MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 425

2021
ANNUAL REPORT

CORE VALUES

- Integrity
- Teamwork
- Trust
- Embrace change

VISION

We create beauty in motion with intelligence

MISSION

Make automobiles lighter, prettier and more intelligent

TARGET

To be the top 50 global auto parts supplier in 2025

FSC www.fsc.org MIX Paper from responsible sources FSC™ C019970

This annual report is printed on environmental paper

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* Should there be any discrepancy between the English and Chinese versions, the English version shall prevail.

CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive directors

Wei Ching Lien *(Chairperson)*
Chen Bin Bo *(Chief Executive Officer)*
Chin Chien Ya

Independent non-executive directors

Wang Ching
Wu Tak Lung
Chen Quan Shi *(appointed on 31 May 2021)*
Yu Zheng *(retired on 31 May 2021)*

COMPANY SECRETARY

Yi Lei Li

REGISTERED OFFICE

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Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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Tel: (86 573) 8368–6700
Website: www.minthgroup.com

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North Point, Hong Kong

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

Citibank N.A.
Hong Kong Branch
44/F Citibank Tower
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Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Deloitte Touche Tohmatsu
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As to PRC Law
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As to Cayman Islands Law
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Century Yard, Cricket Square
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Grand Cayman, British West Indies

STOCK CODE

SEHK Code: 0425

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of Minth Group Limited (the "Company") together with its subsidiaries (collectively the "Group") for the last five financial years is as follows:

	For the year ended 31 December				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Result					
Turnover	11,384,495	12,553,202	13,198,189	12,466,858	**13,919,269**
Profit before tax	2,488,296	2,046,074	2,101,278	1,679,575	**1,845,812**
Income tax expense	(395,564)	(333,534)	(336,187)	(216,587)	**(266,364)**
Profit for the year	2,092,732	1,712,540	1,765,091	1,462,988	**1,579,448**
Attributable to:					
Owners of the Company	2,025,254	1,660,636	1,690,300	1,395,509	**1,496,507**
Non-controlling interests	67,478	51,904	74,791	67,479	**82,941**
	2,092,732	1,712,540	1,765,091	1,462,988	**1,579,448**

	As at 31 December				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Assets and Liabilities					
Total assets	18,108,962	21,268,088	23,642,675	27,205,745	**29,644,844**
Total liabilities	(5,710,857)	(7,839,382)	(8,898,981)	(11,892,850)	**(13,089,188)**
	12,398,105	13,428,706	14,743,694	15,312,895	**16,555,656**
Equity attributable to owners of the Company	12,113,134	13,160,414	14,324,945	14,944,004	**16,022,972**
Non-controlling interests	284,971	268,292	418,749	368,891	**532,684**
	12,398,105	13,428,706	14,743,694	15,312,895	**16,555,656**

CHAIRPERSON'S STATEMENT

Dear shareholders:

In the past year, we have experienced all kinds of challenges brought about by adverse factors to the manufacturing industry, including a series of chain reactions arising from COVID-19 pandemic, such as chip shortage, the surge in raw material prices, and rising freight costs amid interrupted logistics; meanwhile, tariff and non-tariff barriers emerged between multiple counties as a result of various influences of geopolitics.

In light of the above, during the past year our team endeavored to pursue excellence through concerted efforts and determination and made progress in various aspects along the times, such as improvements on saving energy and reducing emissions, lowering costs and boosting efficiency through 4M (Man, Machine, Material and Method) in relation to production, improving packaging design to lower logistics costs, etc. Meanwhile, we had been exploring vertical integration of the supply chain and had devised plans to establish a complete chain from raw material to products.

The "de-globalization" process was driven by factors such as amplified geopolitics and the volatile situation of COVID-19 pandemic. Faced with these conditions, we developed plans of "globalization" and "regionalization" in parallel during the past three years. Currently, we have already successfully built a production base with relatively low costs in countries such as Serbia and Czech to serve premium customers in Europe. Meanwhile, we also expanded production capacity in North America, including building a new factory in Tennessee, USA, and scaling up the production in Mexican factories. Therefore, we are able to realize the operating model of running independently in Europe, North America and China, so as to effectively mitigate the risks brought by geopolitics.

Regardless of the macro environment, Minth today has gone through significant growth in respect of global deployment, exploration of innovative products, and new business intake. Despite dwindling competitiveness from some competitors due to various unfavorable factors on their operations, Minth has been playing an increasingly important role among its customers and in the overall automobile industry.

We believe that a happy and cohesive team is the key to sustainability of an enterprise. Therefore, we continue to implement projects such as employee empowerment, family well-being, and cultural leadership building among different teams. Nowadays, Minth possesses consistent beliefs, sheer confidence and a relatively young, highly competitive and professional team and upholds its well-rounded operating effort in relation to the environment, society and governance to pursue sustainable development. In the coming five years, the increase in order backlog and ongoing R&D in innovative products will steer Minth towards a golden age and bring about infinite possibilities in our future development.

I hereby express my heartfelt gratitude towards the shareholders for their trust and support!

Wei Ching Lien
Chairperson

22 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

According to the statistics of China Association of Automobile Manufacturers, the production and sales of China's passenger vehicles during the year ended 31 December 2021 (the "Review Year") were approximately 21,408,000 and approximately 21,482,000 units respectively, representing a year-on-year increase of approximately 7.1% and approximately 6.5% respectively. In terms of annual sales, the first half of the Review Year saw a high growth rate due to a lower base in the first half of 2020. Nevertheless, the worsening impact of chip shortage hampered production capacity in the third quarter, and a modest improvement in supply was witnessed in the fourth quarter. As to market segments, the sedan market saw increases of approximately 7.8% and approximately 7.1% respectively in production and sales when compared to the same period in the previous year. Production and sales of MPVs increased by approximately 6.1% and approximately 0.1% respectively when compared to the same period in the previous year. SUVs recorded year-on-year increases in production and sales of approximately 6.7% and approximately 6.8% respectively as compared to the same period in the previous year. In terms of performance by product origin, affected by chip shortage, the market share of German and Japanese OEMs in China decreased compared to the same period last year, each accounting for approximately 20.6%. Both American and French OEMs saw a slight rise in market share in China, which accounted for approximately 10.2% and approximately 0.6% respectively. Korean OEMs, with approximately 0.7% market share in China, reported a constant declining trend due to their less competitive models, while the market share of Chinese OEMs for their passenger vehicles surged to over 44%. During the Review Year, new energy vehicles ("NEVs") became the biggest highlight for the market and maintained rapid growth to reach approximately 3,545,000 and approximately 3,521,000 units in production and sales, respectively, representing a year-on-year increase of approximately 159.5% and approximately 157.5% respectively. Market share of NEVs increased to approximately 15.5%, and has gradually evolved to be more driven by market than by policy.

During the Review Year, due to the impact of chip shortage and the volatile COVID-19 pandemic, the automobile industry chain experienced an imbalance between supply and demand while demand recovery was constrained. The global automobile market pulled back from a high, with a year-on-year increase of approximately 4.6% to approximately 81,300,000 units. During the Review Year, affected by chip shortage and other issues, sales in the Western European market were bleak, demonstrating a year-on-year decrease of approximately 1.9% to approximately 10,600,000 units.

Sales in the United States (the "US") market increased by approximately 3.4% to approximately 15,080,000 units, with approximately 5.3% increase in light vehicles, a segment dominated by pickup trucks, which remained a pillar supporting the automobile sales in the US. In terms of Asian markets, Japan, Korea, and Thailand all reported declines of varying degrees. During the Review Year, Mexico and Russian markets stabilised and rebounded, while markets including India and Brazil showed declines of varying degrees.

COMPANY OVERVIEW

The Group is primarily engaged in two major businesses, namely the research and development ("R&D"), production and sales of auto parts, and toolings and moulds. The auto part business of the Group mainly includes metal and trim products, plastic products, aluminium products and aluminium battery housing products. The tooling and mould business mainly includes various moulds and fixtures for the development, processing and production of automobile exterior decorative parts and body structural parts. The Group is headquartered in China and has established worldwide presence through building R&D, design and production bases in China, the US, Mexico, Germany, the United Kingdom, Serbia, the Czech Republic, Thailand, Japan, etc., and will continue to enlarge overseas plant deployment and domestic large industrial park plans to continuously provide customers with high-quality products and services.

