisition of assets

When the Group acquires a subsidiary, a group of assets or net assets that does not constitute a business, the cost of the acquisition is allocated between the individual assets and liabilities in the group based on their relative fair values at the acquisition date. No goodwill will be recognised for acquisition of a subsidiary that is accounted for as acquisition of assets.

Goodwill

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets held for sale

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

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

Revenue recognition

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

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

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

Service income is recognised when services are provided.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

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

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

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

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

Property under development

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

Leasing

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

The Group as Lessor

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

The Group as Lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold land and buildings

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

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

Foreign currencies

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

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants

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

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

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Retirement benefit costs

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Short-term employee benefits

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

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

Contributions from employees or third parties to defined benefit plans

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

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

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

Intangible assets

Intangible assets acquired separately

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

Research expenditure

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Research expenditure (Continued)

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

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

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Financial instruments

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

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

Financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

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

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

Loans and receivables

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets

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

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

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

Impairment of financial assets

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

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

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

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

Impairment losses on AFS equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Other Financial liabilities

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

Equity instruments

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

Derivative financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

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

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

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

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 38. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The Directors determine the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. In addition, the Directors assess impairment whenever events or changes in circumstances and technical innovation of automobile products indicate that the carrying amount of an asset may not be recoverable. As at 31 December 2015, the carrying amount of the Group's property, plant and equipment is approximately RMB4,175,383,000 (net of accumulated impairment loss of RMB25,121,000) (31 December 2014: carrying amount of RMB3,449,009,000 (net of accumulated impairment loss of RMB19,017,000)).

Impairment of loan receivables

Impairment loss for loan receivables is recognised when there is objective evidence that the recoverability of the receivables becomes doubtful. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of loan receivables is RMB6,269,000 (31 December 2014: RMB23,421,000). The Directors are of the opinion that the loan receivables are still recoverable and no impairment is considered necessary at the end of each reporting period.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of trade receivable is RMB1,968,988,000 (net of allowance for doubtful debts of RMB8,546,000) (31 December 2014: carrying amount of RMB1,595,615,000 (net of allowance for doubtful debts of RMB11,000,000)).

Allowances for inventories

The Directors reviews the aging of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or saleable in the market. The Directors estimate the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete items. As at 31 December 2015, the carrying amount of inventories is RMB1,196,022,000 (net of allowance for inventories of RMB44,512,000) (31 December 2014: carrying amount of RMB1,129,359,000 (net of allowance for inventories of RMB9,869,000)).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value measurements and valuation processes

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

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

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

As at 31 December 2015, the fair values of derivative financial assets and derivative financial liabilities were estimated to be RMB4,909,000 (31 December 2014: RMB1,628,000) and RMB28,069,000 (31 December 2014: RMB19,869,000), respectively.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**6,101,671**	6,616,177
Available-for-sale investments	**96,392**	154,911
Derivative financial assets	**4,909**	1,628
Financial liabilities:		
Amortised cost	**3,211,982**	3,845,914
Derivative financial liabilities	**28,069**	19,869

5. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

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

Market risk

(i) Currency risk

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

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

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

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

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

	Liabilities		**Assets**	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
United States Dollars ("US$")	**524,402**	2,168,051	**438,671**	331,119
EURO ("EUR")	**89,658**	76,715	**90,115**	61,677
Japanese Yen ("JPY")	**51,754**	65,564	**3,241**	7,614
Hong Kong Dollars ("HK$")	**225,371**	167,338	**20,859**	509,827
	891,185	2,477,668	**552,886**	910,237

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

Sensitivity analysis

This sensitivity analysis details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2014: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes (i) outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2014: 5%) change in foreign currency rates; (ii) outstanding foreign currency forward contracts and adjusts for a 5% (2014: 5%) change in foreign currency rates at the year end; and (iii) outstanding structural option contracts and adjusts for a 5% (2014: 5%) change in foreign currency rates at the year end. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% (2014: 5%) against the relevant currency while a negative number indicates a decrease in post-tax profit.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

	2015 RMB'000	2014 RMB'000
If RMB strengthens against US$	**42,961**	101,622
If RMB weakens against US$	**(42,961)**	(101,622)
If RMB strengthens against EUR	**(20)**	639
If RMB weakens against EUR	**20**	(639)
If RMB strengthens against JPY	**2,040**	2,464
If RMB weakens against JPY	**(2,040)**	(2,464)
If RMB strengthens against HK$	**8,561**	20,355
If RMB weakens against HK$	**(8,561)**	(20,355)

(ii) Interest rate risk

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

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

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

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate financial instruments (including bank balances and borrowings) at the end of the reporting period. The analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis point (2014: 10 basis point) increase or decrease in interest rates on variable-rate bank balances and a 50 basis point (2014: 50 basis point) increase or decrease in interest rates on variable-rate borrowings represent management's assessment of the reasonably possible change in interest rates.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If interest rates on variable-rate bank balances had been 10 basis point (2014: 10 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease approximately by RMB1,158,000 (2014: increase/decrease approximately by RMB1,489,000). If interest rates on variable – rate borrowings had been 50 basis point (2014: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase approximately by RMB4,523,000 (2014: decrease/increase approximately by RMB11,241,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and borrowings.

(iii) Price risk

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If the prices of the respective equity instruments had been 5% (2014: 5%) higher, other comprehensive income (net of tax) would increase by RMB4,097,000 (2014: RMB6,584,000) as a result of the changes in fair value of available-for-sale investments. If the prices of the equity instruments had been 5% (2014: 5%) lower, other comprehensive income (net of tax) would decrease by the same amount.

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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

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

The Group has concentration of credit risk on trade receivables and loan receivables. At 31 December 2015, the Group's ten largest customers accounted for approximately 34% (31 December 2014: 41%) of the total trade receivables. As at 31 December 2015, the Group's loan receivables were due from a joint venture of the Group (31 December 2014: 57% from a supplier of the Group).

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

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 72% (31 December 2014: 76%) of the total trade receivables as at 31 December 2015.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk

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

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

Liquidity tables

	Weighted average interest rate %	Repayable on demand or less than three months RMB'000	Three months to six months RMB'000	Six months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2015							
Non-derivative financial liabilities							
Trade and other payables	–	1,254,018	–	–	–	1,254,018	1,254,018
Borrowings	2.65	1,316,307	326,980	328,172	–	1,971,459	1,957,964
		2,570,325	326,980	328,172	–	3,225,477	3,211,982
Derivatives-net settlement	–						
Foreign currency forward contracts							
– net inflow		(450)	–	(576)	(11)	(1,037)	(1,037)
– net outflow		7,850	2,885	13,821	180	24,736	24,736
Structural option contracts							
– net outflow		3,333	–	–	–	3,333	3,333
Cross currency swap contracts							
– net inflow		–	–	–	(3,872)	(3,872)	(3,872)
		10,733	2,885	13,245	(3,703)	23,160	23,160

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

Liquidity tables (Continued)

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

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

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

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

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

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

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

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

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

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

Financial assets/ financial liabilities	Fair value as at 31/12/15	Fair value as at 31/12/14	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
1) Available-for-sale investments	Listed equity securities on the Shanghai Stock Exchange: – Automobile manufacturing industry – Assets – RMB96,392,000	Listed equity securities on the Shanghai Stock Exchange: – Automobile manufacturing industry – Assets – RMB154,911,000	Level 1	Quoted bid prices in an active market.
2) Foreign exchange forward contracts classified as derivative financial assets and liabilities in the consolidated statement of financial position	Assets – RMB1,037,000 Liabilities – RMB24,736,000	Assets – RMB1,628,000 Liabilities – RMB4,207,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

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

Financial assets/ financial liabilities	Fair value as at 31/12/15	Fair value as at 31/12/14	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
3) Structural option contracts classified as derivative financial liabilities in the consolidated statement of financial position	Liabilities – RMB3,333,000	Liabilities – RMB15,662,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward exchange rates as determined by the actual exchange rates on each maturity date, discounted at a rate that reflects the credit risk of various counterparties.
4) Cross currency swaps classified as derivative financial assets in the consolidated statement of financial position	Assets – RMB3,872,000	Nil	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.

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

(d) Capital risk management

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

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

5. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital risk management (Continued)

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

6. SEGMENT INFORMATION

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

Segment revenues and results

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

For the year ended 31 December 2015

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

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2014

	The PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
Revenue					
External sales	4,129,852	1,506,002	608,403	439,623	6,683,880
Segment profit	1,246,080	456,752	244,250	133,781	2,080,863
Investment income					124,041
Other unallocated income, gains and losses					237,156
Unallocated expenses					(1,068,989)
Interest on borrowings wholly repayable within five years					(65,212)
Share of profits of joint ventures					6,105
Share of profits of associates					41,798
Profit before tax					1,355,762
Income tax expense					(202,834)
Profit for the year					1,152,928

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

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

Segment assets

	2015		2014	
	RMB'000	%	RMB'000	%
Trade and bill receivables				
The PRC	1,492,233	11.3	1,249,209	9.7
Asia Pacific	96,729	0.7	42,131	0.3
North America	350,998	2.7	221,683	1.7
Europe	127,155	1.0	124,121	1.0
Trade and bill receivables total	2,067,115	15.7	1,637,144	12.7
Unallocated assets	11,088,802	84.3	11,213,926	87.3
Total assets	13,155,917	100.0	12,851,070	100.0

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

Revenue from major product

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

Geographical information

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

	Non-current assets	
	2015	2014
	RMB'000	RMB'000
The PRC	4,351,073	3,684,196
Other countries	714,332	676,915
	5,065,405	4,361,111

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

6. SEGMENT INFORMATION (CONTINUED)

Information about major customer

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

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Customer A	**660,240**	584,962

The customer above is located in the PRC. No other single customer contributed 10% or more to the Group's revenue for both 2015 and 2014.

