Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

HIGHLIGHTS

(RMB' million)	**For the six months ended 30 June 2014** (unaudited)	**2013** (unaudited)	**Increase/ (decrease)**
Revenue	343.25	286.06	20.0%
Profit for the period attributable to owners of the Company	12.14	15.50	-21.6%
Basic earnings per share	RMB0.03	RMB0.05	-40.0%

(RMB' million)	**As at 30 June 2014**	**As at 31 December 2013**	**Increase**
Total assets	1,286.44	1,185.41	8.5%
Equity attributable to owners of the Company	399.48	386.86	3.3%
Net asset value per share *(note)*	RMB1.04	RMB1.01	3.0%

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 period.

INTERIM RESULTS

The Board (the "Board") of Directors (the "Directors") of China Vehicle Components Technology Holdings Limited (the "Company") is pleased to announce the unaudited interim consolidated results for the six months ended 30 June 2014 of the Company and its subsidiaries (collectively, the "Group").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended	
	NOTES	**30.6.2014**	30.6.2013
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*3*	**343,252**	286,056
Cost of sales		**(270,358)**	(227,296)
Gross profit		**72,894**	58,760
Other income, other gains and losses	*4*	**13,468**	12,602
Selling and distribution expenses		**(16,760)**	(15,267)
Research and development expenditure		**(11,708)**	(7,268)
Administrative expenses		**(27,373)**	(24,454)
Finance costs		**(16,553)**	(6,513)
Profit before tax	*5*	**13,968**	17,860
Taxation	*6*	**(1,825)**	(2,365)
Profit for the year		**12,143**	15,495
Other comprehensive expense			
Item that may be subsequently reclassified to profit or loss			
Exchange difference arising on translation of foreign operation		**475**	377
Profit and total comprehensive income for the period attributable to owners of the Company		**12,618**	15,872
Earning per share – Basic (RMB)	*8*	**0.03**	0.05

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

	NOTES	**30.6.2014**	31.12.2013
		RMB'000	*RMB'000*
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**469,424**	445,044
Prepaid lease payments		**138,501**	136,465
Deposits for acquisition of property, plant and equipment		**257**	513
Interest in an associate		**2,500**	2,500
Intangible assets		**187**	412
Available for sale investment – unlisted limited partnership	*10*	**63,935**	65,421
Goodwill		**29,655**	29,655
Deferred tax assets		**4,182**	3,807
		708,641	683,817
CURRENT ASSETS			
Amount due from an associate		**1,960**	–
Inventories		**119,861**	83,832
Trade and other receivables	*11*	**302,836**	307,416
Prepaid lease payments		**3,003**	2,970
Restricted bank balances		**85,000**	54,970
Bank balances and cash		**65,141**	52,400
		577,801	501,588
CURRENT LIABILITIES			
Amount due to an associate		**–**	850
Trade and other payables	*12*	**374,535**	324,538
Advance from customers		**4,698**	2,496
Borrowings – due within one year	*13*	**319,564**	295,593
Income tax payable		**21,840**	23,238
Deferred income		**842**	865
Provisions		**7,620**	7,500
		729,099	655,080
NET CURRENT LIABILITIES		**(151,298)**	(153,492)
TOTAL ASSETS LESS CURRENT LIABILITIES		**557,343**	530,325

	NOTES	30.6.2014	31.12.2013
		RMB'000	*RMB'000*
		(unaudited)	(audited)
NON-CURRENT LIABILITIES			
Borrowings – due after one year	*13*	**147,982**	135,203
Other payables	*12*	**1,083**	1,048
Deferred income		**8,799**	7,213
		157,864	143,464
		399,479	386,861
OWNERS' EQUITY			
Share capital	*14*	**31,318**	31,318
Reserves		**368,161**	355,543
		399,479	386,861