During the Review Year, the Group continued to improve the four product business units ("BUs"), namely plastic products, aluminium products, metal and trim products and battery housing products. To grow in tandem with the global development trend of carbon neutrality, the Group proactively carried out the planning of the upstream of the supply chain, refined the formulation and techniques for aluminium smelting, which is also conducive to the enhancement of its competitive strength through building up manufacturing capability and technological threshold. The Group analysed and optimised manufacturing strategy in consideration of actual demands of its global business development, and conducted proactive product planning and production capacity planning in project development stage. Products already in mass production were given priority during the optimization process through benchmarking against products of the same type, implementing the manufacturing strategy and planning asset investments with a view to optimising returns. Other plans were made to balance the Group's production capacity and deploy resources in its global production bases through a unified ERP system to improve its adaptability to volatile external circumstances.

During the Review Year, the Group continued to deepen the implementation of the Minth Operation Excellence System ("MOS") (敏實卓越運營系統). At its manufacturing plants in China, Thailand, Mexico, and Serbia, the Group continued to improve the cost loss model using the cost attribution matrix pillar, aiming at analysing in more detail the waste and losses incurred in the operation process and developing effective solutions for improvement. During the Review Year, in respect of the application and standardisation of MOS tools, the Group continued to implement the transition from the reaction stage to the prevention stage. The BUs are completing the MOS talent layout and establishing an echelon of teams utilising the LUTI (Learn/Use/Teach/Inspect) system. The Group continued to utilise MOS as the assessment standard and identified eight perspectives (including management, "environment/quality/safety", cost, human resources, production excellence, equipment maintenance, logistics and supply chain) as the principal management elements of its plant operations, promoted exchanges and appraisals among its factories, and built Silver-To be Level factories as the benchmark, so that best practices could be quickly standardised and replicated in its plants at various locations globally. In the course of MOS implementation, the Group has also been seeking improvements continuously. During the Review Year, the Group officially added primary-stage product management as an evaluation criterion to reduce the risks and costs incurred prior to mass production. This has helped to facilitate the standardisation and integration of MOS across the Group's global plants, gaining certain experience in the Review Year and establishing the foundation for the full implementation of this pillar in 2022. During the Review Year, the Group utilised digital transformation to import the logic, methodology and tools of MOS in batches into SAP, manufacturing execution system ("MES") and all operating factories as needed, to ensure MOS is capable of implementing a self-sustaining operation excellence system for the entire value chain.

During the Review Year, with enhanced processing and manufacturing technologies and production models, the Group continued to boost the overall competitiveness of traditional products and strive for an all-round penetration of these products at customers' end. Meanwhile, through in-depth exchange between its cross-functional teams (including Group Innovation Centre, Group Account Development Centre etc.) and customers, the Group remained committed to the provision of systematic solution to both internal combustion engine vehicle models and NEV models of its customers in relation to product, technology and material innovation. During the Review Year, the Group endeavoured to push forward the market expansion for new product offerings, such as chassis structural parts and intelligent exterior decorative parts, with the aim of assuring continual growth of the Group's revenue. During the Review Year, a number of new products of the Group, such as battery housing, radome, illuminated emblem, intelligent front module, bumper beam and roller shutter, smoothly entered into the project development phase.

During the Review Year, the Group's Digital Transformation Centre continued to cooperate closely with a team of professional consultants to further update the digital transformation projects. A digital central platform was created, which was capable of facilitating swift and coordinated handling of purchase orders, intelligent planning, intelligent warehousing, intelligent manufacturing, intelligent logistics, integration of business and finance, efficient financial accounting, transforming atomic data into business counselling information, and thereby accelerating the Group's digital transformation. During the Review Year, the project team at the Group's Digital Transformation Centre constructed a forward-looking group management and production model to achieve renovation and reshaping of the traditional commercial model, business model and management model, achieving business optimization and successful trial launch of the above-mentioned model at the four BUs. During the Review Year, the Digital Transformation Centre team fully supported quick implementation and improvement of the digital transformation projects at more factories of the Group, which reinforced the Group's globalisation plan and agile operation.

During the Review Year, with the assistance from third-party partners, the top-level design project of Factory of the Future had fully materialised from conceptualization to implementation, while successfully achieving mass production of the phase I project in the second half of the Review Year, including the global interactive experience centre, global empowerment centre, global big data centre and construction and decoration of the Phase I plant. During the Review Year, the Group installed and commissioned the production equipment in Factory of the Future and commenced flawless mass production. In respect of digital development, the launch of MES, warehouse management system, 3D visualisation and industrial internet, all at a preliminary stage, was completed in an effort to achieve data interconnectivity. During the Review Year, the construction of an ecological farm in Factory of the Future was completed and gained a good harvest. All of these initiatives are expected to facilitate the Group to construct a brand-new industrial ecosystem featuring the beauty of intelligent manufacturing, humanistic care and eco-friendliness of Minth's Factory of the Future, with a view to fully replicating the model at Factory of the Future, which serves as a trial spot, eventually heralding the Group towards digital transformation and upgrade and industrial ecosystem upgrade.

During the Review Year, the Group kept deepening its engagement in the management of environment, health and occupational safety ("EHS") based on its EHS system, to achieve the goal of "green manufacturing with sustainable development" by gradually finishing the construction of both energy system and carbon emission management system to perform its corporate social responsibility ("CSR") and gradually promote and build an outstanding sustainable development management system.

During the Review Year, the Group proposed the strategic goals of carbon peaking by 2030 and carbon neutrality by 2050, formulated the industrial layout goal of "low-carbon R&D and cyclic economy" and the excellent operation direction of "digitalization, green energy and green supply chain". The Group also audited its greenhouse gas emission based on ISO14064 to examine and audit the carbon emission of the whole Group and all its factories in the previous year, which provided the Group with data support for its carbon neutrality strategy. During the Review Year, the Group initiated an energy management audit based on ISO50001 and set up energy management organisation, annual performance targets, energy-saving management and technology solutions and daily review system at factory, BU and group level, to ensure the fulfilment of the annual energy management targets of the Group. Among them, four trial factories had passed the audit of the certification of ISO50001. The Group continued to pay attention to the responsibility toward various stakeholders, such as workers, consumers, environment and community, and conducted online and on-site audit of CSR, NQC-SAQ4.0 self-assessment and CDP online audit. Meanwhile, the Group received the "Improvement Award on Climate Action" from CDP Global Environmental Information Research Center. During the Review Year, MSCI upgraded the Company's ESG rating from B to BB.

During the Review Year, guided by its EHS management concept, the Group continued to strengthen its safety management across all BUs on a uniform basis with a focus on on-site operations. A set of criteria called the "ten major red lines (十大紅線)" have been adopted as the management method for setting key points and overseeing the process. All of these have facilitated the Group to enhance the safety awareness of employees and to reinforce the management's awareness of risk identification in order to ensure operational safety at the factory level. The Group has continued to introduce advanced technologies for wastewater, emissions and hazardous waste treatment to reduce pollutant emission, while increasing investment in waste recycling facilities, reducing the procurement of raw materials and supplies, lowering operating costs with enhanced operation management of the emission treatment facilities, as well as installing an online emission monitoring system to provide real-time monitoring and ensure effective operations of such facilities. All of these will ensure that the pollutant discharge of the Group is up to standards. The Group has also taken greater heed of the development and management of occupational health by optimizing management mechanisms for jobs subject to occupational hazards, improving the working environment for staff and ensuring comprehensive implementation of the occupational health check systems to safeguard the general health and well-being of the employees. During the Review Year, the EHS team of the Group completed a mid-year "ten major red lines" audit and year-end MOS-EHS pillar assessment against each factory in China, commenced the compliance audit from multiple dimensions, passed the supervisory audit of the ISO45001 and ISO14001 System and identified and eliminated on-site key risks to comprehensively boost the Group's management and control capability in key EHS risks, which facilitated the Group to reduce the risks of fire accident and work-related injury occurrence and enhance its EHS performance so as to ensure safe and healthy operations of the Group eventually. During the Review Year, no material safety, fire, environmental and occupational health incidents were reported.

During the Review Year, as management model reforms and digital transformation intensified, the Group focused on its development strategy and kept updating and maintaining the authorisation framework in accordance with its organisational needs. Process control was reviewed for its efficiency and effectiveness and optimised on an ongoing basis, while internal control and risk management were incorporated into daily operation and core value chain to gradually form a procedure-based internal control and comprehensive risk management system. The Group insisted on ensuring the independence of its internal audit function in terms of both system and organisational structure, while continuing to allocate sufficient resources to support the performance of its duties, in continuous enhancement of the efficiency, effectiveness and standardisation of its internal audit function. It monitored and promoted the internal control development and risk management in each functional department and operating unit, and started to establish an audit risk control model to identify and control the risks in advance. At the same time, the Group began the certification on ISO37001 anti-bribery system and considered such certification an opportunity to keep refining its anticorruption system, strengthening promotion and education of anti-corruption knowledge and practices and enhancing the development of internal whistleblowing channels and stipulate the systematic protection and reward of reporting briberies and other acts of fraud, thereby creating an environment that values business ethics for the Group and each stakeholder. In addition, the Group formally issued the Code of Business Ethics of Minth Group during the Review Year. Based on the above relevant measures, the Group continued to improve its audit and supervision, internal control and risk management models, keep improving its capability in risk management and control and reasonably ensure that potential risk is under control within an acceptable level. These measures have effectively safeguarded and promoted the sustainable and steady development of the Group.