7. INVESTMENT INCOME

	2015	2014
	RMB'000	RMB'000
Interest on bank deposits	**131,976**	114,171
Interest on loan receivables	**460**	1,877
Dividends from listed equity securities	**2,999**	7,993
Total investment income	**135,435**	124,041

8. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Government grants (note)	**90,675**	109,573
Service and consultation income	**4,223**	16,363
Sales of scrap and raw materials	**28,974**	25,425
Rental income	**9,691**	8,145
Others	**7,944**	12,846
Total	**141,507**	172,352

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

9. OTHER GAINS AND LOSSES

	2015 RMB'000	2014 RMB'000
Net foreign exchange loss	**(83,439)**	(18,710)
Realized gain on changes in fair value of derivative financial instruments	**35,257**	15,285
Unrealized loss on changes in fair value of derivative financial instruments	**(4,918)**	(21,306)
Allowance for trade and other receivables (note 27)	**(14,805)**	(6,759)
Reversal of allowance for trade and other receivables (note 27)	**653**	2,415
Impairment for property, plant and equipment (note 16)	**(8,000)**	(10,062)
Loss on disposal of property, plant and equipment	**(455)**	(324)
Loss on disposal of assets classified as held for sale	**(117)**	–
Gain on fair value changes of financial assets designated as at FVTPL	**37,972**	57,845
Cumulative gain reclassified from equity on disposal of available-for-sale investments	**50,607**	33,250
Gain on deemed disposal of equity interest in a former joint venture	**–**	8,826
Net gain on loss of control of TK Minth and subsequently disposal of equity interest in TK Minth	**9,167**	–
Loss on deregistration of an associate	**(142)**	–
Total	**21,780**	60,460

10. INCOME TAX EXPENSE

	2015 **RMB'000**	2014 RMB'000
Current tax:		
PRC Enterprise Income Tax	**270,516**	209,023
Other jurisdictions	**2,140**	93
Withholding tax paid	**40,622**	5,254
	313,278	214,370
Over provision in prior years:		
PRC Enterprise Income Tax	**(25,518)**	(33,681)
Other jurisdictions	**–**	(2,853)
	(25,518)	(36,534)
Deferred tax:		
Current year (credit) charge (note 24)	**(38,695)**	24,998
	249,065	202,834

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

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

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

10. INCOME TAX EXPENSE (CONTINUED)

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

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

(2) Those entities which are qualified as "Hi-New Tech Enterprises"("HNTE") would enjoy a preferential tax rate of 15% under EIT Law and subject to every 3-year renewal. The qualification of the preferential tax rate of 15% for one of the Group's subsidiaries has been expired during the current year and has successfully obtained the renewal of which for another three years starting from 2015 as at 31 December 2015.

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

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

10. INCOME TAX EXPENSE (CONTINUED)

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

	2015		2014	
	RMB'000	%	RMB'000	%
Profit before tax	1,568,777		1,355,762	
Tax at the applicable income tax rate of 25% (2014: 25%)	392,194	25.0	338,941	25.0
Tax effect of share of profits of associates and joint ventures	(14,975)	(1.0)	(11,976)	(0.9)
Tax effect of expenses not deductible for tax purpose	2,506	0.2	2,827	0.2
Tax effect of income not taxable for tax purpose	(669)	–	–	–
Tax effect of tax losses not recognised as deferred tax assets	21,762	1.4	34,637	2.6
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	(8,838)	(0.6)	(6,070)	(0.4)
Effect of tax concessions granted to the PRC subsidiaries	(130,320)	(8.3)	(107,534)	(7.9)
Withholding tax provision on the profits of the PRC subsidiaries	17,150	1.1	15,576	1.1
Tax effect of different tax rates of subsidiaries	(1,462)	(0.1)	(23,224)	(1.7)
Deferred tax charged at different tax rates	(2,765)	(0.2)	(3,809)	(0.3)
Over provision in respect of prior years	(25,518)	(1.6)	(36,534)	(2.7)
Tax charge and effective tax rate for the year	249,065	15.9	202,834	15.0

11. PROFIT FOR THE YEAR

	2015 RMB'000	2014 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories as recognised (note i)	**5,226,438**	4,598,673
Directors' remuneration (note 13)	**10,628**	7,032
Other staff's retirement benefits scheme contributions	**66,767**	48,419
Other staff's share-based payments	**45,042**	30,423
Other staff costs	**1,295,875**	1,080,627
Total staff costs	**1,418,312**	1,166,501
Less: Staff costs included in research expenditure	**(192,758)**	(182,108)
	1,225,554	984,393
Auditors' remuneration	**8,077**	7,962
Depreciation for property, plant and equipment	**317,885**	250,113
Less: Depreciation included in research expenditure	**(12,695)**	(11,710)
	305,190	238,403
Amortisation of other intangible assets	**13,603**	12,014
Release of prepaid lease payments	**15,252**	13,177
Operating lease rentals of buildings	**34,192**	36,926
Research expenditure (note ii)	**330,566**	298,708
Rental income	**(16,758)**	(14,898)
Less: Outgoings	**7,067**	6,753
	(9,691)	(8,145)

Notes:

(i) Included in this amount is the recognition of allowance for inventories amounting to RMB38,103,000 (2014: RMB2,226,000 allowance for inventories reversed).

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

12. ASSETS CLASSIFIED AS HELD FOR SALE

	2015 RMB'000	2014 RMB'000
Real property	–	6,532

The Group intended in 2014 to dispose of certain parcels of real property with office/industrial buildings, plant and machinery and other improvements thereon situated in the USA, which it no longer used. During the year ended 31 December 2015, the disposal transaction has been completed for a cash consideration of RMB6,415,000 and the resulting loss of RMB117,000 was included in "other gains and losses".

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

(a) Directors' and Chief Executive's emoluments

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

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

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

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

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

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

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

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

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

		Other emoluments			
	Fees RMB'000	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2014					
Executive directors:					
Mr. Chin	–	–	–	–	–
Mr. Shi (note i)	–	2,060	777	4	2,841
Zhao Feng	–	1,211	622	7	1,840
Bao Jian Ya (Appointed on 29 May 2014)	–	743	298	2	1,043
Kawaguchi Kiyoshi (Resigned on 29 May 2014)	–	576	19	–	595
	–	4,590	1,716	13	6,319

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

Non-executive directors:					
Yu Zheng	155	–	–	–	155
He Dong Han	129	–	39	–	168
	284	–	39	–	323

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

Independent non-executive directors:					
Wang Ching	130	–	–	–	130
Zhang Liren	130	–	–	–	130
Wu Fred Fong	130	–	–	–	130
	390	–	–	–	390

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

Note:

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

During the year ended 31 December 2015, one director waived emoluments of RMB600,000 (2014: one director waived emoluments of RMB600,000).

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

(b) Employees' emoluments

During the year, of the five highest paid individuals, three (2014: three) were directors and the Chief Executive of the Company whose emoluments are set out above. The emoluments of the remaining two (2014: two) highest paid individuals were as follows:

	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirements benefits scheme contributions RMB'000	Total RMB'000
2015	**8,335**	**3,726**	**11**	**12,072**
2014	7,086	3,761	5	10,852

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

	2015 No. of employees	2014 No. of employees
HK$2,000,001 to HK$2,500,000	**–**	2
HK$3,000,001 to HK$3,500,000	**2**	–
HK$3,500,001 to HK$4,000,000	**1**	1
HK$6,000,001 to HK$6,500,000	**1**	–
HK$6,500,001 to HK$7,000,000	**–**	2
HK$8,000,001 to HK$8,500,000	**1**	–

14. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Dividends recognised as distribution during the year:		
2014 Final – HK$0.516 (2013: final dividend HK$0.453) per share	**450,581**	394,019

In the annual general meeting held on 28 May 2015, a final dividend of HK$0.516 (2014: HK$0.453) per share totalling HK$570,738,000 (equivalent to RMB450,581,000) (2014: HK$495,061,000 (equivalent to RMB394,019,000)) in respect of the year ended 31 December 2014 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.548 per share totalling HK$607,165,000 (equivalent to RMB508,671,000) for the year ended 31 December 2015 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting to be held on 26 May 2016.