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2014

			Reserves				
	Share capital *RMB'000*	**Share premium** *RMB'000*	**Capital reserves** *RMB'000*	**Surplus reserves** *RMB'000*	**Translation reserve** *RMB'000*	**Retained earnings** *RMB'000*	**Total owners' equity** *RMB'000*
At 1 January 2013 (audited)	26,217	125,271	42,917	20,769	(207)	66,572	281,539
Profit and total comprehensive income for the period	–	–	–	–	–	15,495	15,495
Exchange difference arising on translation of foreign operation	–	–	–	–	377	–	377
Total comprehensive income for the period	–	–	–	–	377	15,495	15,872
Issue of new shares *(Note 14)*	5,101	61,191	–	–	–	–	66,292
As at 30 June 2013 (unaudited)	31,318	186,462	42,917	20,769	170	82,067	363,703
Profit for the period	–	–	–	–	–	23,800	23,800
Exchange difference arising in translation of foreign operation	–	–	–	–	(642)	–	(642)
Total comprehensive income for the period	–	–	–	–	(642)	23,800	23,158
Appropriations	–	–	–	4,331	–	(4,331)	–
As at 31 December 2013 (audited)	31,318	186,462	42,917	25,100	(472)	101,536	386,861
Profit for the period	–	–	–	–	–	12,143	12,143
Exchange difference arising on translation of foreign operation	–	–	–	–	475	–	475
Total comprehensive income for the period	–	–	–	–	475	12,143	12,618
As at 30 June 2014 (unaudited)	31,318	186,462	42,917	25,100	3	113,679	399,479

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended	
	30.6.2014	30.6.2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	**59,317**	71,717
INVESTING ACTIVITIES		
Additions of property, plant and equipment	**(32,756)**	(30,759)
Deposit paid for acquisition of property, plant and equipment	**(2,640)**	(1,379)
Placement of restricted bank deposits	**(85,000)**	(85,000)
Payment for addition to prepaid lease payment	**(3,562)**	–
Release of restricted bank deposits	**54,970**	45,000
Other investing cash flows	**2,215**	1,166
NET CASH USED IN INVESTING ACTIVITIES	**(66,773)**	(70,972)
FINANCING ACTIVITIES		
Interest paid	**(16,553)**	(14,087)
New borrowings raised	**174,842**	239,850
Proceeds from issue of new shares	**–**	66,292
Repayment of borrowings	**(138,092)**	(137,140)
NET CASH FROM FINANCING ACTIVITIES	**20,197**	154,915
NET INCREASE IN CASH AND CASH EQUIVALENTS	**12,741**	155,660
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**52,400**	26,300
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	**65,141**	181,960

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

As at 30 June 2014, the Group had net current liabilities of approximately RMB151,298,000. The directors of the Company are of the opinion that, taking into account the presently 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 end of the reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has adopted and applied, for the first time, certain new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of these new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(a) Products within each operating segment

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

The Group has two operating segments as follows:

- OEM Market ("OEM") – manufacturing and selling of automobile shock absorber and suspension system products to the automobile market of original automobile manufacturers.

- Automobile Aftermarket – manufacturing and selling of automobile shock absorber and suspension system products to the secondary market of the automobile industry.

(b) Segment revenue and segment results

	Segment revenue Six months ended		Segment results Six months ended	
	30.6.2014	30.6.2013	**30.6.2014**	30.6.2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
OEM	**309,116**	254,509	**62,365**	49,938
Automobile Aftermarket	**34,136**	31,547	**10,529**	8,822
Total segment and consolidated	**343,252**	286,056	**72,894**	58,760
Other income, other gains and losses			**13,468**	12,602
Selling and distribution expenses			**(16,760)**	(15,267)
Research and development expenditure			**(11,708)**	(7,268)
Administrative expenses			**(27,373)**	(24,454)
Finance costs			**(16,553)**	(6,513)
Profit before tax			**13,968**	17,860

Revenue reported above represents revenue generated from sales of goods to external customers. There was no inter-segment sales during the six months ended 30 June 2013 and 2014.

Segment results represent the gross profit of each operating segment, conforming to the same measurement reported to the CODM for the purposes of resources allocation and performance assessment.

(c) Geographical information

The Group principally operates in the PRC (country of domicile of the operating subsidiaries) and all of the revenue reported above are generated from external customers within the PRC.

4. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2014	30.6.2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Donation	**(52)**	(1,532)
Government grants *(note)*	**6,360**	3,500
Gain from scrap sales	**1,591**	1,916
Loss on disposal of property, plant and equipment	**–**	(30)
Income from suppliers on defects claim	**107**	55
Interest income from bank deposits	**671**	1,122
Investment income from available for sales investment	**3,950**	–
Others	**441**	1,196
Rental income	**–**	1,000
Less: direct operating expenses	**(1,654)**	(1,662)
	(1,654)	(662)
Reversal of allowance for doubtful debts	**–**	5,812
Release of asset-related government grants	**627**	617
Storage services income	**1,427**	608
	13,468	12,602

Note: Included in the amount is grants of approximately RMB6,360,000 (2013: RMB3,500,000) being incentives received by Nanyang Cijian Auto Shock Absorber Ltd. for the eminent contribution in technology development and encouragement of business development. These grants are accounted for as immediate support with no future related costs nor related to any assets.

5. PROFIT BEFORE TAX

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

	Six months ended	
	30.6.2014	30.6.2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Employee benefits expenses (including directors):		
– salaries and other benefits	**35,708**	29,173
– retirement benefit scheme contributions	**6,362**	5,663
Total staff costs	**42,070**	34,836
Amortisation of intangible assets (included in administrative expenses)	**225**	225
Cost of inventories recognised as expenses (included in cost of sales and research and development expenditure)	**272,163**	226,276
Depreciation of property, plant and equipment	**11,213**	7,825
Provision of allowance on obsolete inventories	**2,500**	–
Release of prepaid lease payments	**1,493**	1,363

6. TAXATION

	Six months ended	
	30.6.2014	30.6.2013
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Tax expense comprises:		
Current tax expense	**2,200**	1,674
Deferred tax (credit) expense	**(375)**	691
	1,825	2,365

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2013: 16.5%) of the estimated assessable profit for the period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation of Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Besides, with effect from 1 January 2008, one subsidiary is qualified as high-technology company (under the new PRC Enterprise Income Tax Law) and is eligible to a reduced PRC EIT rate of 15% through to 2015.

7. DIVIDENDS

The directors of the Company have determined that no dividend will be declared in respect of the six months ended 30 June 2014 and 2013. No dividends were paid, declared or proposed during the six months ended 30 June 2014 and 2013.

8. EARNING PER SHARE

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

	Six months ended	
	30.6.2014	30.6.2013
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earning per share (RMB'000)	**12,143**	15,495
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earning per share	**384,000,000**	334,143,646

No diluted earning per share are presented as there were no potential ordinary shares outstanding during the periods or as at the end of reporting periods.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment, other than construction in progress, amounting to approximately RMB33,638,000 (six months ended 30 June 2013: approximately RMB5,674,000) for the purpose of upgrading its manufacturing capacity.

In addition, during the current interim period, the Group had approximately RMB2,036,000 (six months ended 30 June 2013: approximately RMB36,360,000) addition to construction in progress, no interests being capitalised (six months ended 30 June 2013: approximately RMB7,597,000 was capitalised), in relation to new plant facilities in the PRC.

10. AVAILABLE-FOR-SALE INVESTMENTS

	30.6.2014	31.12.2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Unlisted investment:		
– Limited partnership	**63,935**	65,421

On 18 November 2013, the Group has invested HK$83,000,000 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 investing 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:

	30.6.2014	31.12.2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade receivables	**268,867**	278,833
Less: allowance for doubtful debts	**(13,074)**	(13,074)
	255,793	265,759
Bills receivables	**12,633**	14,000
Other receivables	**29,203**	28,684
Less: Allowance for doubtful other debts	**(7,137)**	(7,137)
	22,066	21,547
Advances to suppliers	**9,772**	4,042
Value-added tax recoverables	**2,572**	2,068
	302,836	307,416

The Group generally allows an average credit period of 90 days to its trade customers. The following is an analysis of trade receivables by age, presented based on invoice date which approximated the date of revenue recognition, net of allowance for doubtful debts, at the end of each reporting period, is as follows:

	30.6.2014	31.12.2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 90 days	**219,246**	240,035
91 to 180 days	**24,731**	15,671
181 to 365 days	**7,081**	–
Over 1 year	**4,735**	10,053
	255,793	265,759

