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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS

	2013 *(RMB' million)*	**2012** *(RMB' million)*	**Increase**
Revenue	**634.2**	498.8	27.1%
Profit for the period attributable to owners of the Company	**39.30**	7.4	431.1%
Basic earnings per share	**RMB0.11**	RMB0.02	450.0%

	As at 31 December 2013 *(RMB' million)*	**As at 31 December 2012** *(RMB' million)*	**Increase**
Total assets	**1,185.4**	945.4	25.4%
Equity attributable to owners of the Company	**386.9**	281.5	37.4%
Net asset value per share *(note)*	**RMB1.01**	RMB0.88	14.8%

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

FINAL RESULTS

The Board of Directors (the "Board") of China Vehicle Components Technology Holdings Limited (the "Company") is pleased to announce the audited financial results for the year ended 31 December 2013 of the Company and its subsidiaries (collectively, the "Group") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	**2013** ***RMB'000***	2012 *RMB'000*
Revenue	*4*	**634,171**	498,834
Cost of sales		**(501,659)**	(400,622)
Gross profit		**132,512**	98,212
Other income and expenses, other gains and losses	*5*	**31,168**	5,979
Selling and distribution expenses		**(37,678)**	(25,575)
Research and development expenditure		**(19,284)**	(17,600)
Administrative expenses		**(44,314)**	(36,483)
Finance costs	*6*	**(13,654)**	(13,317)
Profit before tax	*7*	**48,750**	11,216
Taxation	*8*	**(9,455)**	(3,794)
Profit for the year		**39,295**	7,422
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**(265)**	(207)
Profit and total comprehensive income for the year		**39,030**	7,215
Earnings per share – Basic (RMB)	*9*	**0.11**	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	NOTES	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**445,044**	373,894
Prepaid lease payments		**136,465**	135,746
Deposits paid for acquisition of land use rights		**–**	3,650
Deposits for acquisition of property, plant and equipment		**513**	3,678
Interest in an associate		**2,500**	–
Intangible assets		**412**	861
Available for sale investment – unlisted limited partnership	*10*	**65,421**	–
Goodwill		**29,655**	29,655
Deferred tax assets		**3,807**	3,807
Trade receivables		**–**	10,053
		683,817	561,344
CURRENT ASSETS			
Inventories		**83,832**	79,548
Trade and other receivables	*11*	**307,416**	230,305
Prepaid lease payments		**2,970**	2,894
Restricted bank balances		**54,970**	45,000
Bank balances and cash		**52,400**	26,300
		501,588	384,047
TOTAL ASSETS		**1,185,405**	945,391
CURRENT LIABILITIES			
Amount due to an associate		**850**	–
Trade and other payables	*12*	**324,538**	279,161
Advance from customers		**2,496**	3,246
Borrowings – due within one year	*13*	**295,593**	272,153
Income tax payable		**23,238**	17,082
Deferred income		**865**	928
Provisions		**7,500**	7,454
		655,080	580,024
NET CURRENT LIABILITIES		**(153,492)**	(195,977)
TOTAL ASSETS LESS CURRENT LIABILITIES		**530,325**	365,367

	NOTES	2013 RMB'000	2012 RMB'000
NON-CURRENT LIABILITIES			
Borrowings – due after one year	*13*	**135,203**	74,000
Other payables		**1,048**	1,496
Deferred income		**7,213**	8,332
		143,464	83,828
TOTAL LIABILITIES		**798,544**	663,852
OWNERS' EQUITY			
Share capital	*14*	**31,318**	26,217
Reserves		**355,543**	255,322
TOTAL OWNERS' EQUITY		**386,861**	281,539
TOTAL LIABILITIES AND OWNERS' EQUITY		**1,185,405**	945,391

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Share capital/ paid-in capital	Share premium	Reserves			Retained earnings	Total owners' equity
			Capital reserves	Surplus reserves	Translation reserve		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	26,217	125,271	42,917	19,392	–	60,527	274,324
Profit for the year	–	–	–	–	–	7,422	7,422
Exchange difference arising on translation	–	–	–	–	(207)	–	(207)
Profit and total comprehensive income for the year	–	–	–	–	(207)	7,422	7,215
Appropriations	–	–	–	1,377	–	(1,377)	–
At 31 December 2012 and 1 January 2013	26,217	125,271	42,917	20,769	(207)	66,572	281,539
Profit for the year	–	–	–	–	–	39,295	39,295
Exchange difference arising on translation	–	–	–	–	(265)	–	(265)
Profit and total comprehensive income for the year	–	–	–	–	(265)	39,295	39,030
Appropriations	–	–	–	4,331	–	(4,331)	–
Issue of new shares	5,101	61,191	–	–	–	–	66,292
As at 31 December 2013	31,318	186,462	42,917	25,100	(472)	101,536	386,861