15. EARNINGS PER SHARE

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

	2015 RMB'000	2014 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,271,677**	1,117,605
	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,104,418**	1,094,154
Effect of dilutive potential ordinary shares:		
Options (note)	**7,641**	8,391
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,112,059**	1,102,545

Note: Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share for the year ended 31 December 2015 and 2014 as they did not have dilutive effect on the Company's earnings per share because the exercise prices of these options were higher than the average market prices of the Company's shares during both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Furniture and equipment	Leasehold improvements	Motor vehicles	Plant and machinery	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At 1 January 2014	99,114	934,549	195,918	51,708	31,225	1,498,387	579,050	3,389,951
Exchange adjustments	(2,784)	(11,130)	(436)	12	(66)	(11,935)	1,680	(24,659)
Additions	19,456	21,688	33,496	7,259	3,787	229,823	811,396	1,126,905
Arising on acquisition of a subsidiary	4,463	53,615	3,837	–	27	48,701	1,711	112,354
Disposals	–	(10,361)	(7,741)	(1,117)	(4,230)	(22,896)	(4,996)	(51,341)
Reclassify as held for sale	(3,304)	(14,013)	(3,294)	–	–	(28,100)	–	(48,711)
Derecognised on deemed disposal of a subsidiary	–	–	(1,322)	(782)	(376)	(24,467)	(5,208)	(32,155)
Transfers	–	332,257	17,025	11,701	547	252,795	(614,325)	–
At 31 December 2014	116,945	1,306,605	237,483	68,781	30,914	1,942,308	769,308	4,472,344
Exchange adjustments	(1,033)	17,627	352	(2)	(49)	13,105	(3,019)	26,981
Additions	203	9,546	29,308	5,045	4,005	145,581	984,266	1,177,954
Disposals	(20,746)	(60,528)	(4,137)	(32)	(5,790)	(24,609)	(7,455)	(123,297)
Derecognised on deemed disposal of a subsidiary (note 35)	(4,273)	(32,816)	(2,603)	–	(427)	(32,007)	(4,137)	(76,263)
Transfers	26	390,104	36,213	17,392	1,155	437,016	(881,906)	–
At 31 December 2015	91,122	1,630,538	296,616	91,184	29,808	2,481,394	857,057	5,477,719
DEPRECIATION AND IMPAIRMENT								
At 1 January 2014	–	180,891	94,444	24,740	17,866	526,114	–	844,055
Exchange adjustments	–	(1,808)	(202)	(38)	(50)	(2,049)	–	(4,147)
Provided for the year	–	53,088	38,042	7,459	3,165	148,359	–	250,113
Impairment loss recognised in profit or loss (note)	–	4,548	–	–	–	5,432	82	10,062
Reclassify as held for sale	–	(10,785)	(3,294)	–	–	(28,100)	–	(42,179)
Eliminated on disposals	–	(4,404)	(3,832)	(1,100)	(3,325)	(15,776)	–	(28,437)
Eliminated on deemed disposal of a subsidiary	–	–	(991)	(242)	(133)	(4,766)	–	(6,132)
At 31 December 2014	–	221,530	124,167	30,819	17,523	629,214	82	1,023,335
Exchange adjustments	–	697	(749)	(4)	(18)	9,784	–	9,710
Provided for the year	–	68,214	34,423	8,730	4,002	202,516	–	317,885
Impairment loss recognised in profit or loss (note)	–	–	–	–	–	7,173	827	8,000
Eliminated on disposals	–	(22,210)	(3,655)	(6)	(5,232)	(22,157)	(82)	(53,342)
Eliminated on deemed disposal of a subsidiary (note 35)	–	(1,237)	(124)	–	(79)	(1,812)	–	(3,252)
At 31 December 2015	–	266,994	154,062	39,539	16,196	824,718	827	1,302,336
CARRYING AMOUNT								
At 31 December 2015	91,122	1,363,544	142,554	51,645	13,612	1,656,676	856,230	4,175,383
At 31 December 2014	116,945	1,085,075	113,316	37,962	13,391	1,313,094	769,226	3,449,009

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

The Group has pledged freehold land and buildings having a net book value of approximately RMB16,495,000 (31 December 2014: RMB37,672,000) to secure general banking facilities granted to certain group entities.

Note: An impairment loss of RMB8,000,000 has been recognised for the year ended 31 December 2015, representing the carrying amount of certain equipment which was idle during the year. During the year ended 31 December 2014, impairment loss of RMB10,062,000 had been recognised in respect of certain equipment and building to the extent that the carrying amount exceeded the recoverable amount based on the best estimate by the Directors in the last year.

17. PREPAID LEASE PAYMENTS

	2015 **RMB'000**	2014 RMB'000
Prepaid lease payments	**639,775**	625,832
Analysed for reporting purposes as:		
Current assets	**15,537**	14,900
Non-current assets	**624,238**	610,932
	639,775	625,832

Included in prepaid lease payments are land use rights located in the PRC with carrying amount of RMB62,613,000 (31 December 2014: RMB30,705,000) for which the land use right certificates have not been obtained. The Group is in the process of obtaining the certificates.

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

18. GOODWILL

	2015 RMB'000	2014 RMB'000
Cost and carrying amount		
Balance at beginning of year	**46,407**	15,276
Arising from acquisition of PTI	**–**	31,131
Balance at end of year	**46,407**	46,407

The goodwill held by the Group as at 31 December 2015 arose on (1) the acquisition of a subsidiary, Jiaxing Minrong Automotive Parts Co., Ltd. ("Jiaxing Minrong"), in 2006 and on the acquisition of the remaining interest in Jiaxing Minrong, of which became a branch of a principal subsidiary of the Group in 2007; and (2) the acquisition of a subsidiary, Plastic Trim International, Inc.("PTI") during the year end 31 December 2014.

Impairment test on goodwill

i) Jiaxing Minrong

As at 31 December 2015, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (31 December 2014: RMB15,276,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period with appropriate discount rates. Growth rate beyond the five-year period is assumed to be zero.

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

ii) PTI

As at 31 December 2015, the carrying amount of goodwill allocated to the cash-generating unit of moulding and extrusion manufacturing of PTI is RMB31,131,000 (31 December 2014: RMB31,131,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by management covering a five-year period with appropriate discount rates. Growth rate beyond the five-year period is assumed to be zero.

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

19. OTHER INTANGIBLE ASSETS

	Patent RMB'000	Technical know-how and trademark RMB'000	Total RMB'000
COST			
At 1 January 2014	1,621	114,220	115,841
Additions	–	6,535	6,535
Acquired on acquisition of a subsidiary	–	8,645	8,645
Disposals	–	(350)	(350)
Exchange adjustments	–	(1,471)	(1,471)
At 31 December 2014	1,621	127,579	129,200
Additions	–	10,828	10,828
Exchange adjustments	–	461	461
At 31 December 2015	1,621	138,868	140,489
AMORTISATION			
At 1 January 2014	1,621	74,021	75,642
Charge for the year	–	12,014	12,014
Eliminated on disposal	–	(19)	(19)
At 31 December 2014	1,621	86,016	87,637
Charge for the year	–	13,603	13,603
Exchange adjustments	–	(149)	(149)
At 31 December 2015	1,621	99,470	101,091
CARRYING AMOUNT			
At 31 December 2015	–	39,398	39,398
At 31 December 2014	–	41,563	41,563

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

20. INTERESTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000
Cost of unlisted investments in joint ventures	36,729	32,263
Share of post-acquisition profits, net of dividends received	37,257	57,123
	73,986	89,386

As at 31 December 2015 and 2014, the Group had interests in the following joint ventures:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group 2015 %	Attributable equity interest of the Group 2014 %	Paid-in capital	Principal activities
Jiaxing Dura Minth Automotive Parts Co., Ltd. ("Jiaxing Dura")	the PRC	49	49	US$5,000,000	Manufacture of automotive parts
Wuhan Minth Nojima Automotive Parts Co., Ltd. ("Wuhan Minth Nojima")	the PRC	50	50	US$4,700,000	Design, manufacture, develop and sales of automobile body parts
SPTek Limited ("SPTek")	Taiwan	51 (note i)	N/A	New Taiwan Dollars ("NT$") 80,000,000	Design, manufacture, develop and sales of automotive cameras and imaging systems
TK Minth Mexico,S.A. de C.V. ("TK Minth")	Mexico	– (note ii)	N/A	MXN275,094,685	Design, manufacture, import, export and sales of automobile body parts

Notes:

(i) SPTek became a joint venture of the Group during the current year upon the completion of the acquisition of i-Sun as disclosed in note 34. SPTek is a joint venture of the Group because it requires unanimous consent from both joint venture partners as to reach a board resolution.

(ii) TK Minth became a joint venture of the Group during the year along with the change of its article of association as detailed in note 35. Subsequently on 22 September 2015, the Group entered into a sale agreement with an independent third party, pursuant to which the Group agreed to dispose of its 50% equity interest in TK Minth for a cash consideration of US$10,100,000 (equivalent to RMB64,263,000). The disposal was completed in 2015 while the profits of TK Minth shared to the Group till the date of disposal using the equity method was amounted to RMB111,000. Taken into account the financial impact on the deconsolidation of TK Minth as set out in note 35 and the related tax expenses of RMB6,203,000, the disposal of TK Minth has resulted in a gain on disposal of RMB9,167,000, accordingly.