The ageing of bills receivables, presented based on receipt date, is as follows:

	30.6.2014	31.12.2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
0 to 90 days	**12,633**	14,000

12. TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

	30.6.2014	31.12.2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Trade payables	**230,240**	205,218
Bills payables	**102,040**	74,700
Other payables	**5,259**	5,706
Other payables to employees	**1,506**	1,588
Other tax payable	**12,692**	18,268
Other accruals	**7,859**	11,168
Payroll and welfare payables	**16,022**	8,938
	375,618	325,586
Less: Amount shown under non-current liabilities	**(1,083)**	(1,048)
Total trade and other payables shown under current liabilities	**374,535**	324,538

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

	30.6.2014	31.12.2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 90 days	**179,649**	177,358
91–180 days	**43,911**	24,922
181–365 days	**5,050**	1,135
1–2 years	**1,630**	1,803
	230,240	205,218

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

	30.6.2014	31.12.2013
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 30 days	**7,040**	–
31 to 60 days	**35,000**	24,700
61 to 90 days	**25,000**	–
91 to 180 days	**35,000**	50,000
	102,040	74,700

13. BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately RMB174,842,000 (six months ended 30 June 2013: RMB239,850,000) carrying interest at variable market rates ranging from 6.00% to 6.90% (six months ended 30 June 2013: 6.00% to 6.66%) per annum and are repayable throughout to December 2017. The proceeds were used to finance the acquisition and construction of new plant facilities and used for working capital and other general purposes.

14. SHARE CAPITAL

	Number of shares	Share capital *HK$*
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2013, 31 December 2013 and 30 June 2014	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 1 January 2013, 31 December 2013 and 30 June 2014	384,000,000	38,400,000

	30.6.2014 ***RMB'000*** **(unaudited)**	31.12.2013 *RMB'000* (audited)
Share capital presented in condensed consolidated statement of financial position	**31,318**	31,318

Note:

On 22 May 2013, 64,000,000 shares of HK$0.10 each of the Company, amounting to 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 respects.

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 relationships 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

During the six months ended 30 June 2014, the PRC automobile market maintained a persistent growth, and the sales volume of automobiles in the PRC was approximately 11,683,500 units, representing an increase of approximately 8.36% over the corresponding period of 2013 (source: China Association of Automobile Manufacturers). With close links to the automobile manufacturing industry, the automotive component industry reaped the benefits. As the Group stepped up its efforts to develop automobile manufacturers which showed strong growth potential, and carried out simultaneous research and development of shock absorbers for new models of automobiles with its existing automobile manufacturers over the years, the Group was able to secure purchase orders of new automotive components from some automobile manufacturers. Meanwhile, the domestic consumer price index in the PRC increased in recent years along with rising costs of labour and raw materials to vary extent, which continued 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 aftermarket customers. The Group sold in total approximately 2,959,000 units of automobile shock absorbers for the six months ended 30 June 2014, representing a growth of approximately 409,000 units or approximately 16.0% over the corresponding period last year. The Group's revenue amounted to approximately RMB343.3 million, representing an increase of approximately RMB57.2 million or approximately 20.0% over the corresponding period last year. Profit attributable to shareholders amounted to approximately RMB12.1 million, representing a decrease of approximately RMB3.4 million or approximately 21.6% over the corresponding period last year. During the six months ended 30 June 2014, basic earnings per share of the Group amounted to RMB0.03. During the six months ended 30 June 2014, in terms of principal business segments, domestic OEM business achieved a sales income of approximately RMB309.1 million, accounting for approximately 90.1% of the total income, while the domestic automobile aftermarket business achieved a sales income of approximately RMB34.1 million, accounting for approximately 9.9% of the total income.

DOMESTIC OEM MARKET

For the six months ended 30 June 2014, as the domestic automobile industry maintained a relatively steady growth and as a result of the Group's continuous development of new customers and simultaneous research and development of products for new model of automobiles with certain automobile manufacturers in an active manner over the years, orders for the Group's new products started to rise. For the six months ended 30 June 2014, the Group's sales volume of shock absorbers in the domestic OEM market amounted to approximately 2,590,000 units, representing a growth of approximately 461,000 units or 21.7% over the corresponding period of 2013. Under this background, the sales income derived from the domestic OEM market for the six months ended 30 June 2014 amounted to approximately RMB309.1 million, representing an increase of approximately RMB54.6 million or approximately 21.5% over the corresponding period of 2013.

