CHANGFENG AXLE (CHINA) COMPANY LIMITED
暢豐車橋(中國)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1039)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHT

- Revenue decreased by approximately 45.3% from approximately RMB920.7 million for the year ended 31 December 2011 to approximately RMB503.8 million for the year ended 31 December 2012.

- The Group recorded a loss of RMB460.7 million for the year ended 31 December 2012 as compared to a profit of RMB59.6 million for the year in 2011.

- Net cash generated from operating activities amount to RMB56.6 million for the year ended 31 December 2012 as compared to net cash used in operating activities of RMB301.6 million for the year in 2011.

- The Board does not recommend the payment of any final dividend from the year ended 31 December 2012.

The board (the "**Board**") of directors (the "**Directors**") of Changfeng Axle (China) Company Limited (the "**Company**") is pleased to announce its annual audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012**	2011
		RMB'000	*RMB'000*
Revenue	*3*	**503,841**	920,681
Cost of sales		**(415,512)**	(668,588)
Gross profit		**88,329**	252,093
Other income (expense) and other gains and losses	*4*	**(54,391)**	7,680
Selling and distribution expenses		**(28,194)**	(26,044)
Research and development expenditure		**(70,236)**	(13,857)
Administrative expenses		**(64,872)**	(63,851)
Impairment loss on trade receivables	*11*	**(154,892)**	(48,700)
Impairment losses recognised in respect of property, plant and equipment		**(136,000)**	–
Finance costs	*5*	**(39,379)**	(25,900)
(Loss) profit before tax	*6*	**(459,635)**	81,421
Taxation	*7*	**(1,103)**	(21,775)
(Loss) profit and total comprehensive (expense) income for the year		**(460,738)**	59,646
(Loss) profit and total comprehensive (expense) income attributable to:			
Owners of the Company		**(459,351)**	59,767
Non-controlling interests		**(1,387)**	(121)
		(460,738)	59,646
		RMB	*RMB*
Basic (loss) earnings per share	*8*	**(0.57)**	0.07

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	NOTES	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**578,176**	612,475
Prepaid lease payments		**297,730**	294,736
Prepayment for acquisition of machinery		**18,899**	42,708
Prepayment for acquisition of land use right and buildings		–	49,750
Deferred tax assets		**37**	1,003
		894,842	1,000,672
CURRENT ASSETS			
Inventories	*10*	**278,733**	323,742
Trade receivables	*11*	**255,397**	483,412
Bills receivables	*11*	**108,818**	218,247
Other receivables	*11*	**136,534**	135,721
Prepaid lease payments		**6,236**	6,203
Income tax recoverable		**2,439**	44
Available-for-sales investments		–	1,000
Held for trading investments		**20,000**	-
Pledged bank deposits		–	2,100
Bank balances and cash		**61,872**	134,450
		870,029	1,304,919
CURRENT LIABILITIES			
Trade and bills payables	*12*	**100,193**	187,865
Other payables		**65,372**	53,933
Amount due to a director		–	1,500
Borrowings – due within one year		**498,560**	447,968
Income tax payable		**531**	3,785
		664,656	695,051
NET CURRENT ASSETS		**205,373**	609,868
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,100,215**	1,610,540
NON-CURRENT LIABILITIES			
Borrowings – due after one year		–	47,960
		1,100,215	1,562,580
CAPITAL AND RESERVE			
Share capital		**53,560**	53,560
Reserves		**1,008,089**	1,469,067
Equity attributable to owners of the Company		**1,061,649**	1,522,627
Non-controlling interests		**38,566**	39,953
		1,100,215	1,562,580

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
(Loss) profit before tax	**(459,635)**	81,421
Adjustments for:		
Impairment loss on trade receivables	**154,892**	48,700
Depreciation of property, plant and equipment	**36,604**	31,821
Finance costs	**39,379**	25,900
Release of prepaid lease payments	**6,236**	6,144
Impairment loss recognised in respect of property, plant and equipment	**136,000**	–
Loss from disposal of property, plant and equipment	**12,794**	2,488
Interest income	**(749)**	(1,744)
Operating cash flows before movements in working capital	**(74,479)**	194,730
Decrease (increase) in inventories	**45,009**	(33,455)
Decrease (increase) in trade receivables	**73,123**	(141,646)
Decrease (increase) in bills receivables	**63,191**	(218,177)
Increase in other receivables	**(813)**	(51,335)
Decrease in trade and bill payables	**(41,434)**	(1,612)
Decrease in other payables	**(548)**	(1,453)
Purchase of shares for purpose of awarded shares compensation scheme	**(1,627)**	–
Cash generated from (used in) operations	**62,422**	(252,948)
Income tax paid	**(5,786)**	(48,669)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**56,636**	(301,617)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(63,219)**	(141,301)
Prepayment for acquisition of machinery	**(52,191)**	(5,761)
Purchase of held for trading investments	**(20,000)**	–
Payment of prepaid lease payments	**(9,263)**	(30,616)
Placement of pledged bank deposits	**(2,517)**	(30,859)
Release of pledged bank deposits	**4,617**	30,936
Disposal of available-for-sale investment	**1,000**	–
Proceeds on disposal of property, plant and equipment	**107**	1,991
Interest received	**749**	1,744
Refund of (prepayment for) deposit for acquisition of land use right and buildings	**49,750**	(49,750)
NET CASH USED IN INVESTING ACTIVITIES	**(90,967)**	(223,616)