20. INTERESTS IN JOINT VENTURES (CONTINUED)

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

Jiaxing Dura

	2015 RMB'000	2014 RMB'000
Current assets	**151,570**	118,750
Non-current assets	**49,327**	50,985
Current liabilities	**127,049**	35,348
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**87,824**	72,217

	For the year ended 31 December 2015 RMB'000	For the year ended 31 December 2014 RMB'000
Revenue	**205,041**	199,371
Profit for the year	**23,843**	30,541
Dividend declared from the joint venture to the Group	**41,347**	–
The above profit for the year include the following:		
Depreciation and amortisation	**6,277**	5,144
Interest income	**186**	291
Income tax expense	**7,394**	9,069

20. INTERESTS IN JOINT VENTURES (CONTINUED)

Jiaxing Dura (Continued)

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

	2015 RMB'000	2014 RMB'000
Net assets of Jiaxing Dura	**73,848**	134,387
Proportion of the Group's ownership interest in Jiaxing Dura	**49%**	49%
Carrying amount of the Group's interest in Jiaxing Dura	**36,185**	65,849

Aggregate information of joint ventures that are not material

	2015 RMB'000	2014 RMB'000
The Group's share of profit (loss)	**9,909**	(8,865)
Aggregate carrying amount of the Group's interests in these joint ventures	**37,801**	23,537

21. INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Cost of unlisted investments in associates	**44,441**	55,142
Share of post-acquisition profits, net of dividends received	**61,552**	68,672
	105,993	123,814

As at 31 December 2015 and 2014, the Group had interests in the following associates:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group		Paid-in capital		Principal activities
		2015 **%**	2014 %	**2015**	2014	
Ningbo Tokai Minth Automotive Parts Co., Ltd. ("Ningbo Tokai Minth")	the PRC	**–** (note)	48	**N/A**	US$1,800,000	Manufacture of automotive parts
Guangzhou Tokai Minth Automotive Parts Co., Ltd. ("Guangzhou Tokai Minth")	the PRC	**49**	49	**US$8,000,000**	US$8,000,000	Manufacture of automotive parts
Jiaxing TAB-MINTH Mobility Equipment Co., Ltd.	the PRC	**35**	35	**US$1,000,000**	US$1,000,000	Wholesale, sales agency and import and export of automobile parts, and relevant technical consultancy, assembly and maintenance services
Wuhan Sankei Minth Automotive Parts Co., Ltd.	the PRC	**30**	30	**US$7,500,000**	US$7,500,000	Manufacture and sales of exhaust systems for automobiles

Note: Ningbo Tokai Minth was deregistered during the year ended 31 December 2015.

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

21. INTERESTS IN ASSOCIATES (CONTINUED)

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

Guangzhou Tokai Minth

	2015 RMB'000	2014 RMB'000
Current assets	**160,650**	163,496
Non-current assets	**44,133**	44,310
Current liabilities	**41,975**	43,322

	For the year ended 31 December 2015 RMB'000	For the year ended 31 December 2014 RMB'000
Revenue	**219,657**	240,297
Profit for the year	**67,659**	72,497
Dividends declared from the associate to the Group	**33,996**	24,277

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

	2015 RMB'000	2014 RMB'000
Net assets of the associate	**162,808**	164,484
Proportion of the Group's ownership interest in the associate	**49%**	49%
Carrying amount of the Group's interest in the associate	**79,827**	80,649

21. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2015 **RMB'000**	2014 RMB'000
The Group's share of profit	**5,134**	6,252
Aggregate carrying amount of the Group's interests in these associates	**26,166**	43,165

22. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2015 **RMB'000**	2014 RMB'000
Listed investments:		
– Equity securities listed in the PRC	**96,392**	154,911

23. LOAN RECEIVABLES

	Maturity date	Effective interest rate per annum	Carrying amount 2015 RMB'000	2014 RMB'000
Fixed – rate loan receivables from a joint venture	18 August 2016 (note i)	1.5%	**6,269**	–
Fixed-rate loan receivables from a former subsidiary	26 October 2015 (note ii)	5.54%	**–**	10,015
Fixed-rate loan receivables from a supplier	26 December 2014 to 26 June 2020 (note iii)	6.15% to 6.60%	**–**	13,406
			6,269	23,421
Analysed for reporting purposes as				
Current assets			**6,269**	11,685
Non-current assets			**–**	11,736
			6,269	23,421

Notes:

(i) The amount represents a loan to a joint venture of the Company this year. The loan carries an interest rate of 1.5% per annum with maturity date on 18 August 2016.

(ii) The amount was settled in full by cash from the former subsidiary on the maturity date in 2015.

(iii) The Group entered into a settlement agreement with this supplier during the year, pursuant to which as a result of the financial difficulties of the supplier, the Group agreed to partially set off its outstanding balances of the loan and interest receivables totalling RMB16,063,000 by the transfer of certain property, plant and equipment from this supplier to the Group in the total amount of RMB12,308,000. The remaining balance of RMB3,755,000 was provided in full by the Group.

The offsetting of the Group's loan and interest receivables and the payable balances with this supplier was considered as a non-cash transaction.

24. DEFERRED TAXATION

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

Deferred tax assets:

	Allowance for doubtful debts RMB'000	Allowance for inventories RMB'000	Allowance for property, plant and equipment RMB'000	Unrealised profit for intra-group transactions RMB'000	Temporary differences of expense RMB'000	Available-for-sale financial assets RMB'000	Tax loss carry forwards RMB'000	Defined benefit obligation RMB'000	Total RMB'000
At 1 January 2014	2,040	2,600	2,124	40,918	30,467	59	–	–	78,208
Credit (charge) to profit or loss	202	(988)	2,092	5,641	(12,018)	–	(1,081)	–	(6,152)
(Charge) credit to other comprehensive income for the year	–	–	–	–	–	(59)	–	3,300	3,241
Arising on acquisition of a subsidiary	343	1,528	8,467	–	–	–	11,095	4,156	25,589
Arising on deemed disposal of a subsidiary	–	–	–	(508)	–	–	–	–	(508)
Exchange adjustments	–	–	–	–	(215)	–	–	–	(215)
At 31 December 2014	2,585	3,140	12,683	46,051	18,234	–	10,014	7,456	100,163
Credit (charge) to profit or loss	848	5,346	987	9,936	(612)	–	(4,512)	–	11,993
Charge to other comprehensive income for the year	–	–	–	–	–	–	–	(207)	(207)
Exchange adjustments	–	–	–	–	–	–	–	–	–
At 31 December 2015	3,433	8,486	13,670	55,987	17,622	–	5,502	7,249	111,949

24. DEFERRED TAXATION (CONTINUED)

Deferred tax liabilities:

	Temporary differences of income RMB'000	Fair value adjustment on acquisition of subsidiaries RMB'000	Withholding tax on undistributed dividends RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
At 1 January 2014	(10,945)	(3,670)	(34,917)	(1,989)	(51,521)
(Charge) credit to profit or loss	(8,523)	–	(10,323)	–	(18,846)
Arising on acquisition of a subsidiary	–	(16,237)	–	–	(16,237)
Charge to other comprehensive income for the year	–	–	–	(6,741)	(6,741)
Exchange adjustments	317	495	–	–	812
At 31 December 2014	(19,151)	(19,412)	(45,240)	(8,730)	(92,533)
(Charge) credit to profit or loss	(1,275)	4,505	23,472	–	26,702
Credit to other comprehensive income for the year	–	–	–	2,840	2,840
Exchange adjustments	75	3,705	–	–	3,780
At 31 December 2015	(20,351)	(11,202)	(21,768)	(5,890)	(59,211)

At the end of the reporting period, the Group has unused tax losses of RMB355.8 million (2014: RMB315.2 million) available for offset against future profits. Only RMB5 million deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. RMB19 million (2014: RMB23.9 million) of such tax losses will expire in 2016, RMB6 million (2014: RMB5.9 million) of such tax losses will expire in 2017, RMB63.4 million (2014: RMB65.4 million) of such tax losses will expire in 2018, RMB177.8 million (2014: RMB213.5 million) of such tax losses will expire in 2019, and RMB89.6 million (2014: nil) of such tax losses will expire in 2020 and beyond.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not yet been provided for in the consolidated financial statements in respect of certain temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately RMB5,990 million (2014: RMB4,403million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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

25. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**350,807**	339,388
Work in progress	**259,601**	246,987
Finished goods	**240,047**	207,729
Moulds	**345,567**	335,255
	1,196,022	1,129,359

During the year, allowance for inventories amounting to RMB38,103,000 has been recognised in cost of sales (2014: RMB2,226,000 allowance for inventories reversed in cost of sales).

26. PROPERTY UNDER DEVELOPMENT

Property under development mainly represents a piece of land and buildings under construction located in Jiaxing City, Zhejiang Province, the PRC. The land is held under medium-term lease and for construction of residential properties which would be sold upon completion. The Directors expect the construction project would be completed within the next twelve months after the end of reporting period.

27. TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables		
– associates	**6,442**	6,294
– joint ventures	**25,762**	9,622
– non-controlling shareholders of subsidiaries	**544**	3,889
– third parties	**1,944,786**	1,586,810
Less: Allowance for doubtful debts	**(8,546)**	(11,000)
	1,968,988	1,595,615
Bill receivables	**98,127**	41,529
Other receivables	**94,727**	62,450
Less: Allowance for doubtful debts	**(9,863)**	(1,789)
	84,864	60,661
	2,151,979	1,697,805
Prepayments	**212,045**	207,567
Prepaid expense	**17,104**	7,649
Value-added tax recoverable	**127,020**	118,403
Refundable guarantee deposits	**30,000**	30,000
Dividend receivable from a joint venture	**39,280**	–
Total trade and other receivables	**2,577,428**	2,061,424

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants a credit period of 60 days to 90 days (2014: 60 days to 90 days) to customers effective from the date when the goods are delivered and accepted by customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2015 RMB'000	2014 RMB'000
Age		
0 to 90 days	1,905,273	1,533,405
91 to 180 days	55,025	57,228
181 to 365 days	1,540	1,305
1 to 2 years	7,150	3,677
	1,968,988	1,595,615

Bill receivables held by the Group as at 31 December 2015 will mature within 6 months (31 December 2014: within 6 months).