DOMESTIC AFTERMARKET

The Group stepped up its efforts to expand its aftermarket customers and developed new products. With unremitting dedication to the development of the aftermarket, the Group's income derived from the domestic aftermarket business recorded growth. For the six months ended 30 June 2014, the Group's sales income derived from the domestic aftermarket amounted to approximately RMB34.1 million, representing an increase of approximately RMB2.6 million or approximately 8.2% over the corresponding period of 2013. During the six months ended 30 June 2014, the Group's sales volume generated from the aftermarket was approximately 369,000 units, a decrease of approximately 52,000 units or approximately 12.4% over the corresponding period of 2013.

OUTLOOK

The automobile market in the PRC maintained an ongoing upward trend in the first half of 2014. 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 to adjust the structure of the relevant businesses based on its industrial revitalization plan. As one of the top ten industries under the industrial revitalization plan in the PRC, the organizational structure of the automobile industry will be optimized and improved, thereby driving the domestic 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 aftermarket 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 aftermarket.

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

(i) Enhancing production capacity and efficiency through expanded production facilities

In order to achieve an expanded product range, a larger market share and new business coverage, the Group has expanded its production facilities and enhanced production capacity through phased construction and investment over recent years. 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 which have a total annual production capacity of approximately 15,000,000 units of automobile shock absorbers. Meanwhile, the Group has also increased the ancillary production capacity of major components such as piston rods, storage tanks and working cylinders to maintain its production quality and cost advantage as well as minimize its dependence on component suppliers.

(ii) Gaining new customers and new products 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 them with shock absorber products 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. Currently, the civil automobile ownership in the PRC is already over 120,000,000 units (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 aftermarket will be significant. During the six months ended 30 June 2014, the sales amount in the automobile aftermarket accounted for approximately 9.9% of the Group's revenue. The Group will continuously strive to develop the automobile aftermarket and further increase its market share thereby quickly establishing a nationwide distribution network.

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

Presently, Nanyang Cijan Auto Shock Absorber Co., Ltd, a member of the Group, has obtained the honour of "National New High-tech Enterprise" and the Group has also maintained two research and development centres in Henan, China and Asti, Italy. Based on this, we will continue to enhance the Group's overall research and development capability, technology standards and product reputation to strengthen our competitiveness.

(iv) Maintaining cost advantages

The Group will strive to cooperate with secondary components suppliers for more flexible procurement terms and more competitive procurement costs through mass production and efficient product research and development. Meanwhile, the Group will maintain its edge on production cost by improving its capability and standards of self-produced key component production through upgraded production lines, a higher level of automation and simplified production processes.

(v) Developing the shock absorber market for railway transportation

Through years of research and development and testing, the Group has made significant progress on shock absorber production specifically for railways. 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 shock absorber products for railway transportation will have tremendous growth potential in the near future.

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

Based on the Group's strategic deployment and development needs, we will take advantage of our strong industrial base and in-depth expertise to aggressively seek for investment opportunities, through financing activities, to conduct acquisitions and mergers in the automobile component business and relevant assets in the PRC and overseas markets, so as to enhance synergies, rapidly grow the business and 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 and returns for shareholders.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2014, the Group's revenue increased by approximately 20.0% to approximately RMB343.3 million from approximately RM286.1 million in the corresponding period of 2013, of which revenue from the OEM market rose by approximately 21.5% to approximately RMB309.1 million from approximately RMB254.5 million in the corresponding period of 2013. Revenue generated from the automobile aftermarket increased by approximately 8.2% to approximately RMB34.1 million from approximately RMB31.5 million in the corresponding period of 2013. Such increase was primarily due to the Group's continuous efforts to develop new products and customers and cope with simultaneous product development with existing automobile manufacturers.