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 *RMB'000*	2012 *RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**48,750**	11,216
Adjustments for:		
Amortisation of intangible assets	**449**	449
Depreciation of property, plant and equipment	**14,468**	15,130
Deferred income released to profit or loss	**(1,182)**	(2,175)
Loss (gain) on disposal of property, plant and equipment	**20**	(121)
Interest income	**(2,836)**	(1,580)
Interest expense	**13,654**	13,317
Impairment loss recognised in respect of trade receivables, net	**–**	5,756
Impairment loss recognised in respect of other receivables	**2,020**	5,117
Release of prepaid lease payments	**2,965**	2,153
Operating cash flows before movements in working capital	**78,308**	49,262
Increase in inventories	**(4,284)**	(23,366)
Increase in trade and other receivables	**(69,344)**	(17,520)
Increase in trade and other payables	**57,327**	22,667
(Decrease) increase in advance from customers	**(750)**	2,061
Cash generated from operations	**61,257**	33,104
Income tax paid	**(3,299)**	(3,613)
NET CASH FROM OPERATING ACTIVITIES	**57,958**	29,491
INVESTING ACTIVITIES		
Additions of property, plant and equipment	**(76,444)**	(91,511)
Grants received in relation to acquisition of property, plant and equipment	**–**	825
Interest received	**2,836**	1,580
Proceeds from disposal of property, plant and equipment	**552**	451
Deposit paid for acquisition of property, plant and equipment	**(4,211)**	(17,243)
Payment for acquisition of land use rights	**–**	(3,650)
Purchase of prepaid lease payment	**(110)**	–
Net cash inflow from acquisition of a subsidiary	**–**	795
Placement of restricted bank deposits	**(54,970)**	(98,000)
Release of restricted bank deposits	**45,000**	94,985
Investment in an associate	**(2,500)**	–
Investment in available for sales investment	**(65,421)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(155,268)**	(111,768)

	2013	2012
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Increment in amount due to associate	**850**	–
Interest paid	**(28,375)**	(22,987)
New borrowings raised	**391,936**	219,943
Proceeds from issue of new shares	**66,292**	–
Repayment of borrowings	**(307,293)**	(211,000)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**123,410**	(14,044)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**26,100**	(96,321)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**26,300**	122,621
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**52,400**	26,300
Cash and cash equivalents represented by		
Bank balances and cash	**52,400**	26,300

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1. GENERAL

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

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

As at 31 December 2013, the Group had net current liabilities of approximately RMB153,492,000. The directors of the Company are of the opinion that, taking into account the available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements that is for at least the next twelve months commencing from the date of the consolidated financial statements. Hence, the consolidated financial statements have been prepared on a going concern basis.

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

For the purpose of preparing and presenting the consolidated financial statements, the Group has consistently adopted the Hong Kong Accounting Standards ("HKASs"), Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations ("HK(IFRIC) – Int"), which are effective for the accounting period beginning on 1 January 2013.

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's consolidated 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 adopted the following new and revised standards, amendments and interpretations that have been issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") but are not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

The directors of the Company anticipate that the application of these new and revised standards, amendments and interpretations will have no material impact on the Group.

4. REVENUE AND SEGMENT INFORMATION

(a) Segment revenue and segment results

	Segment revenue		**Segment results**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
OEM	**565,403**	445,137	**116,072**	82,300
Automobile aftermarket	**68,768**	53,697	**16,440**	15,912
Total segment and consolidated	**634,171**	498,834	**132,512**	98,212
Other income and expenses, other gains and losses			**31,168**	5,979
Selling and distribution expenses			**(37,678)**	(25,575)
Research and development expenditure			**(19,284)**	(17,600)
Administrative expenses			**(44,314)**	(36,483)
Finance costs			**(13,654)**	(13,317)
Profit before tax			**48,750**	11,216

(b) Geographical information

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

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

(c) Information about major customers

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

	2013	2012
	RMB'000	*RMB'000*
OEM – Customer A	**107,107**	89,518
OEM – Customer B	**93,412**	71,771
OEM – Customer C	**67,872**	N/A*
OEM – Customer D	**66,168**	N/A*

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

5. OTHER INCOME AND EXPENSES, OTHER GAINS AND LOSSES

	2013	2012
	RMB'000	*RMB'000*
Allowance for doubtful trade debts	**–**	(6,000)
Allowance for doubtful other debts	**(2,020)**	(5,117)
Donation	**(1,619)**	(5)
Exchange loss	**(239)**	–
Government grants *(note)*	**21,918**	10,124
Gain from scrap sales	**4,115**	4,241
(Loss) gain on disposal of property, plant and equipment	**(20)**	121
Income from suppliers on defects claim	**–**	691
Interest income from bank deposits	**2,836**	1,580
Others	**3,702**	(2,863)
Reversal of allowance for doubtful trade debts	**–**	244
Release of asset-related government grants	**1,182**	2,175
Storage services income	**1,313**	788
	31,168	5,979

Note: Included in the amount is grants of approximately RMB21,918,000 (2012: RMB10,124,000) being incentives received by the Company's wholly-owned subsidiary, Nanyang Cijan Auto Shock Absorber Co., Ltd for the eminent contribution in technology development and encouragement of business development. These grants are accounted for as immediate financial support with no future related costs nor related to any assets.

6. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings wholly repayable within five years	**28,164**	21,445
Entrusted loans wholly repayable within five years	**–**	2,527
Other borrowings wholly repayable within five years	**211**	215
	28,375	24,187
Accretion on other payables	**128**	187
	28,503	24,374
Less: Amounts capitalised	**(14,849)**	(11,057)
	13,654	13,317

Interest has been capitalised at the rate of interest applicable to the specific borrowings financing the assets under construction, or, where financed through general borrowings, at a capitalisation rate representing the average interest rate on such borrowings.

	2013	2012
	%	*%*
Capitalisation rate	**6.59**	6.45–8.10

7. PROFIT BEFORE TAX

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

	2013	2012
	RMB'000	*RMB'000*
Employee benefits expenses (including directors):		
– salaries and other benefits	**54,500**	39,714
– retirement benefit scheme contributions	**7,914**	7,091
Total staff costs	**62,414**	46,805
Auditor's remuneration	**1,674**	1,706
Amortisation of intangible assets (included in administrative expenses)	**449**	449
Cost of inventories recognised as expenses (included in cost of sales and research and development expenditure)	**507,763**	410,857
Depreciation of property, plant and equipment	**14,468**	15,130
Release of prepaid lease payments	**2,965**	2,153

8. TAXATION

	2013	2012
	RMB'000	*RMB'000*
Tax expense comprises:		
Current tax expense	**9,455**	4,694
Deferred tax credit	**–**	(900)
	9,455	3,794

The tax charge for the year ended 31 December 2012 and 2013 can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before tax	**48,750**	11,216
Tax at 25%	**12,188**	2,804
Tax effect of tax losses not recognised	**1,822**	73
Tax effect of expenses not deductible for tax purpose	**4,853**	5,896
Tax effect of income not taxable for tax purpose	**(479)**	(228)
Tax effect of additional qualified expenses deductible for tax purpose	**(2,589)**	(1,977)
Effect of tax concessions granted to a PRC subsidiary	**(6,340)**	(2,709)
Utilisation of tax losses previously not recognised	**–**	(65)
	9,455	3,794

9. EARNINGS PER SHARE

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

	2013	2012
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share (RMB'000)	**39,295**	7,422
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**358,575,342**	320,000,000

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

10. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2013 *RMB'000*
Unlisted investment	
– Limited partnership	65,421

On 18 November 2013, the Group has invested HK$83,000,000 (approximately RMB65,421,000) in First Capital Automotive Component Industry M&A Fund L.P. (the "Partnership"), an exempted limited partnership established in the Cayman Islands principally engaged in making investments in and carrying out consolidations and mergers and acquisitions of automotive component business and assets in the PRC and overseas. The initial size of fund managed by the Partnership amounting to HK$200 million.

The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is significant that the fair values cannot be measured reliably.

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise the following:

	2013 *RMB'000*	2012 *RMB'000*
Trade receivables	**278,833**	211,452
Less: allowance for doubtful trade debts	**(13,074)**	(13,074)
	265,759	198,378
Bills receivables	**14,000**	12,407
Other receivables	**28,684**	28,560
Less: allowance for doubtful other debts	**(7,137)**	(5,117)
	21,547	23,443
Value-added tax recoverable	**2,068**	1,638
Advances to suppliers	**4,042**	4,492
	307,416	240,358
Less: trade receivables shown under non-current assets *(note)*	**–**	(10,053)
Total trade and other receivables shown under current assets	**307,416**	230,305

Note: The Group generally allows a credit period of 90 days to its trade customers with exception to certain strategic customers that the Group extended one-off credit terms to 18 to 24 months during the year ended 31 December 2013. The respective outstanding amounts expected to be received after twelve months from the end of reporting period are presented as non-current assets and measured at amortised cost at an effective interest rate of 6.4% per annum. The Group does not hold any collateral over these balances.