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. 95% (2014: 93%) of the trade receivables with a high credit scoring under the internal credit control system are neither past due nor impaired.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB95,026,000 (2014: RMB107,878,000) which are past due at the end of reporting period. However, the Directors have considered the recoverable amount and credit quality of the relevant customers and concluded that the Group is not required to provide for an impairment loss. The average age of these receivables is 97 days (2014: 81 days).

Ageing of trade receivables which are past due but not impaired

	2015 RMB'000	2014 RMB'000
Age		
0 to 90 days	76,438	86,994
91 to 180 days	11,882	18,365
181 to 365 days	564	40
1 to 2 years	6,142	2,479
	95,026	107,878

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts

	2015 RMB'000	2014 RMB'000
1 January	**12,789**	12,104
Provision made during the year	**14,805**	6,759
Amounts recovered during the year	**(653)**	(2,415)
Amounts written off as uncollectible	**(8,532)**	(3,659)
31 December	**18,409**	12,789

The Group first assesses whether objective evidence of impairment exists individually for trade and other receivables and then include the trade and other receivables in a group with similar credit risk characteristics including geographical location, past-due status and historical payment record for collective assessment. No collective impairment is provided for both years after the Group's assessment stated as follows.

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

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

Original currency	**US$** RMB'000	**JPY** RMB'000	**EUR** RMB'000	**HK$** RMB'000
At 31 December 2015	**217,789**	**775**	**67,002**	**14,393**
At 31 December 2014	228,868	2,535	18,838	32

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2015 RMB'000	2014 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	**1,037**	1,628
Cross currency swap contracts (b)	**3,872**	–
	4,909	1,628
Derivative financial liabilities		
Foreign exchange forward contracts (a)	**24,736**	4,207
Structural option contracts (c)	**3,333**	15,662
	28,069	19,869

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(a) Foreign exchange forward contracts

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

Major terms of these contracts are as follows:

31 December 2015

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

31 December 2014

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

The derivative financial assets and liabilities arising from foreign exchange forward contracts as at 31 December 2015 and 2014 had been recognised in accordance with the fair value of the above foreign exchange forward contracts. The fair values of the above foreign exchange forward contracts are measured in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Cross currency swap contracts

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

Notional amount	Maturity date	Swaps
US$6,000,000/EUR5,300,000	15 May 2015 to 15 May 2017	From US$6,000,000 to EUR5,300,000 at the final maturity date and interest from USD – London Inter-Bank Offered Rate ("LIBOR") to –0.01% on a quarterly basis

Notional amount	Maturity date	Swaps
US$6,000,000/EUR5,272,000	22 June 2015 to 22 June 2017	From US$6,000,000 to EUR5,272,000 at the final maturity date and interest from USD-LIBOR to –0.01% on a quarterly basis

At 31 December 2015, derivative financial assets of RMB2,455,000 (31 December 2014: nil) has been recognised in accordance with the fair value of the above cross currency swap contracts. The fair values of the above cross currency swap contracts are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

(c) Structural option contracts

At the end of reporting period, the Group had the following outstanding structural option contracts:

31 December 2015

The structural option contract as at 31 December 2015 represented the second batch of the structural option contract for the year ended 31 December 2014. Further details of the structural option contract was set forth in the below respective session for the year ended 31 December 2014.

31 December 2014

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

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

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

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

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Structural option contracts (Continued)

31 December 2014 (Continued)

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

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

At each valuation date:

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

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

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

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

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

On first valuation date:

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

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

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

28. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Structural option contracts (Continued)

31 December 2014 (Continued)

On each of the second to thirteenth valuation date:

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

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

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

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

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

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

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

29. BANK BALANCES AND PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from zero to 6.80% (2014: zero to 5.50%) per annum. The pledged bank deposits carry interest at fixed interest rates which range from zero to 4.80% (2014: zero to 4.77%) per annum. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

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

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

Original currency	**US$** RMB'000	**HK$** RMB'000	**EUR** RMB'000	**JPY** RMB'000
At 31 December 2015	**220,882**	**6,466**	**23,113**	**2,466**
At 31 December 2014	102,251	509,795	42,839	5,079

30. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables		
– associates	**790**	2,560
– joint ventures	**18,144**	36,458
– non-controlling shareholders of subsidiaries	**2,571**	22,340
– third parties	**830,359**	728,691
	851,864	790,049
Other payables		
– associates	**135**	98
– joint ventures	**12,525**	21
– non-controlling shareholders of subsidiaries	**22,813**	17,585
	35,473	17,704
Payroll and welfare payables	**237,040**	195,817
Advance from customers	**58,806**	22,091
Consideration payable of acquisition of property, plant and equipment	**120,187**	98,842
Technology support services fees payable	**135**	337
Freight and utilities payable	**47,336**	57,978
Value-added tax payable	**39,896**	36,743
Interest payable	**6,801**	10,137
Rental payable	**1,900**	4,137
Deposits received	**9,271**	22,608
Others	**181,051**	135,637
Total trade and other payables	**1,589,760**	1,392,080

The average credit period on purchases of goods is 30 days to 90 days (2014: 30 days to 90 days).

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

	2015 RMB'000	2014 RMB'000
Age		
0 to 90 days	**794,826**	742,324
91 to 180 days	**26,109**	31,074
181 to 365 days	**19,523**	9,694
1 to 2 years	**9,425**	4,293
Over 2 years	**1,981**	2,664
	851,864	790,049

30. TRADE AND OTHER PAYABLES (CONTINUED)

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

Original currency	US$ RMB'000	JPY RMB'000	EUR RMB'000	HK$ RMB'000
As at 31 December 2015	**10,337**	**12,344**	**12,320**	**1,113**
As at 31 December 2014	49,954	13,521	839	492

31. BORROWINGS

	2015 **RMB'000**	2014 RMB'000
Bank loans	**1,957,964**	2,698,485
Other loans	**–**	10,000
	1,957,964	2,708,485
Secured (note)	**1,109,976**	1,116,178
Unsecured	**847,988**	1,592,307
	1,957,964	2,708,485
Fixed-rate borrowings	**882,700**	10,000
Variable-rate borrowings	**1,075,264**	2,698,485
	1,957,964	2,708,485
Carrying amount repayable:		
Within one year	**1,957,964**	2,708,485

Note: As at 31 December 2015, the amount was secured by pledged bank deposits, while as at 31 December 2014, the amount was secured by pledged bank deposits and certain freehold land and buildings.

31. BORROWINGS (CONTINUED)

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

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

	2015	2014
Effective interest rate:		
Fixed-rate borrowings	**2.96% to 4.37%**	5%
Variable-rate borrowings	**0.85% to 4.58%**	0.95% to 3.45%

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

Original currency	**US$** RMB'000	**HK$** RMB'000	**EUR** RMB'000	**JPY** RMB'000
At 31 December 2015	**514,065**	**224,258**	**77,338**	**39,410**
At 31 December 2014	2,118,098	166,846	75,876	52,043

32. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2015	2014	**2015**	2014
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.1 each				
Authorised				
At beginning and end of year	**5,000,000**	5,000,000	**500,000**	500,000

	Number of shares		Share capital	
	2015	2014	**2015**	2014
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid				
At beginning of year	**1,097,447**	1,091,689	**110,801**	110,342
Exercise of share options under the Company's employee share option scheme (note 38)	**9,724**	5,758	**769**	459
At end of year	**1,107,171**	1,097,447	**111,570**	110,801

33. NON-CONTROLLING INTERESTS

	2015	2014
	RMB'000	RMB'000
Balance at beginning of year	**256,919**	261,694
Share of total comprehensive income for the year	**46,473**	31,522
Derecognised on deemed disposal of a subsidiary (note)	**(42,827)**	(23,501)
Capital contribution	**–**	15,376
Dividends declared to non-controlling interests during the year	**(46,386)**	(28,172)
Balance at end of year	**214,179**	256,919

Note: During the year, the Group lost its control over TK Minth (2014: Wuhan Minth Nojima) as disclosed in note 35.

33. NON-CONTROLLING INTERESTS (CONTINUED)

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

Guangzhou Minhui Automobile Parts Co., Ltd.

	2015 RMB'000	2014 RMB'000
Current assets	**279,090**	470,399
Non-current assets	**79,561**	86,600
Current liabilities	**220,344**	366,784
Non-current liabilities	**–**	37,630
Equity attributable to owners of the Company	**98,247**	108,241
Non-controlling interests	**40,060**	44,344

	For the year ended 31 December 2015 RMB'000	For the year ended 31 December 2014 RMB'000
Revenue	**552,885**	601,480
Expenses	**496,580**	534,785
Profit for the year	**56,305**	66,695
Profit attributable to owners of the Company	**39,414**	46,687
Profit attributable to non-controlling interests	**16,891**	20,008
Dividends declared to non-controlling shareholders	**21,175**	28,172
Net cash (outflow) inflow from operating activities	**(26,218)**	264,691
Net cash inflow (outflow) from investing activities	**2,772**	(8,867)
Net cash outflow from financing activities	**(70,984)**	(140,824)
Net cash (outflow) inflow	**(94,430)**	115,000

33. NON-CONTROLLING INTERESTS (CONTINUED)

Changchun Minth Automotive Parts Co., Ltd.