Business and Operation Layout

During the Review Year, the Group's revenue was approximately RMB13,919,269,000, representing an increase of approximately 11.7% as compared with approximately RMB12,466,858,000 in 2020. During the Review Year, the domestic revenue of the Group was approximately RMB8,201,506,000, representing an increase of approximately 11.0% as compared with approximately RMB7,391,431,000 in 2020. China's automobile market ended three consecutive years of decline since 2018, showing signs of recovery, while the Group's Japanese and European OEM customers in China outperformed the overall market. During the Review Year, the Group's overseas revenue was approximately RMB5,717,763,000, representing an increase of approximately 12.7% as compared with approximately RMB5,075,427,000 in 2020, which was mainly attributable to the gradual recovery of overseas orders during the Review Year subsequent to the severe impact of COVID-19 pandemic on the global supply chain of the automobile industry in 2020.

During the Review Year, while ensuring its leading market position in traditional products, the Group strived to expand the field of innovative products that may steer its future growth and was committed to pioneering the products and technical solutions for its OEM customers, achieving a record high value in the new business intake of over RMB10 billion. During the Review Year, the Group reported remarkable results with respect to innovative products, such as securing business for active rear spoilers from GM and plastic tailgates from NIO for the first time. The Group continued to expand its share of Toyota's radome business, and newly developed the radome business with NIO and various radar manufacturers while further expanding its supply of products with illumination function to Volkswagen, GM and Geely. During the Review Year, in terms of battery-housings, the Group secured the business with Stellantis for its largest electric vehicle platform — EMP2, which is also one of the best-selling electric vehicle platforms in the European market. Meanwhile, the Group obtained battery-housing business of an American high-end electric vehicle brand through CATL and secured the battery-housing orders for all the outsourced electric vehicle models of Renault and Nissan, while obtaining battery-housing business from new customers, such as Xpeng, EVE Energy. During the Review Year, the Group also made significant breakthroughs in the business intake of aluminium structural parts, and secured the business of stiffener sills for all vehicle models under EMP2 electric vehicle platform of Stellantis. In addition, the Group secured orders of aluminium structural parts such as stiffener sills and bumper beams from a number of customers, including BMW, Benz, Volkswagen and Li Auto, and at the same time, tapped into the market of aluminium structural parts for pickup trucks in North America. During the Review Year, the Group also recorded favorable results in the business development of traditional products. In terms of NEV companies, the Group tapped into the supplier system of an American high-end electric vehicle brand in North America and secured orders of aluminium trims. For traditional auto companies, the Group became an exclusive supplier of the aluminium trims for all outsourced models of Daimler's MMA platform, consolidating the leading market position of the Group's aluminium trim business. Meanwhile, as for stainless steel trim business, the Group became an exclusive supplier for all outsourced models from Volkswagen and Skoda brands, ensuring its leading market position in stainless steel trims.

During the Review Year, the Group continued to make visionary plans for the production layout of its major plants, expanding and optimising production capacity at major plants worldwide based on local conditions to better meet the requirements of global customers in terms of product development and mass production, as well as to help the Group further enhance its overall operational efficiency. As at 31 December 2021, the Group finished the establishment of production lines for aluminium battery-housings and other products in various locations in China, which gradually commenced mass production. In terms of domestic plant construction, the battery-housing plant in Shenyang entered the mass production stage, while the construction of the Group's battery-housing plant and metal and trim plant in Xianning completed, and the battery-housing projects of which have entered the equipment commissioning stage and the metal and trim project of which commenced mass production. As for the Group's Serbian plant, orderly deployment of production lines for battery-housings, aluminium door frames and aluminium trim products was in place as guided by its principles of building production lines with advanced technology and implementing strict environmental and safety management standards. Mass production had started for some projects, while a number of other projects were being commissioned. Moreover, the installation of chrome plating lines and painting lines has been finished in the US plants, which are about to start commissioning. Increasing global presence has enabled the Group to meet the demands for proximal supplies from its worldwide customers and further reinforced and consolidated its global competitiveness for core products.

During the Review Year, as the automotive market was affected by multiple factors, including the ongoing global COVID-19 pandemic, rising prices of raw materials, chip shortages, and rising logistics and shipping prices, the industry was confronted with a grimmer situation. In order to effectively mitigate the continuous impact of the COVID-19 pandemic, the Group remained alert at all times and executed its pandemic control measures, while emergency response teams were always ready for implementation works in accordance with policies such as responsive measures of pandemic prevention and control and contingency plans. During the Review Year, the Group's factories in Zhengzhou, Ningbo and Tianjin followed the epidemic prevention and control measures and set a good example of emergency response in the epidemic prevention and control work without causing any delivery risks. In the face of the rise in commodity prices and raw material prices worldwide, the Group's procurement teams at all levels collaborated to seek improvement and cushion the impact on the Group by means of strategic procurement, commercial negotiations, value analysis and value engineering and cost reduction through technical way. In response to the shortage of automotive chips, the Group established a delivery contingency team and held semi-monthly delivery meetings regularly to monitor the extent of the impact on customers and adjust production promptly to reduce the risk of excessive inputs and idling capacity. The Group's logistics team has continued to enter into long-term strategic logistics contracts with major shipping companies around the world in a timely manner, minimising the impact of overseas logistics on the Group. Meanwhile, the Group also implemented control measures by streamlining its processes, enhancing efficiency, reducing inventories and reactivating idle assets. The Group's swift and effective responses ensured timely delivery, premium quality products and effective cost control and were widely recognised by its customers.

Research and Development

R&D is an important pillar to corporate development and the Group attaches great importance to R&D planning. Given the four disruptive trends in the global automotive industry, namely the electrification and intelligence trends which have already been given great impetus to, and the gradual rising trends of internet connectivity and shared vehicle, the Group swiftly and effectively responded to a series of ground-breaking innovations in the automotive and related industry to lay down the fundamental strategy of creativity-driven development, optimised the structure of R&D organisations, established an innovation centre, strengthened the self-initiated R&D and innovative research capability in respect of basic materials, products and technology, and continued to increase its investments. Through in-depth exchange and cooperation with major customers and world-leading enterprises, technical breakthrough of existing procedures, reform on organisational management and control model and digital transformation, the Group improves its overall management efficiency and capability to further solidify its presence in core components for NEVs and promote the integration of intelligent products and exterior decorative parts, thus consolidating its position as a tier-1 supplier to OEM customers.

For innovative products, the Group has made tremendous progress to lay a solid foundation for the Group's future sustainable development. The Group delves deeply into battery housing business and has honed its competitive advantage to become a system solution provider. The Group, with its vertical integration capabilities throughout the whole process, has been growing to be a preferred partner for multiple global automotive OEMs. During the Review Year, the Group obtained orders from a number of mainstream OEMs in Europe in respect of their platform vehicles. The Group has become one of the world's largest suppliers of aluminium battery housings based on its current order book. The Group continues its input in R&D to pursue product and technology innovation and improvement, including the R&D of diverse battery housing solutions, such as CTC battery housing solution, housings applicable for battery swapping, housings for solid-state batteries and thermal plastic housing cover, etc., and has secured a number of global concurrent design projects to keep enriching its design experience and improving its design capabilities. Meanwhile, the Group has also been making use of its diverse skills to start offering complementary parts for the battery housings such as front and rear crash management systems, subframes and other die casting structural parts. Orders have already been secured, which will offer another growth driver for the Group while cementing the Group's status as a systematic solutions provider of battery housings and integrated chassis structural components.

As for intelligent exterior decorative, the Group is focusing on the R&D and expansion of intelligent front and rear modules and intelligent door systems. During the Review Year, based on products such as millimetre wave ("mmWave") compatible radomes and illuminated grilles, the Group further developed products such as LiDAR compatible radomes, mmWave compatible radomes with heating function. In particular, the Group has received numerous orders in respect of LiDAR compatible radomes from domestic mainstream LiDAR manufacturers, while European and Japanese OEM customers have placed orders for mmWave compatible radomes with heating function. The Group has carried out visionary R&D and planning for solutions of integrated intelligent front modules, which combine functions such as illumination, heating, wave transparency and automatic cleaning, and multiple industry-leading patents have already been authorised for those products and could be used for level 4 and above autonomous driving. The Group has taken active measures in respect of intelligent door systems, including application scenarios such as intelligent access and automatic opening, to provide solutions such as intelligent pillar cover with face recognition function, electric shutter driving mechanism and ultralight door, which have obtained technical approval from several OEMs and have seen mass production order inflow.