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

	2013	2012
	RMB'000	*RMB'000*
0 to 90 days	**240,035**	172,678
91 to 180 days	**15,671**	15,647
181 to 365 days	**–**	10,053
1 to 2 years	**10,053**	–
	265,759	198,378

Movement in the allowance for doubtful trade debts:

	2013	2012
	RMB'000	*RMB'000*
Beginning balance	**13,074**	7,318
Addition	**–**	6,000
Reversal of allowance for doubtful trade debts	**–**	(244)
Ending balance	**13,074**	13,074

12. TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**205,218**	188,488
Bills payables	**74,700**	60,350
	279,918	248,838
Other payables	**5,706**	5,178
Other payables to employees	**1,588**	2,186
Other tax payable	**18,268**	12,088
Other accruals	**11,168**	4,287
Payroll and welfare payables	**8,938**	8,080
	325,586	280,657
Less: Amount shown under non-current liabilities	**(1,048)**	(1,496)
Total trade and other payables shown under current liabilities	**324,538**	279,161

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

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**177,358**	163,634
91–180 days	**24,922**	20,799
181–365 days	**1,135**	2,197
1–2 years	**1,803**	1,858
	205,218	188,488

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

	2013	2012
	RMB'000	*RMB'000*
Within 30 days	**–**	11,980
31 to 60 days	**24,700**	19,170
61 to 90 days	**–**	29,200
91 to 180 days	**50,000**	–
	74,700	60,350

13. BORROWINGS

	2013	2012
	RMB'000	*RMB'000*
Bank borrowings	**423,860**	309,000
Entrusted loans (note)	**–**	30,000
Other borrowing	**6,936**	7,153
	430,796	346,153
Unsecured	**286,936**	237,153
Secured	**143,860**	109,000
	430,796	346,153

At 31 December 2013, all borrowings are denominated in RMB except for RMB6,936,000 (2012: RMB7,153,000) other borrowing was denominated in HK$. The contractual maturity dates are as follows:

	2013	2012
	RMB'000	*RMB'000*
Within one year	**295,593**	272,153
More than one year, but not exceeding two years	**36,641**	38,000
More than two years, but not exceeding five years	**98,562**	36,000
	430,796	346,153
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(295,593)**	(272,153)
Amounts shown under non-current liabilities	**135,203**	74,000

Note: During the year ended 31 December 2012, the Group entered into entrusted loans arrangements with several banks to receive funding from certain specific lenders through the banks. The balances carried fixed interest rates at Nil (2012: 8.31%) per annum at 31 December 2013.

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

	2013	2012
Fixed-rate borrowings	**5.60%–8.51% per annum**	5.60%–8.53% per annum

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

	2013	2012
	RMB'000	*RMB'000*
Property, plant and equipment	**75,048**	38,546
Land use rights	**64,201**	88,881
Trade receivables	**–**	93,153
	139,249	220,580

14. SHARE CAPITAL

	Number of shares	Share capital *HK$*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2012, 31 December 2012 and 2013	10,000,000,000	1,000,000,000
Issued and fully paid:		
At 1 January 2012 and 31 December 2012	320,000,000	32,000,000
Issue of shares *(note)*	64,000,000	6,400,000
At 31 December 2013	384,000,000	38,400,000

	2013 ***RMB'000***	2012 *RMB'000*
Share capital presented in consolidated statement of financial position	**31,318**	26,217

Note: On 22 May 2013, 64,000,000 shares of HK$0.10 each of the Company, amounting to par value of HK$6,400,000 (approximately RMB5,101,000), were issued at HK$1.30 per share by way of placing. The new shares rank pari passu with the existing shares in all aspects.

AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in this preliminary results 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 this preliminary results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

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

MARKET REVIEW

In 2013, the automobile industry of China underwent an upturn in growth. For the year ended 31 December 2013, the sales volume of automobiles in the PRC was 21,984,100 units, representing an increase of approximately 13.87% over the corresponding period of 2012 (Source: China Association of Automobile Manufacturers). With close link to the automobile manufacturing industry, the automotive component industry reaped the benefits. As the Group carried out research and development of shock-absorbers for the new models of automobiles with automobile manufacturers over the years, the Group was able to secure purchase orders of automotive components from automobile manufacturers. Meanwhile, the domestic consumer price index in the PRC increased recently along with rising costs of labour and raw materials to varying extent, which continues to expose the Group to the pressure of cost control.

The Group's main products are shock-absorbers for various types of vehicles and are mainly sold to domestic OEM and domestic after-sales market customers. The Group sold 5,602,000 units of automobile shock-absorbers for the year ended 31 December 2013, representing a growth of 1,180,000 units or 26.7% over the corresponding period last year. The Group's revenue amounted to RMB634.2 million, representing an increase of RMB135.3 million or 27.1% over the corresponding period last year. Profit attributable to shareholders amounted to RMB39.3 million, representing an upsurge of RMB31.9 million or 431.1% over the corresponding period last year. For the year ended 31 December 2013, basic earnings per share amounted to RMB0.11. For the year ended 31 December 2013, in terms of principal business segments, domestic OEM business achieved a sales income of RMB565.4 million, accounting for 89.2% of the total income, while the domestic automobile aftermarket business achieved a sales income of RMB68.8 million, accounting to 10.8% of the total income.