	2015 RMB'000	2014 RMB'000
Current assets	83,282	75,255
Non-current assets	58,592	59,390
Current liabilities	39,670	35,806
Non-current liabilities	–	–
Equity attributable to owners of the Company	56,212	54,361
Non-controlling interests	45,992	44,478

	For the year ended 31 December 2015 RMB'000	For the year ended 31 December 2014 RMB'000
Revenue	120,694	145,956
Expenses	107,329	130,698
Profit for the year	13,365	15,258
Profit attributable to owners of the Company	7,351	8,392
Profit attributable to non-controlling interests	6,014	6,866
Dividends paid to non-controlling shareholders	4,500	–
Net cash inflow from operating activities	12,015	41,565
Net cash outflow from investing activities	(4,978)	(3,219)
Net cash outflow from financing activities	(2,900)	(23,342)
Net cash inflow	4,137	15,004

33. NON-CONTROLLING INTERESTS (CONTINUED)

Wuhan Tokai Minth Automotive Parts Co., Ltd.

	2015 RMB'000	2014 RMB'000
Current assets	**104,692**	80,493
Non-current assets	**88,144**	90,279
Current liabilities	**45,154**	60,288
Non-current liabilities	**–**	–
Equity attributable to owners of the Company	**73,841**	55,242
Non-controlling interests	**73,841**	55,242

	For the year ended 31 December 2015 RMB'000	For the year ended 31 December 2014 RMB'000
Revenue	**191,688**	188,937
Expenses	**145,000**	163,373
Profit for the year	**46,688**	25,564
Profit attributable to owners of the Company	**23,344**	12,782
Profit attributable to non-controlling interests	**23,344**	12,782
Dividends paid to non-controlling shareholders	**4,745**	–
Net cash inflow from operating activities	**41,572**	48,694
Net cash outflow from investing activities	**(15,451)**	(19,083)
Net cash outflow from financing activities	**(15,426)**	(15,000)
Net cash inflow	**10,695**	14,611

34. ACQUISITIONS

For the year ended 31 December 2015

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

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

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

Consideration transferred

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

Assets acquired and liabilities recognised at the date of acquisition

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

34. ACQUISITIONS (CONTINUED)

For the year ended 31 December 2015 (Continued)

Net cash outflow arising on acquisition

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

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

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

For the year ended 31 December 2014

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

34. ACQUISITIONS (CONTINUED)

For the year ended 31 December 2014 (Continued)

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

Consideration transferred

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

Assets and liabilities recognised at the date of acquisition

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

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

Goodwill arising on acquisition

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

34. ACQUISITIONS (CONTINUED)

For the year ended 31 December 2014 (Continued)

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

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

As the initial accounting for business combination was incomplete for the year ended 31 December 2014 in which the combination occurred, the Group reported provisional amounts for the items for which the accounting was incomplete in last year. However, those provisional amounts were not adjusted upon the expiry of the measurement period of 1 year and no measurement period adjustments were considered necessary for the year ended 31 December 2015.

Net cash outflow arising on acquisition

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

Impact of acquisition on the results of the Group

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

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

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

35. DEEMED DISPOSAL OF A SUBSIDIARY

For the year ended 31 December 2015

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

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

Analysis of assets and liabilities over which control was lost

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

Loss on deemed disposal of a subsidiary

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

Net cash outflow arising on deemed disposal of a subsidiary

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

35. DEEMED DISPOSAL OF A SUBSIDIARY (CONTINUED)

For the year ended 31 December 2014

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

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

Analysis of assets and liabilities over which control was lost

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

Net cash outflow on deemed disposal of a subsidiary

	RMB'000
Consideration received in cash and cash equivalents	–
Less: bank balances and cash derecognised	(5,090)
	(5,090)

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

36. OPERATING LEASES

The Group as lessee

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

	2015 RMB'000	2014 RMB'000
Within one year	**5,399**	5,220
In the second to fifth year inclusive	**11,314**	7,797
Over five years	**4,845**	1,018
	21,558	14,035

Operating lease payments represent rentals payable by the Group for certain of its properties. The leases are negotiated for terms ranging from 1 to 6 years and rentals are fixed for the terms.

The Group as lessor

The Group lets a part of its buildings under operating leases. Property rental income earned during the year was RMB16,758,000 (2014: RMB14,898,000).

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

	2015 RMB'000	2014 RMB'000
Within one year	**340**	2,039
In the second to fifth year inclusive	**1,282**	1,332
Over five years	**1,603**	1,469
	3,225	4,840

37. COMMITMENTS

	2015 RMB'000	2014 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**346,973**	393,680

Note: The Company and the Meishan Management Committee in Ningbo City, Zhejiang Province, the PRC, entered into a framework investment agreement in respect of the production project for automotive electronic products on 9 November 2015. Pursuant to the framework investment agreement, the Company intends to invest approximately RMB1billion step by step into the production project for automotive electronic products during the first phase subject to the Group's development in automotive electronic products.

38. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme:

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

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

The Group has granted a series of share options in 2008, 2011, 2012 and 2014 under the 2005 Share Option Scheme and Share Option Scheme, respectively. Approved by the Board of Directors, the Group granted share options to certain directors and employees in March 2015 under the Share Option Scheme ("2015 Options"), 30% of the granted options can be exercised on or after 1 January 2016, 30% of the granted options can be exercised on or after 1 January 2017 and the remaining 40% of options can be exercised on or after 1 January 2018. The exercise price is HK$14.08. The exercise price of each 2015 Option was determined as the highest of: (i) the closing price per share as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price per share as stated in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Share on the date of grant. Details of the share options granted were shown in the below table.

At 31 December 2015, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 54,557,000 (31 December 2014: 39,137,000), representing 4.9% (31 December 2014: 3.6%) of the shares of the Company in issue at end of the reporting period.

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38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

Details of the specific categories of options are as follows:

Option type	Date of grant	Tranche	Vesting period	Exercise period	Exercise price HK$	Fair value at grant date HK$
2011	10/06/11	A	10/06/11 to 31/01/12	01/02/12 to 12/11/16	10.89	2.99
	10/06/11	B	10/06/11 to 31/01/13	01/02/13 to 12/11/16	10.89	3.38
	10/06/11	C	10/06/11 to 31/01/14	01/02/14 to 12/11/16	10.89	3.69
2012	31/05/12	A	31/05/12 to 29/05/13	30/05/13 to 30/05/17	9.13	2.45
	31/05/12	B	31/05/12 to 29/05/14	30/05/14 to 30/05/17	9.13	2.66
	31/05/12	C	31/05/12 to 29/05/15	30/05/15 to 30/05/17	9.13	2.77
2014-I	16/01/14	A	16/01/14 to 31/05/14	01/06/14 to 31/05/19	15.84	3.99
	16/01/14	B	16/01/14 to 31/05/15	01/06/15 to 31/05/19	15.84	4.64
	16/01/14	C	16/01/14 to 31/05/16	01/06/16 to 31/05/19	15.84	4.97
	16/01/14	E	16/01/14 to 31/05/14	01/06/14 to 31/05/19	15.84	3.63
	16/01/14	F	16/01/14 to 31/05/15	01/06/15 to 31/05/19	15.84	4.43
	16/01/14	G	16/01/14 to 31/05/16	01/06/16 to 31/05/19	15.84	4.86
2014-II	16/01/14	A	16/01/14 to 31/05/15	01/06/15 to 31/05/19	15.84	4.64
	16/01/14	B	16/01/14 to 31/05/16	01/06/16 to 31/05/19	15.84	4.97
	16/01/14	C	16/01/14 to 31/05/17	01/06/17 to 31/05/19	15.84	5.22
2015 (note)	25/03/15	A	25/03/15 to 31/12/15	01/01/16 to 31/12/20	14.08	3.54
	25/03/15	B	25/03/15 to 31/12/16	01/01/17 to 31/12/20	14.08	3.91
	25/03/15	C	25/03/15 to 31/12/17	01/01/18 to 31/12/20	14.08	4.13
	25/03/15	E	25/03/15 to 31/12/15	01/01/16 to 31/12/20	14.08	3.68
	25/03/15	F	25/03/15 to 31/12/16	01/01/17 to 31/12/20	14.08	4.00
	25/03/15	G	25/03/15 to 31/12/17	01/01/18 to 31/12/20	14.08	4.19

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

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The following tables disclose movements of the Company's share options held by employees and directors during the year ended 31 December 2015 and 2014:

2015:

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

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

2014:

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

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

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$17.68 (2014: HK$15.83).

The Binomial model has been used to estimate the fair value of the 2015 Options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

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

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

Expected volatility for the 2015 Options was determined by using the historical volatility of the Company's share price over the previous 5.78 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of RMB50,922,000 (2014: RMB32,178,000) for the year ended 31 December 2015 in relation to share options granted by the Company.

39. RETIREMENT BENEFITS SCHEME

Defined contribution plans

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

The total cost charged to profit or loss of RMB64,419,000 (2014: RMB46,419,000) represents contributions paid to the retirement benefits scheme by the Group in respect of the current accounting period.

39. RETIREMENT BENEFITS SCHEME (CONTINUED)

Defined benefit plan

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2015 by Cuni, Rust & Strenk, Fellow of the Society of Actuaries in the USA. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The pension plan has been frozen since 1 January 2007.

The total cost charged to profit or loss is RMB2,364,000 (2014: RMB2,013,000), representing the net interest on the net defined benefit liability.