	2012 *RMB'000*	2011 *RMB'000*
FINANCING ACTIVITIES		
Repayments of borrowings	**(523,920)**	(388,499)
Interest paid	**(39,379)**	(25,900)
Repayment to a director	**(1,500)**	–
New borrowings raised	**526,552**	555,977
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(38,247)**	141,578
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(72,578)**	(383,655)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**134,450**	518,105
CASH AND CASH EQUIVALENTS AT THE END OF YEAR, represented by bank balances and cash	**61,872**	134,450

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability in the Cayman Islands. Its immediate and also its ultimate holding company is Changfeng Axle Holdings Ltd. (incorporated in the British Virgin Islands), which 50.6% equity interest is held by Wong Kwai Mo and Wu Ching equally. The Company's shares were listed on the Stock Exchange of Hong Kong Limited with effect from 24, September 2010. The address of the Company's registered office is at Room 708, 7/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Group are manufacture and sale of axle and related components in the People's Republic of China ("PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), which is also 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 ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets; and
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets
Amendments to HKFRS 7 Disclosures	Transfers of Financial Assets

The Group has applied for the first time the amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has arrangements with various banks to transfer to the banks its contractual rights to receive cash flows from certain trade receivables. The arrangements are made through discounting those receivables to banks on a full recourse basis. Specifically, if the trade receivables are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing. The relevant disclosures have been made regarding the transfer of these trade receivables on application of the amendments to HKFRS 7. In accordance with the transitional provisions set out in the amendments to HKFRS 7, the Group has not provided comparative information for the disclosures required by the amendments.

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.

New and revised HKFRS issued but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2013.

2 Effective for annual periods beginning on or after 1 January 2014.

3 Effective for annual periods beginning on or after 1 January 2015.

4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

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

The directors anticipate that the adoption of HKFRS 9 in the future do not have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK(SIC) – Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. However, the directors anticipate that the application of these five standards do not have significant effect on the Group.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

The directors anticipate that the new or revised HKFRSs, other than those set out above, will have no material impact on the results and the financial position of the Group.

BASIS OF PREPARATION

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

In preparing the consolidated financial statements of the Company, the directors recognise that although the Group had a net current asset position of RMB205,373,000 as at 31 December 2012, the Group recorded a net loss of RMB460,738,000 for the year then ended. In addition, the Group had bank borrowings due within one year of approximately RMB498,560,000 as at 31 December 2012. The directors are of the opinion that the existing banking facilities could be successfully renewed upon maturity based on the past history and good relationships of the Group with the banks.

Subsequent to the end of the reporting period, the Group had renewed facilities on their expiry to the extent of approximately RMB159,000,000 in full. Taking into account the availability of the Group's banking facilities, together with expected net cash inflows generated from the Group's business operations, the directors believe that the Group will have sufficient working capital for its present requirements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. REVENUE AND SEGMENT INFORMATION

(a) Products within each operating segment

The segment information reported was presented based on the types of products and the types of customers to which the products are sold, which is consistent with the internal information that is regularly reviewed by the directors of the Company, who are the chief operating decision makers of the Group, for the purposes of resource allocation and assessment of performance.

The Group has two reportable operating segments as follows:

- OEM and related market-manufacturing and selling of axle assemblies and axle components to heavy duty truck and middle duty truck manufacturers and other assembly manufacturers.

- Aftermarket-manufacturing and selling of axle components and axle assemblies to market for providing after-sales services.