DOMESTIC OEM MARKET

In 2013, with the automobile industry of China undergoing an upturn in growth and as a result of the Group's research and development of products for the new model of automobiles with automobile manufacturers over the years, orders for certain of the Group's new products started to rise. For the year ended 31 December 2013, the Group's sales volume of shock-absorbers in the domestic OEM market amounted to 4,693,000 units, representing a growth of approximately 951,000 units or 25.4% over the corresponding period of 2012. Under this background, the sales income derived from the domestic OEM market for the year ended 31 December 2013 amounted to RMB565.4 million, representing an increase of RMB120.3 million or approximately 27.0% over the corresponding period of 2012.

DOMESTIC AFTER-SALES MARKET

The Group stepped up its efforts to expand its after-sales market and developed new products. With unremitting dedication to the development of the after-sales market, the sales volume of the Group recorded considerable growth. For the year ended 31 December 2013, the Group's sales income derived from the domestic after-sales market amounted to RMB68.8 million, representing an increase of RMB15.1 million or 28.1% over the corresponding period of 2012, which was mainly driven by the growth in sales volume. For the year ended 31 December 2013, the Group's sales volume generated from the aftermarket was approximately 909,000 units, increased by 229,000 units or 33.7% over the corresponding period of 2012.

OUTLOOK

The automobile market in the PRC showed a strong upturn trend in 2013 after a prolonged slowdown in 2011 and 2012. From the macro perspective, to maintain steady and moderate economic growth, the PRC government has continued to implement strategic measures to stimulate domestic demand, and has continued to adjust the structure of the relevant businesses based on its industrial revitalization plan. As one of the ten industries under the industrial revitalization plan, the organizational structure of the automobile industry will be optimized and improved, thereby driving the consumption of automobiles as well as facilitating the recovery and long-term development of the domestic automobile market. The Group is confident about the prospects of the automobile industry in the PRC.

Looking ahead, the Group will continue to focus on its business in the domestic OEM market in the PRC to reinforce its current leading position in the industry. Meanwhile, it will rapidly increase its market share in the domestic after-sales market and aggressively expand into overseas markets. It is the Group's long-term strategy to develop and strengthen its leading position in the international OEM market and the domestic after-sales market.

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

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

In order to achieve its aim of expanding the product range, market share and new business coverage, the Group will expand its production facilities and enhance production capacity through phased construction and investment by stages. Currently, the Group has three major production bases in Nanyang City of Henan Province, Haikou City of Hainan Province and Ordos City of Inner Mongolia respectively, which have a total annual production capacity of approximately 15,000,000 units of automobile shock-absorbers. Meanwhile, the Group will also increase the ancillary production capacity of major components such as piston rods, storage tanks and working cylinders so as to maintain its production quality and cost advantage as well as minimize its dependence on component suppliers.

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

The Group will continue to supply quality, reliable and high-standard products to existing key customers and further strengthen its capabilities to supply those customers with shock-absorbers for new car models, thus increasing its market share in the PRC. In addition, the Group will continue to expand its customer base and capture new customers, including overseas OEMs who purchase automobile parts and components in the PRC.

At the end of 2012, the civil automobile ownership in the PRC was already over 120,000,000 (source: National Bureau of Statistics of the People's Republic of China). The lifetime of automobile shock-absorbers is generally around two years. Accordingly, it is expected that the demand for shock-absorbers in the automobile after-sales market will be significant. For the year ended 31 December 2013, the sales amount in the automobile after-sales market accounted for approximately 10.8% of the Group's revenue. The Group will continuously strive to develop the automobile after-sales market and further increase its market share therein quickly establishing a nation-wide distribution network.

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

The Group once again obtained the honour of "National New High-tech Enterprises" In January 2013. The Group also obtained approval from the Henan Province Science and Technology Department (河南省科學技術廳) to establish the Technology Research Centre for Shock Absorbers Engineering in Henan Province (河南省汽車減振器工程技術研究中心). Pursuant to the approval, the Group will establish a new domestic R&D centre. Coupled with its overseas R&D centre in Asti, Italy, not only will the Group's overall R&D capability, level of technologies and reputation be substantially enhanced, but also will its corporate image as well as the popularity of its products in the PRC, Europe and North America be improved.

(iv) Maintaining cost advantages

The Group will strive to capitalize on the effectiveness of the economies of scale for more flexible procurement terms and lower procurement costs through optimizing the scale of production and product research and development. Meanwhile, the Group will maintain its edge on production cost and raise profit margin by improving its capability and standard of self-produced key component production through upgraded production lines, higher level of automation and simplified production processes.