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 six months ended 30 June 2014 and 2013:

For the six months ended 30 June 2014	**Sales volume**	**Average selling price**	**Revenue**
	(Units)	*(RMB)*	*(RMB'000)*
OEM market	2,589,746	119	309,116
Automobile aftermarket	368,935	93	34,136
Total	2,958,681		343,252

For the six months ended 30 June 2013	**Sales volume**	**Average selling price**	**Revenue**
	(Units)	*(RMB)*	*(RMB'000)*
OEM market	2,128,753	120	254,509
Automobile aftermarket	421,266	75	31,547
Total	2,550,019		286,056

Cost of sales

During the six months ended 30 June 2014, the Group's cost of sales increased by approximately 18.9% to approximately RMB270.4 million from approximately RMB227.3 million in the corresponding period of 2013, of which cost of sales for the OEM market increased by approximately 20.6% to approximately RMB246.8 million from approximately RMB204.6 million in the corresponding period of 2013. Such increase was mainly due to higher sales volume. Cost of sales for the automobile aftermarket increased by approximately 3.9% to approximately RMB23.6 million from approximately RMB22.7 million in the corresponding period of 2013. Such increase was primarily due to change of product structure in the automobile aftermarket.

Gross profit

During the six months ended 30 June 2014, the overall gross profit increased by 24.1% to RMB72.9 million from RMB58.8 million in the corresponding period of 2013.

Gross profit for the OEM market

During the six months ended 30 June 2014, the gross profit for the OEM market of the Group increased by 24.9% to RMB62.4 million from RMB49.9 million in the corresponding period of 2013. Such increase was mainly due to an increase in sales income.

Gross profit for the automobile aftermarket

During the six months ended 30 June 2014, the gross profit for the automobile aftermarket of the Group increased by 19.3% from RMB8.8 million as at the corresponding period of 2013 to RMB10.5 million. Such increase was mainly due to an increase in the revenue and product structure change in the automobile aftermarket.

The table below shows an analysis of the Group's revenue, gross profit and gross profit margin by its business segments for the six months ended 30 June 2014 and 2013:

For the six months ended 30 June 2014	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin** *(%)*
OEM market	309,116	62,365	20.2
Automobile aftermarket	34,136	10,529	30.8
Total	343,252	72,894	21.2

For the six months ended 30 June 2013	**Revenue** *(RMB'000)*	**Gross profit** *(RMB'000)*	**Gross profit margin** *(%)*
OEM market	254,509	49,938	19.6
Automobile aftermarket	31,547	8,822	28.0
Total	286,056	58,760	20.5

Gross profit margin

For the six months ended 30 June 2014, the overall gross profit margin of the Group increased by 0.7 percentage point to 21.2% from 20.5% in the corresponding period of 2013. Such increase was mainly due to rise of 0.6 percentage point in the gross profit margin of our products in the OEM market benefitted from the higher sales volume and product structure adjustment, while the gross profit margin of the automobile aftermarket increased 2.8 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 increased from a gain of RMB12.6 million in the corresponding period of 2013 to a gain of RMB13.5 million for the six months ended 30 June 2014, representing a growth of 6.9%. Such increase was mainly due to the following factors: (i) the investment return of approximately RMB4.0 million earned from long-term investment funds of the Group; (ii) the government grant received by Nanyang Cijan Auto Shock Absorber Co., Ltd. for the period increased by RMB2.9 million as compared with that of the corresponding period of 2013; and (iii) the reversal of allowance for doubtful debts of RMB5.8 million in the corresponding period of 2013 and of nil for the period.

Selling and distribution expenses

Selling and distribution expenses increased by 9.8% from RMB15.3 million in the corresponding period of 2013 to RMB16.8 million for the six months ended 30 June 2014. Such increase was primarily due to an increase in sales volume of the Group's, increase in the transportation costs and the marketing expenses of such products.

Research and development expenses

The research and development expenses rose by approximately 61.1% from approximately RMB7.3 million in the corresponding period of 2013 to RMB11.7 million for the six months ended 30 June 2014. Such increased expenses were for (i) the enhancement on the research of applying shock absorber related technology for different models of automobiles; and (ii) additional development costs of shock absorbers for newly-developed automobiles, in response to the need to develop new products and customers.