(b) Segment revenue and results

	Segment revenue		Segment results	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
OEM and related market	**264,493**	382,610	**45,134**	97,111
Aftermarket	**239,348**	538,071	**43,195**	154,982
External revenue/segment result	**503,841**	920,681	**88,329**	252,093
Other income (expense) and other gains and losses			**(54,391)**	7,680
Selling and distribution expenses			**(28,194)**	(26,044)
Research and development expenditure			**(70,236)**	(13,857)
Administrative expenses			**(64,872)**	(63,851)
Impairment loss on trade receivables *(note)*			**(154,892)**	(48,700)
Impairment loss recognised in respect of property, plant and equipment			**(136,000)**	–
Finance costs			**(39,379)**	(25,900)
(Loss) profit before tax			**(459,635)**	81,421
Taxation			**(1,103)**	(21,775)
(Loss) profit and total comprehensive (expense) income for the year			**(460,738)**	59,646

Revenue reported above represents revenue generated from external customers. There was no inter-segment sales during the year.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the gross profit of each operating segment. This is the measure reported to the directors of the Company for the purposes of resources allocation and performance assessment.

Note: The amount consisted of an impairment loss on trade receivables for the OEM and related market of RMB34,820,000 (2011: RMB12,098,000) and trade receivables for aftermarket of RMB120,072,000 (2011: RMB36,602,000).

(c) Segment assets

	Assets	
	2012	2011
	RMB'000	*RMB'000*
OEM and related market	**71,992**	130,758
Aftermarket	**183,405**	352,654
Total of all segments	**255,397**	483,412
Unallocated	**1,509,474**	1,822,179
Consolidated assets	**1,764,871**	2,305,591

Segment assets represent trade receivables.

Segment liabilities are not presented as liabilities are generally incurred for all operating segments and not presented to the directors for performance assessment and resource allocation.

(d) Geographical information

The Group principally operates in the PRC (country of domicile of the operating subsidiaries). All non-current assets of the Group are located in the PRC.

All of the Group's revenue from external customers is attributed to the group entities' countries of domicile (i.e. the PRC).

(e) Information about major customers

None of individual customer of the Group contributed over 10% or more of the Group's revenue during each of the years ended 31 December 2012 and 2011.

4. OTHER INCOME (EXPENSE) AND OTHER GAINS AND LOSSES

	2012	2011
	RMB'000	*RMB'000*
Government grant *(note)*	**6,176**	5,556
Income from suppliers on defects claim	**1,590**	3,095
Bank interest income	**749**	1,744
Loss from disposal of property, plant and equipment	**(12,794)**	(2,488)
Net foreign exchange loss	**(51)**	(339)
Sale of scrap materials	**(55,167)**	–
Others	**5,106**	112
	(54,391)	7,680

Note: The amounts primarily represented incentives granted by local authorities to the group entities located in the PRC for the eminent contribution of tax payment, encouragement of its business development and refund of various taxes paid, award of being successfully listed on the Main Board of Hong Kong Stock Exchange. These grants are accounted for as immediate financial support and award with no future related costs expected to be incurred nor related to any assets.

5. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings wholly repayable within five years	**38,365**	24,805
Other borrowings wholly repayable within five years	**1,014**	1,095
	39,379	25,900

6. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging:

	2012	2011
	RMB'000	*RMB'000*
Employee benefits expenses (including directors):		
– salaries and other benefits	**62,599**	65,109
– retirement benefit scheme contributions	**7,478**	8,406
Total staff costs (included RMB41,962,000 (2011: RMB45,351,000) in cost of sales, RMB3,906,000 (2011: RMB3,778,000) in selling and distribution expenses, RMB1,140,000 (2011: RMB1,798,000) in research and development expenditure, and RMB23,069,000 (2011: 22,588,000) in administrative expenses)	**70,077**	73,515
Depreciation of property, plant and equipment	**36,604**	31,821
Release of prepaid lease payments	**6,236**	6,144
Auditors' remuneration	**1,582**	1,476
Cost of inventories recognised as expenses		
– included in cost of sales	**413,128**	645,367
– included in research and development expenditure	**68,761**	11,859

7. TAXATION

	2012	2011
	RMB'000	*RMB'000*
Tax expense comprises:		
Current tax expense	**137**	22,937
Underprovision in prior year	**–**	706
Deferred taxation	**966**	(1,868)
	1,103	21,775

The income tax expense for the year represents the PRC Enterprise Income Tax which is calculated at the prevailing tax rate of 25% on the taxable income of the group entities in the PRC for the years ended 31 December 2012 and 2011.

The Company was incorporated in the Cayman Islands and is not subject to any income tax.

Fujian Changfeng Axle Manufacturing Co., Ltd. ("Fujian Changfeng"), a wholly owned subsidiary of the Company, was established in the PRC.