The actuarial valuation showed that the market value of plan assets was RMB34,997,000 (2014: RMB34,722,000) and that the actuarial value of these assets represented 61.6% (2014: 60.2%)of the benefits that had accrued to members. The shortfall of RMB21,825,000 (2014: RMB22,942,000) is to be cleared by the contributions to be made by the Group in the future years.

	2015 **RMB'000**	2014 RMB'000
Present value of funded defined benefit obligations	**56,822**	57,664
Fair value of plan assets	**(34,997)**	(34,722)
Funded status and net liability arising from defined benefit obligation	**21,825**	22,942

40. EVENT AFTER THE REPORTING PERIOD

On 23 December 2015, certain subsidiaries of the Group entered into a sale and purchase agreement with DURA Automotive Handels und Beteiligungs GmbH ("Dura"), a joint venture partner of Jiaxing Dura, pursuant to which Dura had agreed to sell and the Group had agreed to purchase 51% equity interests of Jiaxing Dura at the consideration of RMB56,415,000 after Jiaxing Dura distributed to its shareholders the undistributed profits for the four financial years from 2011 to 2014 ("the Acquisition"). Prior to the Acquisition, Jiaxing Dura was owned as to 51% by Dura and 49% by the Group. The Acquisition was completed on 28 January 2016. Upon completion, Jiaxing Dura becomes a wholly-owned subsidiary of the Group. The Directors are still in the process of assessing of the financial impact on this Acquisition.

41. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

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

Relationship with related/ connected party	Nature of transactions	2015 RMB'000	2014 RMB'000
Joint venture, in which the Company has a 49% equity interest	Sales of finished goods	**40,964**	15,772
	Sales of raw materials and moulds	**3,796**	1,623
	Purchases of raw materials and moulds	**1,620**	36,750
	Purchases of semi-finished/finished goods	**111,519**	150,166
	Property rental income	**3,722**	3,396
Joint venture, in which the Company has a 50% equity interest (note i)	Sales of finished goods	**3,921**	–
	Sales of raw materials	**12,742**	5,968
	Purchases of raw materials	**39,905**	12,388
	Purchases of finished goods	**397**	133
	Purchases of fixed assets	**10,742**	26
	Property rental income	**3,271**	1,394
A former joint venture, in which the Company has a 50% equity interest (note ii)	Sales of finished goods	**18**	N/A
	Sales of moulds	**1,075**	N/A
	Purchases of moulds	**1,579**	N/A
A former joint venture, in which the Company had a 49.82% equity interest (note iii)	Sales of finished goods	**N/A**	135,874
	Sales of raw materials and moulds	**N/A**	48,129
	Consulting service income	**N/A**	10,122
	Purchases of semi-finished/finished goods	**N/A**	397
	Interest income	**N/A**	1,777
	Property rental charges	**N/A**	3,220
Associates, in which the Company has a 49% and 35% equity interest	Sales of finished goods	**34,024**	36,758
	Sales of raw materials and moulds	**5,720**	10,990
	Purchases of raw materials	**1,411**	1,426
	Purchases of finished goods	**5,166**	7,638
	Gain (loss) from disposal of property, plant and equipment	**98**	(165)
	Purchases of property, plant and equipment	**–**	306
Non-controlling shareholders of subsidiaries (*)	Sales of finished goods	**21,880**	63,325
	Sales of raw materials and moulds	**–**	485
	Purchases of raw materials and moulds	**23,412**	50,546
	Purchases of fixed assets	**–**	6,395
	Technology support services charges	**16,067**	14,547

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

41. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

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

	2015 RMB'000	2014 RMB'000
Short-term benefits	15,291	15,199
Post-employment benefits	37	26
Share-based payments	9,894	6,396
	25,222	21,621

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

Notes:

(i) Wuhan Minth Nojima was previously a subsidiary of the Company. On 4 September 2014, the Company lost the control over Wuhan Minth Nojima and it became a joint venture of the Company. The disclosure in 2014 included the transaction amounts after the date the control lost.

(ii) TK Minth was previously a subsidiary of the Company. On 26 March 2015, the Company lost the control over TK Minth and it became a joint venture as disclosed in note 35. In addition, the Group's 50% equity interest in TK Minth was subsequently disposed of to an independent third party as disclosed in note 20. The disclosure includes the transaction amounts after the date the control lost and prior to disposal.

(iii) PTI was previously a joint venture of the Company. It became a wholly-owned subsidiary of the Company in 2014. The disclosure includes the transaction amounts before the date of acquisition.

42. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2015 and 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2015	Attributable equity interest of the Group 2014	Issued shares	Principal activities
Wealthfield Holdings Limited (Note i)	British Virgin Islands	100%	100%	US$1	Investment holding
Cheerplan Holdings Limited (Note i)	British Virgin Islands	100%	100%	US$1	Investment holding
Decade Industries Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Forecast Industries Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Mindway Holdings Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Sinoone Holdings Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Franshoke Investments Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Enboma Investments Limited	British Virgin Islands	100%	100%	US$46,000,000	Investment holding
Magic Figure Investments Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Constant Gain International Limited	British Virgin Islands	100%	100%	US$1	Investment holding
i-Sun Limited (Note ii)	British Virgin Islands	100%	N/A	US$1,988,424	Investment holding
明炻投資有限公司 (Minth Investment Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
司諾（香港）有限公司 (Sinoone (HK) Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
時銘（香港）有限公司 (Decade (HK) Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
睿途（香港）有限公司 (Mindway (HK) Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
展圖（香港）有限公司 (Cheerplan (HK) Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding

42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2015	Attributable equity interest of the Group 2014	Issued shares	Principal activities
泰琳發展有限公司 (Talentlink Development Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co., Ltd.)	the PRC as a wholly-owned foreign investment enterprise ("WOFE")	100%	100%	US$1,050,000	Manufacture, process and sales of automobile body parts
重慶長泰汽車零部件有限公司 (Chongqing Changtai Automobile Spare Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$4,200,000	Manufacture and sales of automobile body parts
廣州敏惠汽車零部件有限公司 (Guangzhou Minhui Automobile Parts Co., Ltd.)	the PRC as a foreign equity joint venture enterprise	70%	70%	US$5,350,000	Manufacture, process and sales of automobile body parts
海南精瑞汽車零部件有限公司 (Hainan Jingrui Automotive Co., Ltd.)	the PRC as a WOFE	100%	100%	US$3,000,000	Manufacture and sales of automobile body parts
嘉興敏惠汽車零部件有限公司 (Jiaxing Minhui Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$93,510,000	Manufacture and sales of automobile body parts
寧波國鴻汽車零部件有限公司 (Ningbo Guohong Automotive Co., Ltd.) (Note iii)	the PRC as a WOFE	N/A	100%	US$4,800,000	Design, manufacture, development and sales of automobile body parts
寧波信泰機械有限公司 (Ningbo Shintai Machines Co., Ltd.)	the PRC as a WOFE	100%	100%	US$27,340,000	Design, manufacture, development and sales of automobile body parts
天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.)	the PRC as a sino foreign equity joint venture enterprise	80.2%	80.2%	US$2,530,000	Manufacture and sales of automobile body parts
天津敏信機械有限公司 (Tianjin Minshin Machines Co., Ltd.)	the PRC as a WOFE	100%	100%	US$13,210,000	Research and development, design production and sales of automobile parts and related products

42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2015	2014	Issued shares	Principal activities
廣州敏瑞汽車零部件有限公司 (Guangzhou Minrui Automobile Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$16,000,000	Manufacture and sales of automobile body parts
武漢敏惠汽車零部件有限公司 (Wuhan Minhui Automobile Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$9,500,000	Manufacture and sales of automobile body parts
嘉興敏勝汽車零部件有限公司 (Jiaxing EL Triumph Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$17,700,000	Manufacture and sales of automobile body parts
上海亞昊汽車產品設計有限公司 (Shanghai Cogen Research and Design Co., Ltd.)	the PRC as a WOFE	100%	100%	US$600,000	Design of automobile exterior, interior decorative parts
重慶敏特汽車零部件有限公司 (Chongqing Minte Automobile Spare Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$5,000,000	Manufacture and sales of automobile body parts
展圖(中國)投資有限公司 (Cheerplan (China) Investments Co., Ltd.)	the PRC as a WOFE	100%	100%	US$273,310,000	Investment holding
嘉興興禾汽車零部件有限公司 (Jiaxing Xinghe Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$18,000,000	Manufacture and sales of automobile body parts
寧波敏禾機械有限公司 (Ningbo Minhe Machines Co., Ltd.)	the PRC as a WOFE	100%	100%	US$3,000,000	Design, manufacture and sales of automobile body parts
長春敏實汽車零部件有限公司 (Changchun Minth Automotive Parts Co., Ltd.)	the PRC as a sino foreign equity joint venture enterprise	55%	55%	US$5,000,000	Manufacture and sales of automobile body parts
Minth North America, Inc.	USA	100%	100%	US$15,940,000	Research and marketing development