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

Along with the PRC's rapid economic growth over the years, railway transportation in the PRC has made remarkable achievements, bringing huge potential to the development of the railway shock-absorber market, especially high speed rails which have a higher demand for shock absorbers. Through years of research and development and testing, the Group completed a trial run of railway shock-absorbers. Currently, the Group is proactively seeking to obtain approval from relevant authorities to become a qualified supplier and repairer of railway shock-absorbers. The Group believes that railway transportation (including high speed rails) will become a market with tremendous growth potential, strong profits and high entry barriers. Once qualified, the Group will be able to actively participate in the development of railway transportation and capture massive business opportunities arising from this market.

(vi) Pursuing rapid growth through investments, acquisitions and mergers

Based on the strategic deployment and development needs, the Group will take advantage of its strong industrial base and in-depth expertise to aggressively seek for investment opportunities, and to conduct acquisition and merger of the automobile component business and relevant assets in the PRC or overseas markets, so as to enhance synergies for its business, rapidly grow the business or achieve significant return on capital.

The Group strongly believes that by implementing the above strategies, it will be able to further maintain and strengthen its competitive edge and consolidate its leading position in the market, which will in turn fully satisfy the rising demand of products and services and increasingly stringent product requirements from customers, grasp growth opportunities arising from market changes, and create long-term value for shareholders.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2013, the Group's revenue increased by 27.1% to RMB634.2 million from RMB498.8 million in 2012, of which revenue from the OEM market rose by 27.0% to RMB565.4 million from RMB445.1 million in 2012. Revenue generated from the automobile aftermarket jumped by 28.1% to RMB68.8 million from RMB53.7 million in 2012. Such increase was primarily due to the Group's continuous efforts to cope with the simultaneous product development with automobile manufacturers and strive to explore sales in the after-sales market in an active manner.

The table below shows an analysis of the Group's sales volume, average selling price and revenue by its business segments for each of the years ended 31 December 2012 and 2013:

2013	**Sales volume** *(Units)*	**Average selling price** *(RMB)*	**Revenue** *(RMB'000)*
OEM market	**4,692,710**	**120.5**	**565,403**
Automobile after-sales market	**908,901**	**75.7**	**68,768**
Total	**5,601,611**		**634,171**

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

Cost of sales

During the year ended 31 December 2013, the Group's cost of sales increased by 25.2% to RMB501.7 million from RMB400.6 million in 2012. Cost of sales for the OEM market increased by 23.8% to RMB449.3 million from RMB362.8 million in 2012. Such increase was mainly due to higher sales volume. Cost of sales for the automobile after-sales market increased by 38.4% to RMB52.3 million from RMB37.8 million in 2012. Such increase was mainly driven by the growth of business and increase in production costs.

Gross profit

During the year ended 31 December 2013, the overall gross profit increased by 34.9% to RMB132.5 million from RMB98.2 million in the year ended 31 December 2012.

Gross profit for the OEM market

The gross profit of the Group increased by 41% from RMB82.3 million for the year ended 31 December 2012 to RMB116.1 million for the year ended 31 December 2013. Such increase was mainly due to an increase in revenue.

Gross profit for the automobile aftermarket

The gross profit of the Group rose by 3.1% from RMB15.9 million for the year ended 31 December 2012 to RMB16.4 million for the year ended 31 December 2013. Such increase was mainly due to the offset of the rise in revenue generated from the automobile aftersales market by higher increase in costs.

The table below shows an analysis of the Group's revenue, gross profit and gross profit margin by its business segments for each of the years ended 31 December 2012 and 2013:

2013	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin**
OEM market	**565,403**	**116,072**	**20.5%**
Automobile after-sales market	**68,768**	**16,440**	**23.9%**
Total	**634,171**	**132,512**	**20.9%**

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

Gross profit margin

For the year ended 31 December 2013, the overall gross profit margin increased by 1.2 percentage points to 20.9% from 19.7% in the year ended 31 December 2012. Such increase was mainly due to rise of 2.0 percentage points in the gross profit margin of our products in the OEM market benefitted from the increase revenue, while the gross profit margin of the automobile after-sales market dropped 5.7 percentage points due to change of product portfolio.

Other income and expenses, other gains and losses

The other income and expenses, other gains and losses soared from a gain of RMB6.0 million in 2012 to a gain of RMB31.2 million in 2013, representing a growth of 420.0%. Such increase was mainly because (i) the government grant received by the Company's wholly-owned subsidiary, Nanyang Cijan Auto Shock Absorber Co., Ltd. in 2013 increased; and (ii) the provision for related trade and other receivables decreased.

Selling and distribution expenses

Selling and distribution expenses increased by 47.3% from RMB25.6 million in 2012 to RMB37.7 million in 2013. Such increase was primarily due to an increase in sales volume of our products, pushing up the transportation costs and the marketing expenses of such products.

Research and development expenses

The research and development expenses rose by 9.7% from RMB17.6 million in 2012 to RMB19.3 million in 2013. Such increased expenses were for (i) the enhancement on the research of applying shock-absorber related technology for different model of automobiles; and (ii) additional development costs of shock-absorbers for newly-developed automobiles.