In accordance with Foreign Enterprise Income Tax ("FEIT") Laws of the PRC, Fujian Changfeng was approved to be exempted from FEIT for two years starting from its first profit making year since its establishment and followed by a 50% tax relief for the next three years. The fully exempted financial years of Fujian Changfeng were the year ended 31 December 2007 and 2008, respectively. Fujian Changfeng continues to enjoy the preferential tax treatment of 12.5% tax rate for each of the years from 2009 to 2011. Thereafter, the tax rate resumed to 25% in 2012.

Longyan Shengfeng Machinery Manufacturing Co., Ltd. ("Longyan Shengfeng") and Kaifeng Changfeng Axle Co., Ltd. ("Kaifeng Changfeng") obtained the certificate of High and New Technology Enterprise in 2010 and the applicable tax rate is 15% for both of the year ended 31 December 2011 and 2012.

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

	2012	2011
	RMB'000	*RMB'000*
(Loss) profit before tax	**(459,635)**	81,421
Tax at the domestic income tax rate of 25%	**(114,909)**	20,355
Tax effect of expenses not deductible for tax purpose	**36,838**	5,796
Tax effect of deductible temporary difference not recognised	**38,723**	12,175
Tax effect of tax losses not recognised	**40,451**	4,051
Utilisation of tax losses previously not recognised	**–**	(117)
Underprovision in prior year	**–**	706
Effect of tax concessions granted to PRC subsidiaries	**–**	(21,191)
	1,103	21,775

Under the New Tax 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 been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated distributable profits of the PRC subsidiaries amounting to approximately RMB300,414,000 and RMB532,631,000 for the year ended at 31 December 2012 and 2011 respectively, as the Company is able to control the timing of the reversal of temporary differences and it is probable the temporary differences will not reverse in the foreseeable future.

As at 31 December 2012, the Group had deductible temporary difference of RMB197,643,000 (2011: RMB48,700,000) attributable to the impairment loss on trade receivables. No deferred tax asset has been recognised in relation to such deductible temporary difference as, in the opinion of directors, the utilisation of such temporary difference is remote.

8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2012	2011
	RMB'000	*RMB'000*
(Loss) earnings for the purposes of basic (loss) earnings per share		
(Loss) profit for the year attributable to owners of the Company	**(459,351)**	59,767

	2012	2011
Number of shares		
Number of ordinary shares for the purposes of basic (loss) earnings per share	**800,000,000**	800,000,000

No diluted (loss) earnings per share is presented as the Company did not have any potential ordinary shares in issue during both years or at the end of each reporting period.

9. DIVIDENDS

No dividend was paid or declared by the Company during the years ended 31 December 2012 and 2011.

10. INVENTORIES

	2012	2011
	RMB'000	*RMB'000*
Raw materials	**119,150**	111,027
Work-in-progress	**86,796**	80,423
Finished goods	**72,787**	132,292
	278,733	323,742

11. TRADE, BILLS AND OTHER RECEIVABLES

Trade and other receivables comprise the following:

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**453,040**	532,112
Less: impairment loss on trade receivables	**(197,643)**	(48,700)
	255,397	483,412
Bills receivable	**108,818**	218,247
Other receivables	**13,313**	6,321
Advances to suppliers	**88,783**	100,795
Prepaid expenses	**1,978**	3,057
VAT-in recoverable	**32,460**	25,548
Total trade and other receivables	**500,749**	837,380

At the end of the reporting period, trade receivables with outstanding amount of RMB58,369,000 (2011: RMB73,739,000) have been factored to certain banks. The Group continues to present the factored trade receivables as trade receivables until maturity.

At the end of the reporting period, bills receivable with outstanding amount of RMB55,266,000 (2011: RMB101,504,000) have been endorsed to certain creditors. The Group continues to present the endorsed bills as bills receivable until maturity.

The Group allows an average credit period of 90-120 days to its trade customers. The aging analysis of trade receivables and bills receivable is presented based on the invoice date at the end of the reporting period.

The aging of trade receivables (net of impairment loss on trade receivables) is presented based on the invoice date, which approximated the respective revenue recognition date as follows:

	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**100,367**	115,713
91 to 120 days	**11,242**	42,149
121 to 180 days	**40,937**	119,234
180 to 365 days	**72,889**	199,292
Over 365 days	**29,962**	7,024
	255,397	483,412

The aging of bills receivable is as follows:

	2012	2011
	RMB'000	*RMB'000*
0 to 90 days	**91,670**	173,021
91 to 120 days	**8,698**	31,093
121 to 180 days	**8,450**	14,133
	108,818	218,247

Before accepting any new customers, the Group has assessed the potential customer's credit quality and defined credit limit of each customer. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the committee of the Group that is responsible for understanding of background, financial strength, sales and repayment of each debtor, regularly reviewed on the recoverability of trade receivables.