Administrative expenses

The administrative expenses increased by 11.9% from RMB24.5 million in the corresponding period of 2013 to RMB27.4 million for the six months ended 30 June 2014. Such increase was mainly due to the increase in the wages, welfare and related social insurance premium for administrative staff.

Finance costs

The finance costs increased significantly by 154.2% from RMB6.5 million in the corresponding period of 2013 to approximately RMB16.6 million for the six months ended 30 June 2014. Such increase was mainly due to the successive completion of most of the key projects during the period and the cease of capitalization of finance costs. During the period, no interest expense has been capitalized as property under development in respect of the expansion project for Nanyang Xichuan production base (the corresponding period of 2013: RMB7.6 million).

Income tax expense

For the six months ended 30 June 2014, the Group's income tax expense was approximately RMB1.83 million, decreased by approximately 22.8% as compared with that of the corresponding period of 2013. The decrease in income tax expense was mainly due to a decrease in the amount of taxable income generated by the Nanyang Cijan Auto Shock Absorber Co., Ltd. for the six months ended 30 June 2014.

Net profit for the period

For the six months ended 30 June 2014, profit for the period decreased by 21.6% from RMB15.5 million for the corresponding period in 2013 to RMB12.1 million. The decrease in the Group's net profit was mainly due to the offset of the rise in revenue and returns on investment of the Group for the period by the unfavorable factors such as increase in finance costs and depreciation costs.

Basic earnings per share

For the six months ended 30 June 2014, basic earnings per share amounted to RMB0.03 while it amounted to RMB0.05 in the corresponding period of 2013.

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities

As at 30 June 2014, the Group's net current liabilities decreased to RMB151.3 million from RMB153.5 million as of 31 December 2013. Such decrease was primarily due to the increase in revenue and bank deposit for the six months ended 30 June 2014.

FINANCIAL POSITION AND BANK BORROWINGS

As at 30 June 2014, the Group's total cash and bank balances, most of which were denominated in RMB, amounted to approximately RMB150.1 million, representing an increase of approximately 39.8% as compared with that of approximately RMB107.4 million, most of which were denominated in RMB, as at 31 December 2013. The increase was primarily attributable to the growth in revenue and the increase in cash recovery from the operating activities and bank borrowings.

As at 30 June 2014, the Group's total borrowings amounted to approximately RMB467.5 million, representing an increase of approximately 8.5% as compared with approximately RMB430.8 million as at 31 December 2013. Out of the total borrowings, short-term bank borrowings due within one year amounted to approximately RMB319.6 million, representing an increase of approximately 8.1% as compared with approximately RMB295.6 million as at 31 December 2013, while mid-to-long-term borrowings due after one year amounted to approximately RMB148.0 million, representing an increase of approximately 9.5% as compared with approximately RMB135.2 million as at 31 December 2013.

As at 30 June 2014, the Group's gearing ratio, presented as a percentage of total borrowings and bills payable divided by total assets, was approximately 44.3% (31 December 2013: approximately 42.6%).

WORKING CAPITAL

As at 30 June 2014, the Group's gross inventories, mainly comprising raw materials, work-in-progress and finished products, amounted to approximately RMB119.9 million, representing an increase of approximately 43.0% from approximately RMB83.8 million as at 31 December 2013. Such increase was primarily due to the expansion in scale of production and the increase in sales. The management of the Group reviews and monitors inventory level on a regular basis. For the six months ended 30 June 2014, the average inventory turnover days were 67.8 days (for the six months ended 30 June 2013: 64.2 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 180 days.

As at 30 June 2014, the Group's trade receivables amounted to approximately RMB255.8 million, representing a decrease of approximately 3.8% from approximately RMB265.8 million as at 31 December 2013. For the six months ended 30 June 2014, the average turnover days of trade receivables were 136.7 days (during the six months ended 30 June 2013: 130 days). The turnover days of trade receivables in 2013 had no material changes from that of last year. The turnover days of trade receivables were arrived at by dividing the mean of the opening and ending balances of trade receivables for the period by of the sales income of the period and multiplied by 180 days.