The Group attaches great importance to the R&D of new material technologies and has continuously increased its R&D investment in materials, mastering the technologies of three core materials, namely high-performance aluminium, high-elasticity TPV (Thermoplastic Vulcanizate) and modified plastics, as well as the related surface treatment technologies. In terms of research and innovation of ultra-high-performance structural aluminium for automobiles, the Group has reached advanced level in the global market, and has successively achieved technical breakthroughs in high yield strength crash resistant aluminium alloy of 240MPa, 250MPa, 280MPa, etc. The Group has obtained over 30 core patents in terms of material formula and processing technology, which have been widely applied in the battery housings and body structural parts of mainstream OEMs, such as BMW, Benz, Audi and Volkswagen. The Group also emphasises the R&D of green and low-carbon materials and has completed the development of ECO-ALUMIN® PS series aluminium. It utilises eco-friendly aluminium and recycled aluminium as raw material with a carbon emission of ≦3.0kgCO_2/kg, which can meet the aluminium alloy requirement of mainstream OEMs in respect of crash resistance of 280MPa level.

The Group is well aware of the importance of its technological reserves and has adopted a number of measures to motivate, attract and retain talents to strengthen its talent pool and to consolidate its leading position in R&D. The Group attaches great importance to intellectual property rights. It has initiated a comprehensive deployment in trademarks and patents for innovative products and has been granted numerous awards such as the "National Intellectual Property Advantage Enterprise" (國家知識產權優勢企業) and the "Zhejiang Province Patent Excellence Award" (浙江省專利優秀獎) and actively applies for overseas patents. During the Review Year, 628 patent applications by the Group were newly filed for approval, among which 7 applications were related to overseas patents and were in the course of being approved. 488 patents were authorised by competent authorities during the Review Year.

Corporate Social Responsibility

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

During the Review Year, the Group proposed the strategic goals of carbon peaking by 2030 and carbon neutrality by 2050, formulated the industrial layout goal of "low-carbon R&D and cyclic economy" and the excellent operation direction of "digitalization, green energy and green supply chain". During the Review Year, guided by its EHS management concept, the Group continued to strengthen its safety management across all BUs on a uniform basis with a focus on on-site operations. All of these have facilitated the Group to enhance the safety awareness of employees and to reinforce the management's awareness of risk identification in order to ensure operational safety at the factory level. The Group has continued to introduce advanced technologies for wastewater, emissions and hazardous waste treatment to reduce pollutant emission, and to ensure that the pollutant discharge of the Group is up to standards. The Group has also taken greater heed of the development and management of occupational health of the employees to safeguard the general health and well-being of the employees. During the Review Year, the Group comprehensively boosted its management and control capability in key EHS risks so as to ensure its safe and healthy operations.

During the Review Year, the Group has furthered the development and embedding of the culture of "love — demanding and caring", and the employee engagement around the globe continued to rise. Based on its core values and code of conduct, the Group has placed emphasis on enhancing the family happiness of its global employees and deeply motivating its global organisations and teams to tap into their potential. During the Review Year, the Group has fully upgraded the concept of overall wellness and held Holistic Empowerment Camps and workshops on overall wellness, whereby the Group focused on projects that could help the employees improve the happiness of their families. Looking ahead to 2022, amidst the global cross-cultural environment, the Group will continue to explore and innovate the integration of cultures and the practice of values and effectively promote overall wellness and family happiness projects in overseas plants in order to fully empower global teams and global organisations.

During the Review Year, the Group made strong efforts to promote enhancement of CSR on the part of its supply-chain partners. The Group started to formulate plans for the medium to long-term goals of carbon reduction, increased utilization proportion of green energy and improved the efficiency of energy utilization. The Group also started to speed up its development and switch to the use of renewable materials, and its suppliers are encouraged and required to use recyclable raw materials. In connection with labour rights, health and safety, environmental protection and business ethics, the Group further enhanced the implementation of annual suppliers' audit and suppliers' self-inspection. The Group added and applied CSR requirements in its management rules for the admission and performance evaluation of suppliers. In the meantime, the Group continued to improve its internal control system for procurement, conducting investigation with sustained vigilance in relation to anti-fraud supervision and management in procurement.

Under the guidance of the business philosophy of "creating value for society", and with the principle of dedication and sharing of love, the Group has always adhered to the value of "caring for harmony", actively taking the lead to fulfill social responsibilities to care for disadvantaged groups, and paying attention to the education in poverty-stricken areas in China, and continued to create and explore new model for public welfare as a caring company. During the Review Year, the Group supported and initiated a number of public welfare projects, including the "Hope for Pearl" project, "Extraordinary Pearl Students of Minth Classes", "Courses for Colourful Pearls" and the "Xinhua Charity Primary School" project, as well as the establishment of Minth Special Fund. During the Review Year, the Group had provided supports to a total of over 1 million people, with an aggregated donation of more than RMB3.7 million, and a total of 1.1 million person-times have been allocated to community public welfare activities. During the Review Year, the Group actively supported the epidemic prevention and control during the epidemic period, it was awarded the "Special Contribution Award for Control of the Coronavirus Disease" by Red Cross Society of China Zhejiang Branch, and was awarded the "Red Cross Gold Award for Philanthropic Activities" by Red Cross Society of China Jiaxing Branch. During the Review Year, the Group won the Outstanding Social Organization Award awarded by the Zhejiang Association for Non-profit Organization, due to its outstanding achievements in public welfare.

FINANCIAL REVIEW

Results

During the Review Year, the Group's revenue was approximately RMB13,919,269,000, representing an increase of approximately 11.7% from approximately RMB12,466,858,000 in 2020. During the Review Year, although the global automobile market was affected by factors such as chip shortage, the Group achieved considerable revenue growth as major automobile markets in the PRC, North America and Europe, etc. gradually recovered from the impact of the COVID-19 pandemic in 2020, coupled with the good performance of the Group's major customers.

During the Review Year, the profit attributable to owners of the Company was approximately RMB1,496,507,000, representing an increase of approximately 7.2% from approximately RMB1,395,509,000 in 2020. It was mainly due to the increase in gross profit compared with the same period of last year because of the factors such as the economies of scale driven by revenue growth of the Group, the gains on disposal of subsidiaries and receipt of relocation payment for land and buildings, etc. by the Group during the Review Year.

Sales of Products

During the Review Year, the Group continued focusing on the production of products including metal and trim products, plastic products, aluminium products, battery-housing products and toolings and moulds for automobiles, which were mainly supplied to the factories of major global OEMs.

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

Customer category	2021 RMB'000	2021 %	2020 RMB'000	2020 %
Domestic	**8,201,506**	**58.9**	7,391,431	59.3
Overseas	**5,717,763**	**41.1**	5,075,427	40.7
Total	**13,919,269**	**100.0**	12,466,858	100.0

Revenue from Overseas Markets

During the Review Year, the Group's revenue from overseas markets amounted to approximately RMB5,717,763,000, representing an increase of approximately 12.7% from approximately RMB5,075,427,000 in 2020. It accounted for approximately 41.1% of the total revenue of the Group in the Review Year, representing an increase when compared to approximately 40.7% in 2020.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB4,083,774,000, representing an increase of approximately 5.8% from approximately RMB3,858,843,000 in 2020. The gross profit margin for the Review Year was approximately 29.3%, representing a decrease of approximately 1.7% from approximately 31.0% in 2020. This was mainly due to the combined effect of the dual pressures of the ASP decline in price of products for old models and the significant increase of raw material prices while the Group faced depreciation of US dollar and Euro despite that the Group benefited from improved economies of scale driven by revenue growth during the Review Year, which resulted in the decrease of overall gross profit margin. In this regard, the Group continuously improved production efficiency and production yield by adopting measures such as lean production and technology upgrade, in order to partially offset the decrease in overall gross profit margin.

Investment Income

During the Review Year, the investment income of the Group was approximately RMB284,999,000, representing an increase of approximately RMB45,289,000 from approximately RMB239,710,000 in 2020. It was mainly due to an increase in the interest income of the Group.

Other Income

During the Review Year, the other income of the Group amounted to approximately RMB225,014,000, representing an increase of approximately RMB65,023,000 from approximately RMB159,991,000 in 2020. It was mainly attributable to an increase in government grants related to income.