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately RMB155,030,000 and RMB367,699,000 at 31 December 2012 and 2011, respectively, which are past due for which the Group has not provided for impairment loss as continous business relationship and subsequent settlement of RMB57,300,000 is noted from those debtors and amounts are still considered recoverable based on historical experience.

Aging of trade receivables which are past due but not impaired:

	2012	2011
	RMB'000	*RMB'000*
91 to 120 days	**11,242**	42,149
121 to 180 days	**40,937**	119,234
181 to 365 days	**72,889**	199,292
Over 365 days	**29,962**	7,024
	155,030	367,699

Movement in the impairment loss on trade receivables

	2012	2011
	RMB'000	*RMB'000*
1 January	**48,700**	–
Impairment loss recognised on receivables	**154,892**	48,700
Amounts recovered during the year	**(5,949)**	–
31 December	**197,643**	48,700

Included in the impairment loss on trade receivables are individually impaired trade receivables with an aggregate balance of RMB197,643,000 (2011:RMB48,700,000) which have delayed payments or ceased business relationship.

12. TRADE, BILLS AND OTHER PAYABLES

Trade and other payables comprise the following:

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**100,193**	167,765
Bills payable	**–**	20,100
	100,193	187,865
Advances from customers	**12,997**	5,321
Payables for property, plant and equipment	**7,155**	19,142
Payroll and welfare payables	**7,761**	4,415
Warranty accrual *(note)*	**1,065**	1,088
Other accruals	**20,586**	13,704
Other tax payable	**8,935**	5,659
Other payables	**6,873**	4,604
	165,565	241,798

Note: Movement of warranty provision is as follows:

	Warranty provision
	RMB'000
At 1 January 2011	1,039
Additional provision in the year	8,682
Utilisation of provision	(8,633)
At 31 December 2011	1,088
Additional provision in the year	8,194
Utilisation of provision	(8,217)
At 31 December 2012	1,065

At 31 December 2012 and 2011, the warranty provision represents management's best estimate of the Group's liability under 6-month warranty granted on products, based on prior experience and industry practice for defective products.

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

	2012	2011
	RMB'000	*RMB'000*
Within 30 days	**16,790**	70,153
31 to 60 days	**3,491**	35,916
61 to 90 days	**3,057**	31,972
91 to 180 days	**11,250**	11,790
181 to 365 days	**10,339**	17,934
	44,927	167,765

The following is an aging analysis of bills payable, presented based on issuance date, at the end of each reporting period:

	2012	2011
	RMB'000	*RMB'000*
Within 30 days	**10,810**	–
31 to 60 days	**13,760**	–
61 to 90 days	**17,249**	–
91 to 180 days	**13,447**	20,100
	55,266	20,100

Trade payables and bills payable principally comprise amounts outstanding for purchase of goods. The credit period for purchase of goods is between 30 to 180 days.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU ON THE PRELIMINARY ANNOUNCEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading independent axle component provider for China's medium duty truck ("MDT") and heavy duty truck ("HDT") aftermarket, and also one of the largest independent axle assembly providers for China's MDT and HDT original equipment manufacturers ("OEM") market. The Group is principally engaged in the manufacture and sales of axle assemblies and axle components in the People's Republic of China ("PRC").

The Group's products cover all major axle components, including cast steel and punched steel axle housings, brake drums, axle shafts, axle differentials and reductors, steering knuckles and front axle beams. An extensive range of front, middle and rear axle assemblies and suspension assemblies are also manufactured.

In December 2012, Kaifeng Changfeng Axle Company Limited ("**Kaifeng Changfeng**"), a wholly owned subsidiary of the Company, has achieved a new milestone for the Group by obtaining accreditation as a supplier of the train bolster and train side frame to the Commonwealth of Independent States ("**CIS**") and setting the platform for the Group's entrance into the international railway industry. Through the effort of the casting experts and breakthrough in the casting process of the Group, Kaifeng Changfeng has obtained the Authentication of Production Certificate (the "**Certificate**") from the Authority of The Republic of Belarus to manufacture the train bolster and train side frame (the "**train components**"). The Certificate is valid for five years. Upon obtaining the Certificate, Kaifeng Changfeng became a qualified supplier of train components in the CIS and is capable of supplying such train components to the CIS countries. For further details regarding the Certificate, please refer to the announcement of the Company dated 11 December 2012.

The Group has four production facilities in the PRC, one of which is located in Kaifeng city, Henan province, two of which are located in Longyan city, Fujian province and one of which is located in Nanchong city, Sichuan province. Those production facilities are strategically located in proximity to primary suppliers and OEM customers so as to accelerate the Group's procurement process, reduce product delivery time and transportation costs and improve logistical efficiency to meet customers' demands.