Administrative expenses

The administrative expenses increased by 21.4% from RMB36.5 million in 2012 to RMB44.3 million in 2013. Such increase was mainly due to (i) the increase in the wages, welfare, related social insurance premium for administrative staff and expenditure on asset insurance.

Finance costs

The finance costs increased by 3.0% from RMB13.3 million in 2012 to RMB13.7 million in 2013. During 2013, approximately RMB14.8 million (2012: RMB11.1 million) of the interest expense in respect of the expansion project for Nanyang Xichuan production base had been capitalized as property under development.

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Income tax expense

For the year ended 31 December 2013, the Group's overall income tax expense was approximately RMB9.5 million, increased by RMB5.7 million or approximately 150.0% over the year ended 31 December 2012. The increase in income tax expense was mainly due to a significant increase in the amount of taxable income generated by Nanyang Cijan Auto Shock Absorber Co., Ltd.

Net profit for the year and net profit margin

Profit for the year recorded an upsurge of 431.1% from RMB7.4 million in 2012 to RMB39.3 million in 2013. The increase in the Group's net profit was mainly due to higher sales and gross profit for the current period, as well as the substantial growth in the above-mentioned other income.

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities

As at 31 December 2013, the Group's net current liabilities decreased to RMB153.5 million from RMB196.0 million as of 31 December 2012, representing a drop of 21.7%. Such decrease was primarily due to increase in cash and bank deposit as a result of the considerable rise in revenue and net profits in 2013.

FINANCIAL POSITION AND BANK BORROWINGS

As at 31 December 2013, the Group's total cash and bank balances, most of which were denominated in RMB, amounted to approximately RMB107.4 million, representing an increase of approximately 50.6% as compared with that of RMB71.3 million, most of which were denominated in RMB, as at 31 December 2012. The increase was primarily attributable to the growth in revenue and the cash recovery from the operating activities.

As at 31 December 2013, the Group's total borrowings amounted to approximately RMB430.8 million, representing an increase of approximately 24.4% as compared with RMB346.2 million as at 31 December 2012. Out of the total borrowings, short-term bank borrowings due within one year amounted to approximately RMB295.6 million, representing an increase of approximately 8.6% as compared with RMB272.2 million as at 31 December 2012, while mid-to-long-term borrowings due after one year amounted to approximately RMB135.2 million, representing an increase of approximately 82.7% as compared with RMB74.0 million as at 31 December 2012.

As at 31 December 2013, the Group's gearing ratio, presented as a percentage of total borrowings and bills payable divided by total assets, was approximately 42.6% (2012: approximately 43.0%).

WORKING CAPITAL

As at 31 December 2013, the Group's gross inventories, mainly comprising raw materials, work-in-progress and finished products, amounted to approximately RMB83.8 million, representing an increase of 5.4% from approximately RMB79.5 million as at 31 December 2012. For the year ended 31 December 2013, the average inventory turnover days were 59.4 days (2012: 61.8 days). Inventory turnover days were arrived at by dividing the mean of the opening and ending balances of inventory for the same period by cost of sales of the relevant period and multiplied by 365 days.

As at 31 December 2013, the Group's trade receivables amounted to approximately RMB265.8 million, representing an increase of 34.0% from approximately RMB198.4 million as at 31 December 2012. For the year ended 31 December 2013, the average turnover days of trade receivables were 133.6 days (2012: 138.8 days). The turnover days of trade receivables in 2013 had no material changes from that of last year.

As at 31 December 2013, the Group's trade payables amounted to approximately RMB205.2 million, representing an increase of 8.9% from approximately RMB188.5 million as at 31 December 2012. For the year ended 31 December 2013, the average turnover days of trade payables were 143.2 days (2012: 164.5 days). Trade payable turnover days are calculated by using the average of the beginning and ending trade payable balances of the period, divided by cost of sales for the period and multiplied by 365 days. The decrease in the turnover days of trade payables was mainly because the relief of capital pressure allowed the Group to reduce the payment cycle for suppliers in order to improve the relationship with them and strive for long-lasting and favourable cooperation conditions.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

For the year ended 31 December 2013, capital expenditures were approximately RMB80.8 million (2012: RMB112.4 million). The Group's capital expenditures were primarily related to an acquisition of land use rights, construction of production facilities and purchase of plant, machinery and equipment for the business expansion of its Nanyang Cijan production base. The Group has been financing its capital expenditures primarily through cash generated from operations and bank borrowings.

The Group will continue to expand its existing production facilities and construct new plants and research and development centres as part of its plan to expand production facilities. As at 31 December 2013, the Group had capital commitments for acquisition of plant and machinery of approximately RMB27.9 million (2012: RMB13.4 million).