Other Gains and Losses

During the Review Year, the Group's other gains and losses amounted to a net gain of approximately RMB418,187,000, representing an increase of approximately RMB433,641,000 as compared to a net loss of approximately RMB15,454,000 in 2020. It was mainly attributable to the gains on disposal of subsidiaries and receipt of relocation payment for land and buildings, etc. by the Group during the Review Year.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses were approximately RMB744,431,000, representing an increase of approximately RMB223,475,000 from approximately RMB520,956,000 in 2020. It accounted for approximately 5.3% of the Group's revenue, representing an increase of approximately 1.1% from approximately 4.2% in 2020. It was mainly attributable to the Group's resumption in revenue growth, as well as increased port congestion due to the global COVID-19 pandemic, which led to a price surge in the global shipping market and an increase in the Group's unit transportation costs, the combining effects of which resulted in a significant increase in the Group's transportation expenses during the Review Year.

Administrative Expenses

During the Review Year, the administrative expenses of the Group amounted to approximately RMB1,237,393,000, representing an increase of approximately RMB208,438,000 from approximately RMB1,028,955,000 in 2020. It accounted for approximately 8.9% of the Group's revenue, representing an increase of approximately 0.6% from approximately 8.3% in 2020. This was mainly due to recruitment and reserve of relevant personnel with the continued expansion of battery-housing and overseas business as well as the commencement of the digital transformation projects during the Review Year, coupled with year-on-year growth in share options and other related expenses during the Review Year, resulting in an increase in the Group's labour costs.

Research Expenditure

During the Review Year, the research expenditure of the Group amounted to approximately RMB940,700,000, representing an increase of approximately RMB176,513,000 from approximately RMB764,187,000 in 2020. It accounted for approximately 6.8% of the Group's revenue, representing an increase of approximately 0.7% from approximately 6.1% in 2020. It was mainly due to the Group's continuous effort in promoting the R&D of innovative technologies and products such as battery-housing, aluminium chassis structural parts and intelligent exterior decorative parts during the Review Year to maintain its market competitiveness and sustainable development, while introducing senior R&D talents and increasing R&D investment to further enhance R&D capabilities.

Share of Results of Joint Ventures

During the Review Year, the Group's share of results of joint ventures was a net profit of approximately RMB19,204,000, representing an increase of approximately RMB7,586,000 from a net profit of approximately RMB11,618,000 in 2020, which was mainly attributable to an increase in profit from one of the joint ventures because of its commencement of mass production during the Review Year.

Share of Results of Associates

During the Review Year, the Group's share of results of associates was a net profit of approximately RMB3,004,000, representing an increase of approximately RMB480,000 from a net profit of approximately RMB2,524,000 in 2020, basically maintaining the same level.

Income Tax Expense

During the Review Year, the Group's income tax expense was approximately RMB266,364,000, representing an increase of approximately RMB49,777,000 from approximately RMB216,587,000 in 2020.

During the Review Year, the effective tax rate was approximately 14.4%, representing an increase of approximately 1.5% from approximately 12.9% in 2020, which was mainly attributable to the impact of differences in Enterprise Income Tax settlement.

Profits Attributable to Non-controlling Interests

During the Review Year, the Group's profits attributable to non-controlling interests were approximately RMB82,941,000, representing an increase of approximately RMB15,462,000 from approximately RMB67,479,000 in 2020. It was mainly attributable to the increase in net profit of non-wholly owned subsidiaries during the Review Year.

Liquidity and Financial Resources

As of 31 December 2021, the Group's total amount of bank balances and cash and pledged bank deposits was approximately RMB6,537,569,000, representing a decrease of approximately RMB389,053,000 as compared to approximately RMB6,926,622,000 as of 31 December 2020. As of 31 December 2021, the Group's low-cost borrowings totaled approximately RMB7,143,590,000, among which the equivalent of approximately RMB2,936,014,000, approximately RMB2,034,566,000, approximately RMB1,807,492,000, approximately RMB144,738,000, approximately RMB139,483,000, approximately RMB62,913,000 and approximately RMB18,384,000 were denominated in US Dollar ("USD"), Euro ("EUR"), RMB, Thai Baht ("THB"), Hong Kong Dollar ("HKD"), Great Britain Pound and New Taiwan Dollar respectively, representing an increase of approximately RMB624,390,000 as compared to approximately RMB6,519,200,000 as of 31 December 2020. It was mainly the result of borrowings after considering the consolidated gains from exchange rates, interest rates and capital management by the Group.

During the Review Year, the net cash flow from the Group's operating activities was approximately RMB1,321,800,000, indicating a sound cash flow condition.

During the Review Year, the Group's trade receivables turnover days were approximately 80 days, which were approximately 12 days shorter than approximately 92 days in 2020. This was mainly due to the gradual recovery at the client end from the impact of the COVID-19 epidemic in 2020 and strengthening of repayment control by the Group during the Review Year.

During the Review Year, the Group's trade payables turnover days were approximately 81 days, decreased by approximately 5 days from approximately 86 days in 2020, which is mainly attributable to the change of settlement methods for certain payments as a result of minimising the effect brought by the increase in raw material prices by increasing inventory reserves.

During the Review Year, the Group's inventory turnover days were approximately 99 days, extended by approximately 5 days from approximately 94 days in 2020, which was mainly attributable to the increase in inventory reserves to minimise cost pressure from rising raw material prices. In addition, inventory turnover slowed down due to a combination of factors, such as extended shipping cycles under the impact of the COVID-19 pandemic, fluctuations of order caused by the shortage of client chips.

The Group's current ratio was approximately 1.6 as of 31 December 2021, which was similar to approximately 1.6 as of 31 December 2020. As of 31 December 2021, the Group's gearing ratio was approximately 27.4% (31 December 2020: approximately 27.7%), which was a percentage based on the interest-bearing borrowings divided by total assets.

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

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

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

COMMITMENTS

As at 31 December 2021, the Group had the following commitments:

	RMB'000
Capital commitment	
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:	
— Acquisition of property, plant and equipment	732,528

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 31 December 2021, the balance of the Group's bank borrowings was approximately RMB7,143,590,000, of which approximately RMB2,431,476,000 was bearing at fixed interest rates, and approximately RMB4,712,114,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality features. In addition, approximately RMB4,462,929,000 of the borrowings were denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalents of approximately RMB2,288,880,000, approximately RMB2,034,566,000 and approximately RMB139,483,000 were denominated in USD, EUR and HKD respectively.

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

As at 31 December 2021, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB595,241,000, of which approximately RMB398,797,000 was denominated in EUR, approximately RMB148,813,000 was denominated in USD, approximately RMB34,527,000 was denominated in Japanese Yen, approximately RMB10,551,000 was denominated in HKD, approximately RMB2,501,000 was denominated in Mexico Peso, and the remainder of approximately RMB52,000 was denominated in other foreign currencies.

As a result of the constant expansion of overseas sales and the drastic fluctuations in the currency market, the management of the Group expressed great concerns about the foreign exchange risks, and would take the exchange rate expectations of relevant currencies into full consideration when deciding on the billing currencies for relevant businesses, and also closely monitor the foreign exchange exposure and adjust the control strategy on a timely basis. The Group entered into forward exchange contracts to manage and control foreign exchange risks.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no contingent liabilities (31 December 2020: Nil).

MORTGAGED ASSETS

As of 31 December 2021, the Group had borrowings of approximately RMB322,481,000 and issued bills payables of approximately RMB207,954,000 due within 6 months, which were pledged by bills receivables with a par value of approximately RMB114,389,000 and bank deposits of RMB904,000,000. The borrowings were to be settled in RMB (31 December 2020: the Group had borrowings of approximately RMB770,790,000 and issued bills payables of approximately RMB246,551,000 due within 6 months, which were pledged by bills receivables with a par value of approximately RMB162,818,000 and bank deposits of RMB776,000,000. The borrowings were to be settled in RMB).

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Year, the Group's capital expenditure amounted to approximately RMB3,159,650,000 (2020: approximately RMB2,362,114,000), which was attributable to the Group's further expansion of its R&D on battery-housing, aluminium chassis structural parts, intelligent exterior decorative parts and other innovative technologies and products, together with its overseas market capacity layout during the Review Year. In addition, the Group actively implemented intelligence and low-carbon development strategies and invested in establishing an intelligent industrial park for future automobiles and digitalized construction, while in alignment with the development trend of the automobile industry and responding to the national call for low-carbon circular economy. Meanwhile, to offset the impact of the lower utilization of production capacity arising from the downturn of the PV market, the Group continued to exercise prudent control over the capital expenditure in accordance with the asset-light strategy, and adopted a stringent approval process in respect of investments in fixed assets for traditional product lines.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisition or disposal of subsidiaries, joint ventures and associates during the Review Year.