MDT and HDT Aftermarket

The Group is the leading independent axle component provider for China's MDT and HDT aftermarket with the most diversified product offerings among independent axle component providers in China. During the year ended 31 December 2012, the axle components were sold to customers in the aftermarket through its extensive sales, marketing and services network across the PRC. For the year ended 31 December 2012, revenue generated from the aftermarket amounted to approximately RMB239.3 million (2011: approximately RMB538.1 million) and accounted for approximately 47.5% (2011: approximately 58.4%) of the Group's total revenue, representing a decrease of approximately 10.9% as compared with the corresponding period last year.

MDT and HDT OEM market

The Group primarily sells axle assemblies directly to OEMs in the PRC on a made-to-order basis to match its customers' specification requirements. A small portion of axle components is occasionally sold to other axle assembly providers. For the year ended 31 December 2012, revenue from the OEM market amounted to approximately RMB264.5 million (2011: approximately RMB382.6 million) and accounted for 52.5% (2011: 41.6%) of the Group's total revenue, representing an increase of 10.9% as compared with the corresponding period last year.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2012, the Group recorded a consolidated revenue of approximately RMB503.8 million (2011: approximately RMB920.7 million), representing a decrease of 45.3% as compared with the same period in 2011.

Revenue from the Group's aftermarket segment decreased by approximately 55.5% from RMB538.1 million in 2011 to RMB239.3 million in 2012. The decrease in revenue was mainly due to (i) less favorable industry environment caused by the slow down of construction and infrastructure development projects in China, which hampered the demand in the aftermarket industry; and (ii) decrease in unit selling price of certain products under keen competition in the aftermarket industry. The keen competition in the aftermarket industry was mainly due to the slow down of demand in axle components industry and tightening of the credit policy in China, as a result some of the competitors sold their products at a low cost in order to maintain cashflow liquidity.

Revenue from the Group's OEM and related market segment decreased by approximately 30.9% from RMB382.6 million in 2011 to RMB264.5 million in 2012. This was mainly due to the decline in growth rate in the trucking industry together with the delay in the launch of new trucks.

Gross profit and gross profit margin

For the year ended 31 December 2012, the Group's gross profit decreased by 65% from approximately RMB252.1 million in 2011 to approximately RMB88.3 million. Gross profit margin decreased from approximately 27.4% in 2011 to approximately 17.5% in 2012 mainly due to the decrease in average unit selling price under the keen competition in selling prices in the truck industry, which increased the Group's pressure on the gross profit margin of the Company.

Other income and other gains and losses

Other income of the Group decreased from approximately RMB7.6 million in 2011 to other losses of approximately RMB54.4 million in 2012, the decrease was mainly attributable to the loss on sale of scrap materials and loss from disposal of property, plant and equipment.

Selling and distribution expenses

Selling and distribution expenses of the Group increased from approximately RMB26 million in 2011 to approximately RMB28.2 million in 2012. The increase was mainly due to the exploration of new customers, especially the new train and railway business to Russia.

Research and development expenditure

Research and development expenditure of the Group increased from approximately RMB13.8 million in 2011 to approximately RMB70.2 million in 2012. The increase was mainly due to the research and development in the Group's new train and railway business. As stated above, with the Group's strong presence in research and development, the Group has obtained the requisite Certificate from the Authority of the Republic of Belarus to manufacture and train bolster and train side frame in December 2012.

Administrative expenses

The Group's administrative expenses increased from approximately RMB63.9 million in 2011 to approximately RMB64.9 million in 2012. The increase in administrative expenses was mainly due to the increase in expenses incurred for operation of the new train and railway business to Russia.

Finance costs

The Group incurred finance costs of approximately RMB39.4 million in 2012, which represented approximately 7.8% (2011: approximately 2.8%) of its revenue and an increase of approximately 52.0% from RMB25.9 million in 2011. The increase was mainly due to the increase in average bank borrowing throughout year 2012.

Taxation

Tax charge decreased by approximately 95% from RMB21.8 million in 2011 to RMB1.1 million in 2012 due to the decreased profit during the year under review.

LIQUIDITY AND FINANCIAL RESOURCES

Summary of consolidated cash flow statement

	2012	2011
	RMB'000	*RMB'000*
Cash and cash equivalent at 1 January	**134,450**	518,105
Net cash from (used in) operating activities	**56,636**	(301,617)
Net cash used in investing activities	**(90,967)**	(223,616)
Net cash (used in) from financing activities	**(38,247)**	141,578
Cash and cash equivalent at 31 December	**61,872**	134,450

Cash and cash equivalent of the Group were mainly generated from the cash flow deriving from operating activities and financing activities.