As at 30 June 2014, the Group's trade payables amounted to approximately RMB230.2 million, representing an increase of approximately 12.2% from approximately RMB205.2 million as at 31 December 2013. For the six months ended 30 June 2014, the average turnover days of trade payables were 145.0 days (during the six months ended 30 June 2013: 146.6 days). The turnover days of trade payables were arrived at by the mean of the opening and ending balances of trade payables for the period by cost of sales of the period and multiplied by 180 days.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

For the six months ended 30 June 2014, the Group's capital expenditures were approximately RMB39.0 million (the same period of 2013: RMB32.1 million). The Group's capital expenditures were primarily related to an acquisition of land use rights, construction of production facilities and the expenses for plant, machinery and equipment for the business expansion of its Nanyang Xichuan 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 30 June 2014, the Group had capital commitments for acquisition of plant and machinery of approximately RMB27.5 million (31 December 2013: RMB27.9 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 the changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable interest rate of interests 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 six months ended 30 June 2013 and 2014. 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 denominated in RMB. Most of the assets and liabilities of the Group are denominated in RMB. Except certain long-term investments, bank balances and other borrowings of the Group, part of the professional payables are denominated in HK dollars and US dollars. 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.

EMPLOYEES AND REMUNERATION POLICY

For the six months ended 30 June 2014, the Group had 1,422 employees (31 December 2013: 1,418 employees) with total remuneration and welfare benefits expenses amounting to approximately RMB42.1 million (for the six months ended 30 June 2013: RMB34.8 million). The Group's remuneration policy is primarily based on the job responsibilities, work experience and number of years of services of each employee and the prevailing market condition. The Group has also provided internal and external trainings and courses to its employees to encourage self-improvement and enhance their professional technical skills. The remuneration of the Directors 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 in 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 six months ended 30 June 2014, no share options were granted under the Scheme by the Company.

In addition, as of 30 June 2014, no share options under the Scheme were outstanding.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2014, (i) the Group's certain buildings and production equipment with a net carrying amount of RMB202.1 million (31 December 2013: RMB75.1 million), and (ii) the Group's leasehold land with a carrying amount of RMB104.5 million (31 December 2013: RMB64.2 million) were pledged to secure the Group's bank loan facilities.

As at 30 June 2014, the Group's certain restricted bank balances with a carrying amount of RMB85.0 million (31 December 2013: RMB55.0 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 of the Company dated 11 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 six months ended 30 June 2014, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENT HELD

Except for the investment in First Capital Automotive Component Industry M&A Fund L.P. as set out in note 20 to the Annual Report 2013 of the Company, the Group did not hold any significant investment as at 30 June 2014.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2014 (for the six months ended 30 June 2013: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2014, the Company has complied with Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules so as to enhance the corporate governance standard of the Company. None of the Directors is aware of any information which would reasonably indicate that the Company was not in compliance with the Corporate Governance Code during the six months ended 30 June 2014.

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 Corporate Governance Code in order to review and supervise the Group's financial reporting process and internal control. The Audit Committee comprises four independent non-executive Directors. The Audit Committee has reviewed the consolidated financial statements for the six months ended 30 June 2014 and the interim results announcement of the Group.

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 six months ended 30 June 2014.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or any of their respective associates (as defined under the Listing Rules) has any interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has 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 six months ended 30 June 2014.

SIGNIFICANT LEGAL PROCEEDINGS

For the six months ended 30 June 2014, 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 Group.

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

This interim results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.china-cvct.com. The interim report of the Company for the six months ended 30 June 2014, which contains all information as required by the Listing Rules, will be dispatched to shareholders of the Company and will be available on the above websites in due course.

REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the six months ended 30 June 2014 have been reviewed by Deloitte Touche Tohmatsu, the auditors of the Company, and the Audit Committee. They expressed no disagreement with the accounting policies and principles adopted by the Company.

APPRECIATION

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

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

Hong Kong, the PRC
28 August 2014

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhao Zhijun, Mr. Wang Wenbo, Ms. Yang Weixia and Mr. Wang Ping; two non-executive Directors, namely Mr. Wilson SEA (formerly known as Xi Chunying) and Mr. Yan Haiting; and four independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. Li Zhiqiang, Mr. Zhang Jinhua and Ms. Shi Hongmei.