EMPLOYEES

As of 31 December 2021, the Group had a total of 19,359 employees, up by 555 employees when compared to that as of 30 June 2021. The increase was mainly attributable to the continued development of NEV markets around the globe in the second half of the Review Year, the Group's enhanced efforts to develop and strengthen its innovative R&D team, the development and production needs in the battery housing BU and other NEV related products as well as the steady and progressive implementation of the Group's overseas layout.

During the Review Year, the Group has furthered the development and embedding of the culture of "love — demanding and caring", and the employee engagement around the globe continued to rise. Based on its core values and code of conduct, the Group has placed emphasis on enhancing the family happiness of its global employees and deeply motivating its global organisations and teams to tap into their potential. During the Review Year, the Group has fully upgraded the concept of overall wellness and held 4 sessions of Holistic Empowerment Camps throughout the year and several workshops on overall wellness with participation totaling 1,417 person-times, whereby the Group focused on projects that could help the employees improve the happiness of their families, including organising the "Love Formula" for 195 employees and their spouses, 19 sessions of "Family Drawing Room" for 641 participants and "Couple's Relationship Camp" projects; "Youth Summer Camp" for kids of Minth staff covering more than 1,000 participants and different forms of babysitting and childcare projects; promoting the senior's centre for employees' parents that provides them with a platform of knowledge learning, companionship, and ability and happiness enhancement. Apart from providing courses on arts, technology and relationship, the Group also rolled out projects such as "Mom's Kitchen" and Factory of the Future Tour Guide. Looking ahead to 2022, amidst the global cross-cultural environment, the Group will continue to explore and innovate the integration of cultures and the practice of values and effectively promote overall wellness and family happiness projects in overseas plants in order to fully empower global teams and global organisations.

Given the worldwide normalization of the COVID-19 pandemic, and in response to the changes in the global business environment and the trend of industry development, during the Review Year, based on a strategic control model, the Group accelerated its organisational streamlining and efficiency improvement, continuously enhanced the management capability of the functions at the Group's headquarters, strengthened the management function of business performance evaluation, and further empowered organisational transparency and responsiveness with comprehensive process construction and digital transformation and upgrading. The expansion and development of the R&D team and the introduction of innovative talents effectively promoted breakthroughs in product innovation and technological innovation. The expansion of the U.S. plant further enriched the network and strengthened the capability of the Group's global operations; the accelerated construction of overseas Shared Service Center helped reduce overseas operating costs while enhancing operational support capabilities and efficiency. Various organisations under the Group actively explored incentive models. In 2022, to strongly promote the achievement of strategic business goals, the Group will focus more on the global management and strategic layout of the headquarters, the construction and effectiveness of regional Shared Service Centers, and actively implement a globally consistent organisation of function design and value creation allocation mechanism, so as to comprehensively enhance the effectiveness and organisational vitality of the global organisations.

As for talent development, with the development of digital strategy and global layout, the Group continued to focus on overall global leadership of talents, digital capability, process construction capability, and international talent cultivation during the Review Year, including: (1) helping over 230 management staff to enhance strategy-oriented and vision-oriented management skills through multiple sessions of Manager Training Program; continuously developing overall leadership coaching programs for core senior managers to enhance global business vision comprehensively; (2) achieving half of the iterations of professional and technical sequence posting standards and developing professional and technical talent cultivation and management systems to precisely improve the capabilities of its various teams to meet the overall needs of the future global business; (3) iterating the standards of digital talents at different levels to facilitate the development of relevant employees and the continuous improvement of process construction capabilities through E-learning, offline courses, lectures on digitalisation, project practice and coaching, especially for process construction projects; and (4) driving the development of global talent mobility and technology sharing, and promoting the globalization ability of talents at different levels; continuously developing bilingual versions of management course resources, maintaining certification of global talents, establishing a smoother communication mechanism in China and abroad, and continuously improving the globalization level of talents. Looking forward to 2022, the Group will continue to upgrade the cultivation model for digital and process-oriented talents, international talents, innovative talents, and talents with different expertise, while focusing on building and operating the global talent pool, strengthening the sharing and communication mechanism of global talents, and enhancing the global talent mobility management function, so as to realise the comprehensive development and multidirectional mobility of global talents for future business and help realise the future organisational strategy.

For details of the Group's share option scheme and remuneration policy, please refer to the Directors' Report.

FUTURE PROSPECTS AND STRATEGIES

During the Review Year, despite the negative impact of chip shortage, rising raw material prices and the resurgence of the COVID-19 pandemic, national and local governments in China have continued to intensively introduce relevant measures, in order to promote automobile consumption and the realisation of the "carbon peaking" and "carbon neutrality" goals. The policy system has shifted to a combination of national level guidance and local government-led development, further improving the prospect of the automobile industry, and the parallel development of electrification and internet connectivity has also been continuously promoted. Given these favourable factors, the automobile industry in China has demonstrated a steady growth and ended the "decrease for three consecutive years" from 2018 to 2020. Looking forward to 2022, under the backdrop of stable economic development in China, with gradual improvement of supply issues such as chip shortage, it is expected that the sales volume of the passenger vehicle market in China will reach 23 million units, representing a year-on-year growth of approximately 7%. On the export front, during the Review Year, the year-on-year growth of China's auto exports was about doubled and the European market has become the primary export market of Chinese NEVs. China's vehicle exports may be set for a stable period of rapid growth.

During the Review Year, the impact of multiple factors cast a shadow over the full recovery of the global automobile market. Looking forward to 2022, given the gradual release of production capacity from major chip suppliers in the world, it is expected that the shortage of automobile chip supply will be resolved progressively, which will, in turn, facilitate the full recovery of the automobile market. According to the prediction of IHS Markit, the production volume of the global light vehicle market in 2022 may reach 82.30 million units, representing a year-on-year increase of approximately 9%, of which the European market is expected to grow by approximately 17% due to diminishing impact from chip shortage and the COVID-19 pandemic, and the US market may witness a relatively weak start but a strong finish, with an expected growth of approximately 16% for the year.

With regards to NEVs, the penetration rate in China and Europe increased rapidly, while the electrification progress resumed in the United States. According to the prediction of IHS Markit, the global production volume of pure electric vehicles may reach approximately 18 million units by 2025, with China, Europe, North America, Japan and Korea being the primary production bases. In addition to traditional automobile enterprises and leading automobile start-ups, a new group of cross-sector participants is joining the race of automobile manufacturing, thereby boosting the pace of industrial revolution and further intensifying market competition. Almost every auto company is aggressively developing the NEV market with increasing model variety and more advanced configuration. Meanwhile, various solutions are launched in respect of "range anxiety" and "charging anxiety". In terms of autonomous driving, it is reported that Benz and Honda introduced mass-produced vehicles equipped with Level 3 autonomous driving; autonomous driving technology companies, such as Waymo and Cruise, focused on the fields of self-driving ride and delivery services. Autonomous driving is set to achieve new breakthroughs in 2022.

Looking forward to 2022, the Group will proactively respond to the complicated condition of the automobile industry. The Group will closely monitor the changes in the general industry environment to seize any opportunities arising from the recovery and development of the industry across the world, while devising a strategic layout in tandem with global policies on NEV related industries and the trends of light-weight, intelligence and electrification in the automobile industry. The Group will further enhance its competitiveness in traditional products and reinforce its overall operations through quality improvement, capacity optimisation, cost reduction, refinement of the global production strategy, and extension and upgrade of existing processing technologies, thereby further increasing the share for its traditional products in global segment market. In the meantime, the Group will continue to delve into innovative research, increase its investment in the R&D of new products, new materials and new technologies, and put more efforts in business development, and firmly capture the backbone of stable development in the evolving industry environment.

The Group will further conduct strategic planning for all BUs to persistently enhance their operational capability, with a view to boosting integrated competitive strengths in technology, cost, staff efficiency and resource application. In the meantime, the Group will also continue to improve the global layout of its BUs, bolster the operational capability of its plants in both China and abroad, and replicate the advantages of domestic and overseas plants in technology, management and talent to maximise sharing of technologies, talents and resources among its global operations and comprehensively enhance the global competitiveness of its products.