As at 31 December 2012, cash and cash equivalent of the Group was approximately RMB61.9 million (2011: approximately RMB134.4 million).

As compared with the year of 2011, cash and cash equivalent decreased by approximately RMB72.5 million, which was mainly resulted from the net cash outflow for investing activities of approximately RMB91.0 million (2011: approximately RMB223.6 million).

As at 31 December 2012, net current assets of the Group was approximately RMB205.4 million (2011: approximately RMB609.9 million). As at 31 December 2012, the current ratio (i.e. total current assets / total current liabilities) of the Group was approximately 130.9% (2011: approximately 187.7%).

As at 31 December 2012, total assets of the Group were approximately RMB1,764.9 million (2011: approximately RMB2,305.6 million) and total liabilities were approximately RMB664.7 million (2011: approximately RMB743.0 million). As at 31 December 2012, the debt ratio (i.e. total liabilities/ total assets) was 37.7% (2011: 32.2%).

As at 31 December 2012, the Group had total borrowings of approximately RMB498.6 million (2011: approximately RMB495.9 million) and the gearing ratio (i.e. total borrowing/total capital and reserve) was approximately 45.3% (2011: approximately 31.7%).

The Group will continue to strengthen its liquidity and financial resources through the improvement of the working capital (especially collection of trade receivables) and undrawn committed facilities to facilitate the Group's investment activities.

Trade and bills receivable

Trade and bills receivables of the Group in 2012 were approximately RMB364.2 million (2011: RMB701.7 million). The decrease in balance was due to the decrease in revenue, strengthen of the collection process through closely monitor of those debtors and impairment loss on trade receivables.

Inventory

The inventory balance of the Group for the year ended 31 December 2012 amounted to approximately RMB278.7 million (2011: approximately RMB323.7 million) which mainly reflected the decrease in raw materials and finished goods required for the decrease in market demand.

Trade and bills payable

Trade and bills payables of the Group in 2012 were approximately RMB100.2 million (2011: approximately RMB187.9 million). The decrease in balance was due to the decrease in procurement of raw materials.

Pledged assets

As at 31 December 2012, the Group has pledged assets of approximately RMB284.2 million (2011: approximately 269.6 million) to secure the grant of banking facilities. As at 31 December 2012, the Group did not pledge the equity shares of any of its PRC subsidiaries as collateral to secure bank borrowings (2011: Nil).

Contingent Liabilities

As at 31 December 2012, the Group had no significant contingent liabilities (2011: Nil).

Capital commitment

As at 31 December 2012, the contracted capital commitment of the Group which were not provided in the financial statements amounted to approximately RMB28.6 million (2011: approximately RMB13.8 million). Such capital commitments were mainly for the capital expenditure in respect of upgrading and acquisition of certain production equipment at our production facilities.

In 2011, Changfeng Gear Manufacturing Co., Ltd ("**Changfeng Gear**") was incorporated pursuant to the cooperation agreement entered into by and between the Group and an independent third party on 11 November 2010, pursuant to which the Group and an independent third party, being the non-controlling shareholder of Changefeng Gear, owns as to 60% and 40% of the equity interest of Changfeng Gear, respectively. The Group made a cash contribution of RMB60,000,000 to Changfeng Gear whilst the non-controlling shareholder contributed new machineries with an aggregate value of RMB40,000,000 to Changefeng Gear. The Group and the non-controlling shareholder were committeed to inject an additional amount of RMB60,000,000 and RMB40,000,000, respectively in the year 2012. However, due to change in development plan, on 31 December 2012, the Group and the non-controlling shareholder entered into a supplemental agreement to postpone the capital injection schedule to 31 December 2013. For further details regarding the supplemental agreement, please refer to the announcement of the Company dated 31 December 2012.

Employees and remuneration policy

As at 31 December 2012, the Group had 1,837 employees (2011: 1,867 employees). For the year ended 31 December 2012, total staff costs were approximately RMB70.0 million (2011: approximately RMB73.5 million). The Group's staff costs remained relatively stable in the year ended 31 December 2012 as compared to the corresponding period in 2011.

During the year under review, the Group also provided internal training, external training and correspondence courses for its staff in order to promote self improvement and enhancement of skills relevant to work. The remuneration of the Directors was determined with reference to their position, responsibilities and experience and prevailing market conditions.

Foreign exchange risk

The business of the Group is mainly located in the PRC and most of the transactions are denominated in Renminbi. Most of the assets and liabilities of the Group are computed in Renminbi. As at 31 December 2012, the Group's foreign currencies amounted to approximately RMB1.7 million (2011: 6.8 million). During the year ended 31 December 2012, the Group did not utilize any future contracts, currency borrowings and otherwise to hedge against its foreign exchange risk. However, the Group will continue to monitor the risk exposures and will consider to hedge against material currency risk if required.