42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2015	2014	Issued shares	Principal activities
嘉興敏實機械有限公司 (Jiaxing Minth Machines Co., Ltd.)	the PRC as a WOFE	100%	100%	US$25,000,000	Design, manufacture, development and sales of automobile body parts
銘仕國際有限公司 (Minth International Limited)	Hong Kong	100%	100%	HK$4,000,000	Import and export trading, logistics, technology import, and investment holding
寧波敏實汽車零部件技術研發有限公司 (Ningbo Minth Automotive Parts Research & Development Co., Ltd.)	the PRC as a WOFE	100%	100%	US$26,500,000	Design, manufacture, import, export of stamping dies
嘉興信元精密模具科技有限公司 (Jiaxing Shinyou Mould Tech Co., Ltd.)	the PRC as a WOFE	100%	100%	US$14,000,000	Design and manufacture of mould
嘉興敏瑞汽車零部件有限公司 (Jiaxing Minrui Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$8,000,000	Manufacture of automotive parts
Minth Japan株式會社 (Minth Japan Co., Ltd.)	Japan	100%	100%	JPY95,000,000	Act as an agent of sales of automobile body parts and purchase of raw materials
Minth Aapico (Thailand) Co., Ltd	Thailand	60%	60%	THB378,500,000	Design, manufacture, development and sales of automobile body parts
Minth Financial Limited	Hong Kong	100%	100%	HK$10,000	Bookkeeping service
寧波泰甬汽車零部件有限公司 (Ningbo Taiyong Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$32,000,000	Manufacture and sales of automobile body parts
嘉興思途汽車零部件有限公司 (Jiaxing Situ Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$8,000,000	Design, manufacture, development and sales of automobile body parts

42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2015	2014	Issued shares	Principal activities
嘉興國威汽車零部件有限公司 (Jiaxing Guowei Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$6,660,000	Design, manufacture, development and sales of automobile body parts
嘉興敏凱汽車零部件有限公司 (Jiaxing Kittel-Minth Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$50,000,000	Design, manufacture, development and sales of automobile body parts
Minth Mexico, S.A. DE C.V.	Mexico	**100%**	100%	MXN173,420,800	Design, manufacture, development and sales of automobile body parts
Minth GmbH	Germany	**100%**	100%	EUR500,000	Customer service and market development
廣州敏實汽車零部件有限公司 (Guangzhou Minth Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$30,000,000	Design, manufacture, development and sales of automobile body parts
煙臺和瑞汽車零部件有限公司 (Yantai Herui Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
江蘇和興汽車科技有限公司 (Jiangsu Hexing Automotive Technology Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$65,000,000	Design, manufacture, development and sales of welfare vehicle, development of new energy vehicle
淮安和泰汽車零部件有限公司 (Huaian Hetai Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$20,000,000	Manufacture, development and sales of automobile body parts and battery for electric vehicle
淮安和通汽車零部件有限公司 (Huaian Hetong Automotive Parts Co., Ltd.)	the PRC as a WOFE	**100%**	100%	US$12,000,000	Manufacture, development and sales of automobile body parts and motor system for electric vehicle

42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2015	2014	Issued shares	Principal activities
武漢和盛汽車零部件有限公司 (Wuhan Hesheng Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$27,000,000	Design, manufacture, development and sales of automobile body parts
嘉興和鑫汽車零部件有限公司 (Jiaxing Hexin Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$100,000	Design, manufacture and sales of automobile drive
淮安和欣日資工業園管理有限公司 (Huaian Hexin Rizi Industrial Park Management Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB2,000,000	Management consulting
武漢東海敏實汽車零部件有限公司 (Wuhan Tokai Minth Automotive Parts Co., Ltd.) (Note iv)	the PRC as a foreign equity joint venture enterprise	50%	50%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
Minth International Macau Commercial Offshore Limited	Macau	100%	100%	MOP100,000	Investment holding
嘉興和豐汽車動力電池有限公司 (Jiaxing Hefeng Vehicle Battery Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB500,000	Manufacture of car-used lithium
鄭州敏惠汽車零部件有限公司 (Zhengzhou Minhui Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB90,000,000	Design, manufacture and sales of automobile body parts
寧波和悦汽車零部件有限公司 (Ningbo Heyue Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$500,000	Wholesale of automobile body parts
北京敏實汽車零部件有限公司 (Beijing Minth Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB65,000,000	Design, manufacture, development and sales of automobile body parts
清遠敏惠汽車零部件有限公司 (Qingyuan Minhui Automotive Parts Co., Ltd.)	the PRC as a WOFE	100%	100%	US$27,300,000	Manufacture and sales of automobile body parts

42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2015	Attributable equity interest of the Group 2014	Issued shares	Principal activities
敏實投資有限公司 (Minth Investment Limited)	the PRC as a WOFE	100%	100%	US$98,000,000	Investment holding
湖州恩馳汽车有限公司 (Huzhou Enchi Automotive Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB279,000,000	Manufacture of bus and modified car
湖州敏馳汽车有限公司 (Huzhou Minchi Automotive Co., Ltd.)	the PRC as a WOFE	100%	100%	US$50,000,000	Development of pure electric vehicle, development and sales of new energy automobile body parts
嘉興裕廷房地產開發有限公司 (Jiaxing Yuting Properties Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB80,000,000	Develop and manage of ordinary real estate, property management
寧波康栢貿易有限公司 (Ningbo Kangbai Trade Co., Ltd.)	the PRC as a WOFE	100%	100%	RMB5,000,000	Wholesale of packaging materials, import and export trading
江蘇敏安電動汽車有限公司 (Jiangsu Min'an Auto Mobile Co., Ltd.) (Note v)	the PRC as a WOFE	100%	N/A	US$33,000,000	Design, development and wholesale of automobile body parts for electric vehicle
湖州格勵德驅動系統有限公司 (Huzhou Gelide Drive System Co., Ltd.) (Note v)	the PRC as a WOFE	100%	N/A	US$30,000,000	Design, development and sales of drive system for electric vehicle
Minth Automobile Part (Thailand) Co., Ltd.	Thailand	100.0%	100.0%	THB800,000,000	Manufacture and sales of automobile body parts
Minth Development (Thailand) Co., Ltd.	Thailand	100.0%	100.0%	THB85,000,000	Manufacture and sales of automobile body parts
TK Minth Mexico, S.A. de C.V. (Notes iv, vi)	Mexico	N/A	50%	MXN275,094,685	Design, manufacture, import, export and sales of automobile body parts
CST GmbH	Germany	100%	100%	EUR250,000	Polishing and bright an odisation of aluminum

42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ registration/ operations	Attributable equity interest of the Group 2015	Attributable equity interest of the Group 2014	Issued shares	Principal activities
PTI	USA	100%	100%	US$16,700,000	Manufacture of plastic injection moulding and extrusion
Minth Mexico Coating, S.A. de C.V.	Mexico	100%	100%	MXN765,732,601	Design, manufacture, import, export and sales of automobile body parts

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

Note ii Newly acquired in 2015. Details were set out in note 34.

Note iii Deregistered in 2015.

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

Note v Newly established in 2015.

Note vi Became a joint venture which was then disposed of in 2015. Details were set out in notes 20 and 35.

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

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

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

	2015 RMB'000	2014 RMB'000
Non-current assets		
Unlisted investments in subsidiaries	757,585	757,585
Furniture and equipment	197	259
	757,782	757,844
Current assets		
Amounts due from subsidiaries	3,559,193	4,191,780
Bank balances and cash	485,842	31,200
Other current assets	17,470	14,609
	4,062,505	4,237,589
Current liabilities		
Amounts due to subsidiaries	1,753,268	1,108,750
Other payables	9,116	6,622
Borrowings	1,917,282	2,344,012
Derivative financial liabilities	9,546	531
	3,689,212	3,459,915
Net current assets	373,293	777,674
Total assets less current liabilities	1,131,075	1,535,518
Capital and reserves		
Share capital	111,570	110,801
Share premium and reserves	965,065	1,424,717
Total equity	1,076,635	1,535,518
Non-current liabilities		
Borrowings	54,440	–
	1,131,075	1,535,518

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

Movement in reserves of the Company was set forth below:

	Share capital RMB'000	Special reserve RMB'000	Other reserve RMB'000	Share options reserve RMB'000	Share premium and retained profits RMB'000	Total RMB'000
At 1 January 2014	110,342	410,321	5,218	88,194	1,306,683	1,920,758
Total comprehensive expense for the year	–	–	–	–	(72,939)	(72,939)
Recognition of share-based payments	–	–	–	32,178	–	32,178
Dividends recognised as distribution	–	–	–	–	(394,019)	(394,019)
Transfer to other reserve for share options forfeited after the vesting date	–	–	1,305	(1,305)	–	–
Exercise of share options	459	–	–	(16,188)	65,269	49,540
At 31 December 2014	110,801	410,321	6,523	102,879	904,994	1,535,518
Total comprehensive expense for the year	–	–	–	–	(143,024)	(143,024)
Recognition of share-based payments	–	–	–	50,922	–	50,922
Dividends recognised as distribution	–	–	–	–	(450,581)	(450,581)
Transfer to other reserve for share options forfeited after the vesting date	–	–	751	(751)	–	–
Exercise of share options	769	–	–	(26,788)	109,819	83,800
At 31 December 2015	**111,570**	**410,321**	**7,274**	**126,262**	**421,208**	**1,076,635**

44. SIGNIFICANT EVENT

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

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

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

The Directors are of the opinion that Magic Figure and Talentlink HK have been subsidiaries of the Company since completion of the Acquisition and that the SFC petition does not have any significant impact on the consolidated financial statements of the Group for the year ended 31 December 2015.

The first three directions hearings in connection with the SFC petition took place on 9 July 2014, 31 October 2014 and 11 February 2015, respectively. As of the end of the reporting period, there have been no changes to the facts and circumstances since those hearings. The Company does not know when the court will deal with the substantive claims in this matter.