In terms of operational improvement and transformation, the Group will carry out the replacement and upgrade of its global application system through digital transformation, in a bid to develop a data standardisation system with Minth characteristics and link up the business process systems for research, production, supply, sales and services for the establishment of a global operation and management platform, realising the transition of the Group's management from experience-based to data-based decision making so as to support its globalised and enduring operational excellence. The Group will also strive to realise the carbon footprint traceability of the entire product life cycle, and enable the achievement of carbon peaking and carbon neutrality for the Group through in-depth application of next-generation digital technologies. The Group is also committed to the construction of humanistic plants characterised by high efficiency, energy conservation, eco-friendliness, operational safety and comfort through digital transformation, as well as technical platforms with highly digitalised functions. The Group will continue to work closely with third-party partners to introduce best practices for the construction of intelligent industrial parks and provide the best humanistic experience with the aid of state-of-the-art technologies, so as to build Minth Factory of the Future into a benchmark among the advanced enterprises in China. Meanwhile, upon completing the transformation and upgrade of its subsidiaries, the Group will strive to replicate the experience and resources of Factory of the Future for small and medium-sized enterprises in neighbouring regions and beyond in China to develop its new business format of external services. Furthermore, the Group will continue to strongly drive the implementation of MOS, seeking consistent improvements to operations management at the preventive stage in order to lower operating costs and ensure ongoing development of its standardised operation capability. In the meantime, the concept and standards of the Group's MOS will be closely integrated with digital transformation and Factory of the Future, facilitating the Group to achieve full value chain coverage.

The Group will endeavour to improve its supply chain planning and utilise digital middle platform to effectively connect systems, such as CRM (customer relation management system), SAP, SRM (supplier relation management system), throughout the supply chain. The Group will conduct a comprehensive consideration over assessment of new business intake and the planning of production capacity, equipment investments, human resources and materials, and transform the collected data into operation information to facilitate the improvement of the Group's overall operation capability. The Group will strive to balance and optimise its investment portfolio and value chain layout in the global market and develop the ability of operational excellence, in order to better manage risks and effectively respond to challenges arising from uncertainties of economic development and achieve value positioning in a more flexible manner. In addition to its focus on the development potentials of the Chinese market, the Group will also vigorously develop new markets on a global basis, seek further cooperation with governments in various regions, and fulfill its corporate social responsibility. In an era of both opportunities and challenges, the Group will, with Factory of the Future as a starting point, adhere to aggressive but steadfast development strategies and drive with full force the planning and development of its digital transformation and upgrade to seek swift improvements in its digital ability. Meanwhile, the Group will offer more modularised product solutions and customised products and services to its clients by upgrading and renovating its legacy products while developing new products, aiming for the leading position in the global auto parts industry.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Ms. Wei Ching Lien (魏清蓮) ("Ms. Wei"), aged 65, is an executive Director and Chairperson of the Company. Ms. Wei graduated from National Taiwan University and obtained her master's degree in educational psychology and guidance from National Taiwan Normal University. Ms. Wei has over 41 years of experience in psychological counseling, talent development, team culture building and performance improvement. She has worked in professional psychological counseling organisations, universities and automobile parts companies. Since 2002, Ms. Wei has served as the Group's consultant, responsible for the development and optimisation of staff training activities, promoting the construction of values and culture and enhancing the effectiveness of teamwork. She served as the Group's chief human resources officer from March 2011 to April 2012. Ms. Wei was appointed as an executive Director and Chairperson of the Company on 28 May 2020. Ms. Wei is the spouse of Mr. Chin Jong Hwa ("Mr. Chin"), the ultimate controlling shareholder of the Company, and the mother of Ms. Chin Chien Ya, an executive Director. As at 31 December 2021, Mr. Chin held 450,072,000 shares of the Company through his wholly-owned company, Minth Holdings Limited ("Minth Holdings"), which represented approximately 38.75% of the total issued Shares of the Company. Accordingly, Ms. Wei is deemed to be interested in the 450,072,000 Shares in which Mr. Chin was interested. As at 31 December 2021, save as disclosed herein, Ms. Wei had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Chen Bin Bo (陳斌波) ("Mr. Chen"), aged 58, is an executive Director and chief executive officer ("CEO") of the Company. Mr. Chen graduated from Huazhong University of Science and Technology with a bachelor's degree in marine internal combustion engine and later obtained his master's degree in engineering management. Mr. Chen has over 31 years of experience in the automotive industry including but not limited to the areas of research and development, sales and management. Prior to joining the Group as special assistant to the chairman of the Group since November 2018, Mr. Chen was the executive deputy general manager of Dongfeng Honda Automobile Co., Ltd. from 2009 to 2018. He also worked successively at Dongfeng Motor Co., Ltd., Dongfeng Peugeot Citroen Automobile Co., Ltd., Guangzhou Aeolus Automobile Co., Ltd. and Dongfeng Nissan Passenger Vehicle Company in various roles from 1987 to 2009. Mr. Chen was appointed as the CEO of the Company on 21 August 2019 and was appointed as an executive Director on 28 May 2020. As at 31 December 2021, save for his interest in 1,000,000 Share Options in the Company, Mr. Chen had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Chin Chien Ya (秦千雅) ("Ms. Chin"), aged 33, is an executive Director of the Company. Ms. Chin is currently responsible for global strategic development of the Group, and prior to this she was responsible for North American business development and operations. Ms. Chin graduated from Boston College, majoring in Business Management, Accounting and Mathematics and later obtained her master's degree from the Harvard Graduate School of Education, researching in adult and organization training. Prior to joining the Group in August 2015, she was responsible for operations and marketing in a startup company in Taiwan, and afterwards worked in public relations, providing consulting services for international companies on corporate social responsibility. Ms. Chin was appointed as a Director on 26 May 2016, and she is the daughter of Mr. Chin (the ultimate controlling shareholder of the Company) and Ms. Wei (an executive Director and Chairperson of the Company). As at 31 December 2021, save for her interest in 250,000 Share Options in the Company, Ms. Chin had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Independent Non-executive Directors