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable interest rate of interest earned from restricted bank balances and bank balances. The Group's borrowings are at fixed interest rates and therefore, are not subject to fair value interest rate risk. No sensitivity analysis has been prepared for restricted bank balances and bank balances as the financial impact arising from the changes in interest rates was minimal for the years ended 31 December 2012 and 2013. The Group monitors its interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

FOREIGN EXCHANGE RISK

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

HUMAN RESOURCES

For the year ended 31 December 2013, the Group had 1,452 employees (2012: 1,418 employees) with total remuneration and welfare benefits expenses amounting to approximately RMB62.4 million (2012: RMB46.8 million). The Group's remuneration policy is primarily based on the job responsibilities, work experience and length of services of each employee and the prevailing market condition. The Group has also provided internal and external trainings and courses to our employees to encourage self-improvement and enhance their professional technical skills. The remuneration of the Directors is and will be determined based on their job duties and responsibilities, experience and the prevailing market condition.

SHARE OPTION SCHEME

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

For the year ended 31 December 2013, no share options were granted under the Scheme by the Company. In addition, as of 31 December 2013, no share options under the Scheme were outstanding.

CONTINGENT LIABILITIES

As at 31 December 2013, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2013, (i) the Group's certain buildings and production equipment with a net carrying amount of RMB75.1 million (2012: RMB38.5 million), (ii) the Group's leasehold land with a carrying amount of RMB64.2 million (2012: RMB88.9 million), (iii) part of the Group's trade receivables with a net carrying amount of RMB Nil (2012: RMB93.2 million) were pledged to secure the Group's bank loan facilities.

As at 31 December 2013, the Group's certain restricted bank balances with a carrying amount of RMB55.0 million (2012: RMB45.0 million) were pledged to secure the Group's bank bills due within six months, which were issued to suppliers as a pledge for the purchase of raw materials by the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the prospectus dated 11 November 2011 (the "Prospectus") in respect of the global offering in November 2011, the announcement in relation to the subscription of new shares dated 24 April 2013, as well as the announcement in relation to investment in limited partnership dated 18 November 2013, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

For the year ended 31 December 2013, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company was listed on the Main Board of the Stock Exchange on 23 November 2011. The aggregate net proceeds, after deducting underwriting fees and the related expenses payable in connection with the initial public offering, amounted to approximately HK$78.1 million. Please refer to the prospectus issued on 11 November 2011 by the Company for details. As of 31 December 2013, the proceeds from the initial public offering available for and utilized by the Company are as follows:

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

USE OF PROCEEDS FROM THE SUBSCRIPTION OF NEW SHARES

The Company announced the completion of the subscriptions of new shares on 22 May 2013. The gross proceeds from the subscriptions amounted to HK$83.2 million. The net proceeds from the subscriptions of approximately HK$83.0 million were expected to be used for developing the Group's automotive component business through investments and mergers and acquisitions as well as for general working capital.

On 18 November 2013, the Company, through its wholly-owned subsidiary, First Bridge, entered into Partnership Agreement with First Capital Fund Management Co., Ltd (首控基金管理有限公司) to inject the said proceeds from the allotment of new shares of RMB83.0 million to First Capital Automotive Component Industry M&A Fund L.P. in the capacity of limited partner. It is aimed at securing return from capital investment in, as well as from acquisition and merger of, the automobile component business and assets in the PRC and overseas markets.

FINAL DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013 (2012: Nil).

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2013, the Company has adopted the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules. None of the Directors is aware of any information which would reasonably indicate that the Company was not in compliance with the code provision set out in the Code on Corporate Governance Practices during the period ended 31 December 2013.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") pursuant to Rules 3.21 and 3.22 of the Listing Rules, with written terms of reference in compliance with the requirements of the Code on Corporate Governance Practices in order to review and supervise the Group's financial reporting process and internal control practices. The Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the consolidated financial statements and the final results announcement of the Group for the year ended 31 December 2013.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules has been adopted by the Company as the code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors and to the best of their knowledge, all Directors had complied with the required standards set out in the Model Code for the year ended 31 December 2013.

COMPETITION AND CONFLICT OF INTERESTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company for the year ended 31 December 2013.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2013, the Group has not been involved in any significant legal proceedings or arbitration. To the best of the knowledge and belief of the Directors, there are no significant legal proceedings or claims pending or threatened against the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on 9 June 2014, notice of which will be published and despatched to the shareholders as soon as practicable in accordance with the Company's articles of association and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The Registers of Members of the Company will be closed from Thursday, 5 June 2014 to Monday, 9 June 2014 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 4 June 2014.

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

This results announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.china-cvct.com). The Company's 2013 annual report will be despatched to shareholders on or before 30 April 2014 and will be available on the above websites in due course for inspection.

APPRECIATION

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

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

Henan, the PRC
28 March 2014

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