DIVIDEND

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

PROSPECTS

Having faced with the increasing uncertainty in the global economic situation and fierce competition in the China truck market, the Company expects business to continue to be challenging in year 2013. To ensure the sustaintable success, the Group's management has formulated various strategies and measures to cope with these challenges. The strategies and measures include diversifying the range of the Group's casting and punching products in other industry, exploring the opportunities in overseas market and improvement of the Group's product quality management program.

Looking forward, in light of the Group's (i) recognition in the overseas train and railway industry; (ii) extensive sales, marketing and services network among all axle component providers in the aftermarket; (iii) diversified axle component offerings well recognized for high quality by customers; and (iv) role as an independent provider of axle products in both the aftermarket and OEM market, enhancing the cross-marketing capabilities and maximising the sales and profit, the Group strive to strengthen its position in the railway and truck industry, to further expand its product offerings in China, CIS and overseas market.

The Group will further enhance the following aspects in order to increase its competitiveness within the market in the upcoming years.

Expansion to overseas markets

In order to expand gradually into other overseas markets in anticipation of overseas demand for the Group's products (both railways and truck components), the Company will leverage its broad range of quality product offerings, product development capabilities and cost competitiveness, the Group are well positioned to expand sales of its products into other overseas markets. The Group will implement its overseas expansion plan gradually through a variety of efforts, including:

- exploring the new markets for its train and railway products;
- diversifying and developing the new casting and punching products to satisfy the customer requirements in various industries and countries;
- developing new product models or modifying its existing products to satisfy the specification requirements of different types and models of vehicles used overseas; and
- increasing the sales of its customized axle assemblies in the overseas OEM market, upon identifying potential OEM customers who may have a need for customized axle assemblies.

Cost Control

The Group will make use of its four production facilities located in the PRC which form an even broader strategic production and distribution network for its products, so as to efficiently control the production cost and logistic cost. Besides, the Group will consolidate functional departments and production lines to lower its administrative and production cost. Furthermore, the Group will strategically cooperate with suppliers in order to lengthen the credit terms and reduce the purchase price.

Marketing Network

In order to enhance its market penetration of the train and railway industry, MDT industry and HDT aftermarket, the Group will (i) expand its overseas and local market by selling components with higher margin with a view to increase subsequent demand for their corresponding products; (ii) expand its extensive sales, marketing and services network vertically and horizontally; and (iii) provide comprehensive models and products offerings, with its strong brand recognition.

Product Development

In order to increase the Group's production efficiency and improve its product development capabilities, the Group strategically cooperates with various research institutions in the PRC. Under such cooperations, new technology and raw materials will be developed for the production of railway and axle components.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Company's shareholders. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for shareholders.

During the year ended 31 December 2012, the Company has complied with the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 7 June 2013. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4 June 2013 to Friday, 7 June 2013, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Friday, 7 June 2013, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 3 June 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its listed shares during the year ended 31 December 2012. Neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed shares of the Company during the year ended 31 December 2012.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions. Specific enquiries have been made with all Directors, who have confirmed and declared that, during the year ended 31 December 2012, they were in compliance with all the required provisions set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the Board. The members meet regularly with the external auditors and the Company's senior management for the review, supervision and discussion of the Company's financial reporting and internal control procedures and ensure that management has discharged its duty to have an effective internal control system. The Audit Committee consists of three members, namely Mr. Chong Ching Hei, Mr. Zhu Weizhou and Dr Li Xiuqing, all of whom are independent non-executive Directors. Mr. Chong Ching Hei, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2012, including the accounting principles and practices adopted by the Group, selection and appointment of the external auditors.

AUDITOR

The Company appointed Deloitte Touche Tohmatsu as its auditor for the year ended 31 December 2012. The Company will submit a resolution in the forthcoming annual general meeting to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE'S WEBSITE

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at www.changfengaxle.com.hk. The annual report of the Company for the year ended 31 December 2012 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and posted on the above websites in due course.

By the order of the Board of Directors
Changfeng Axle (China) Company Limited
Wong Kwai Mo
Chairman

Hong Kong, 27 March 2013

As at the date of this announcement, the executive Directors are Mr. Wong Kwai Mo, Ms. Wu Ching and Mr. Lai Fengcai; the non-executive Director is Ms. Dong Ying, Dorothy; and the independent non-executive Directors are Mr. Zhu Weizhou, Dr. Li Xiuqing and Mr. Chong Ching Hei.