Wang Ching (王京) ("Dr. Wang"), aged 67, is an independent non-executive Director and the chairman of the nomination committee of the Company ("Nomination Committee"). Dr. Wang has over 30 years' managerial experience in investment banking, securities, treasury and asset management in the United States, Hong Kong, Taiwan and the PRC. He is currently the executive director of Shanghai International Asset Management (HK) Co., Ltd., a licensed corporation registered with Hong Kong Securities and Futures Commission and the executive director of Shanghai International Shanghai Growth Investment Limited, an investment fund company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Dr. Wang also serves as independent non-executive director of China Shuifa Singyes Energy Holdings Limited and Luen Thai Holdings Limited, which are both listed on the Stock Exchange. Dr. Wang received his doctorate degree from the Graduate School of Business, Columbia University in 1992. Dr. Wang joined the Company as an independent non-executive Director on 26 October 2005. As at 31 December 2021, save for his interest in 200,000 Share Options in the Company, Dr. Wang had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Wu Tak Lung (吳德龍) ("Mr. Wu"), aged 56, is an independent non-executive Director and chairman of the audit committee of the Company ("Audit Committee"). Mr. Wu holds a master's degree in Business Administration jointly from The University of Manchester in association with University of Wales and a bachelor's degree in Business Administration from Hong Kong Baptist University. Mr. Wu worked at Deloitte Touche Tohmatsu from July 1989 to August 1994. Mr. Wu was the former Chairman of The Association of Chartered Certified Accountants, the former President of The Taxation Institute of Hong Kong and the former President of Hong Kong Business Accountants Association. He is now an associate member of The Hong Kong Institute of Certified Public Accountants, and a fellow member of each of The Association of Chartered Certified Accountants, The Hong Kong Securities and Investment Institute, The Taxation Institute of Hong Kong, and the Hong Kong Institute of Chartered Secretaries. Mr. Wu is currently an independent non-executive director of each of the following companies listed on the Stock Exchange: (1) Sinomax Group Limited, (2) Kam Hing International Holdings Limited, (3) Henan Jinma Energy Company Limited, (4) Zhongguancun Science-Tech Leasing Co., Ltd, and (5) Sinopharm Group Co., Ltd. Moreover, he was an independent non-executive director of Beijing Media Corporation Limited (stock code: 1000), a company listed on the Main Board of the Stock Exchange and China Machinery Engineering Corporation. He was an independent director of Olympic Circuit Technology Co., Ltd. (stock code: 603920), a company listed on Shanghai Stock Exchange in the last three years. On 10 February 2022, the Listing Committee of the Stock Exchange issued a statement in which, among others, certain members and former members of the board of Beijing Media Corporation Limited have been criticized, details of which in respect of Mr. Wu (as a former independent non-executive director of such company) are set out in the Company's announcement dated 14 February 2022. Mr. Wu joined the Company as an independent non-executive Director on 28 May 2020. As at 31 December 2021, save for his interest in 100,000 Share Options in the Company, Mr. Wu had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Chen Quan Shi (陳全世) ("Professor Chen"), aged 76, is an independent non-executive Director and chairman of the remuneration committee of the Company ("Remuneration Committee"), and graduated from Tsinghua University with major in automotive engineering. Professor Chen has over 40 years of experience in the automotive industry, including the design and development of special utility vehicles, design and research of automotive body structures, and research on key technologies for electric vehicles, hybrid vehicles and fuel cell vehicles. He is currently a professor and doctoral supervisor in the Department of Automotive Engineering at Tsinghua University, Director of EV Research Division, School of Vehicle & Mobility, Tsinghua University, and Honorary Director of EV Division of China Society of Automotive Engineers. Professor Chen worked at Tsinghua University from 1970 to 2010 and served in various roles including Director of Department of Automotive Engineering and Vice President of the School of Mechanical Engineering. In recent years, he has published more than 30 papers in core journals and international conferences in China and overseas. Professor Chen has also published other works such as Fuel Cell Electric Vehicles (《燃料電池電動汽車》) and Advanced Electric Vehicle Technology (《先進電動汽車技術》). Professor Chen is currently an independent director of Chongqing Changan Automobile Company Limited, which is listed on the main board of the Shenzhen Stock Exchange, and Autel Intelligent Technology Corp., Ltd., which is listed on Sci-Tech board of the Shanghai Stock Exchange. Professor Chen joined the Company as an independent non-executive Director on 31 May 2021. As at 31 December 2021, Professor Chen had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Yi Lei Li (易蕾莉) ("Ms. Yi"), aged 48, is the Company Secretary of the Company. Ms. Yi obtained a Bachelor's degree in English from East China Normal University in 1994 and then a Master's degree in Corporate Governance from The Open University of Hong Kong in 2021. Ms. Yi is a fellow member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and also holds the qualification of Board Secretary issued by The Shanghai Stock Exchange. Prior to joining the Group in February 2001, she was a lecturer at the Faculty of Foreign Languages in Ningbo University. Ms. Yi has over 20 years of experience in the Company's business and operation through her successive roles as manager of the Human Resources Department, manager of Overseas Business Development Department, assistant to general manager and the head of the Investor Relations Department of the Group. Ms. Yi was appointed as the Company Secretary of the Company on 8 February 2018. As at 31 December 2021, save for her interest in 210,000 Shares and 230,000 Share Options in the Company, Ms. Yi had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Zhang Yuxia (張玉霞) ("Ms. Zhang"), aged 42, is the Chief Financial Officer ("CFO") of the Group. Ms. Zhang graduated from University of Science and Technology Beijing in which she majored in metal pressure processing and later obtained her Master's degree in management from Beijing Forestry University. Ms. Zhang has over 17 years' extensive experience and knowledge in finance, taxes and global M&A management and is a qualified CPA. Prior to joining the Group, Ms. Zhang worked for Beiqi Foton Mortor Co., Ltd., and then joined Beijing Reanda Accounting Firm as certified public accountant and project manager. In 2008, she continued her career in Minth Holdings and its subsidiaries as audit manager, financial manager and financial director. Ms. Zhang joined the Group in February 2019 and was appointed as CFO in March 2019. As at 31 December 2021, save for her interest in 20,000 Shares and 400,000 Share Options in the Company, Ms. Zhang had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Liu Yan Chun (劉艷春) ("Mr. Liu"), aged 56, is the Chief Operating Officer ("COO") of the Group. Mr. Liu is in charge of the overall management of the operation system, with particular emphasis on the management of operational efficiency improvement. Mr. Liu graduated from Harbin Institute of Technology in 1989, majoring in industrial management engineering, and has been engaged in production management since graduation. Since joining the Group in 1999, Mr. Liu has worked successively as quality system manager, senior plant manager, regional general manager, assistant to the Chairman and general manager of the R&D Center of the Group. He has rich experience in quality system, factory, R&D and operations management. Mr. Liu was appointed as COO on 1 September 2018. As at 31 December 2021, save for his interest in 520,000 Share Options in the Company, Mr. Liu had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Ye Guo Qiang (葉國強) ("Mr. Ye"), aged 42, is the Global R&D Vice President of the Group. Mr. Ye graduated from Hangzhou Dianzi University, majoring in mechanical electronics. Prior to joining the Group in January 2005, he was a technical engineer of Ningbo Bluelight Industry Co., Ltd. Since joining the Group, Mr. Ye has worked successively as the laboratory chief of R&D center, general manager of the innovation research center and Global Innovation Vice President of the Group. He has accumulated extensive experience in the field of R&D and innovation of the Group. As at 31 December 2021, save for his interest in 360,000 Share Options in the Company, Mr. Ye had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE PRACTICE

The Group commits to maintaining and ensuring a high level of corporate governance standards and continuously reviews and improves its corporate governance and internal control practices. Save as disclosed herein, the Company has fully complied with all code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange for the Review Year. Set out below are the principles of corporate governance as adopted by the Company during the Review Year.

DISTINCTIVE ROLES OF CHAIRMAN, CHIEF EXECUTIVE OFFICER AND SENIOR MANAGEMENT AND RELATIONSHIP BETWEEN BOARD MEMBERS

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

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

Ms. Wei is the mother of Ms. Chin, an executive Director.

THE BOARD

As of 31 December 2021, there are six members on the Board, which are the Chairperson, two other executive Directors and three independent non-executive Directors ("INEDs").

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

None of the INEDs has any business or financial interests with the Group (except the share options granted to them as disclosed herein) nor has any relationship with other Directors and confirmed their independences to the Group.

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

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

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

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

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

(v) to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

The Board met ten times during the Review Year and the Directors' attendance is shown in the table on page 25 of the annual report.

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

Save for their business relationships as a result of their respective directorships and positions in the Company and what is disclosed in their biographies on page 18 to page 19 of the annual report, each of the members of the Board, including the Chairman and the CEO, does not have any significant financial, business, family or other material/relevant relationship among one another.

Code Provision A.4.1 of the Code stipulates that non-executive directors shall be appointed for a specific term and be subject to re-election. All the independent non-executive directors have been appointed for an initial term of one year.

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference as suggested under the Code. As of 31 December 2021, the Audit Committee comprises all INEDs, namely Mr. Wu, Dr. Wang and Professor Chen. As of 31 December 2021, the chairman of the Audit Committee was Mr. Wu. Each member can bring to the Audit Committee his valuable experience in reviewing financial statements and evaluating significant internal control and financial issues of the Group and each of them possess a wealth of management experience in the accounting profession or commercial sectors. The Audit Committee held two meetings during the Review Year and the relevant Directors' attendance is shown in the table on page 25 of the annual report.

The main duties of the Audit Committee are as follows:

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

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

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

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

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

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

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

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

REMUNERATION COMMITTEE

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

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

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

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

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

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

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

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

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

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

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

As of 31 December 2021, the Remuneration Committee comprises all three INEDs namely Professor Chen, Dr. Wang, and Mr. Wu. Professor Chen was the chairman of the Remuneration Committee.

The Remuneration Committee held one meeting during the Review Year to discuss remuneration related matters including determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts and the relevant Directors' attendance is shown in the table set out on page 25 of the annual report.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company has adopted a conditional share option scheme (the "2012 Share Option Scheme") on 22 May 2012. The 2012 Share Option Scheme aims at granting share options pursuant to the terms of the 2012 Share Option Scheme to those qualified persons who have contributed or will contribute to the Group as a reward or incentive.

Details of the amount of Directors' emoluments are set out in note 13 to the consolidated financial statements and details of the 2012 Share Option Scheme are set out in the Directors' Report and note 40 to the consolidated financial statements.

NOMINATION COMMITTEE

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

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

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

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

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

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

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

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

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

As of 31 December 2021, the Nomination Committee comprises all three INEDs, namely Dr. Wang, Mr. Wu and Professor Chen. Dr. Wang was the chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held one meeting to (i) review the structure, size and composition (including the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board; (ii) assess the independence of INEDs; and (iii) adopt the Board diversity policy. Directors' attendance is shown in the table set out on page 25 of the annual report.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional knowledge and experience, industry knowledge and experience and technical skills. The Nomination Committee would consider and, where applicable, agree on measurable objectives for achieving diversity on the Board and make recommendation to the Board. During the Review Year, the Nomination Committee has not set any measurable objectives for implementing the policy. The Nomination Committee considered the current composition of the Board to be appropriate taking into account of the above.

According to the director nomination policy, in evaluating and selecting a candidate for directorship, the following criteria shall be considered:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity criteria under the Board diversity policy of the Company which are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- the potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence, gender diversity and diversity of perspectives;
- willingness and ability to devote sufficient time to discharge duties as a member of the Board and/or Board committee(s); and
- such other criteria which are appropriate to the Company's business and corporate strategy and the Board's succession plan and, where applicable, which may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The Nomination Committee has also implemented the following procedures and processes in respect of the nomination of Directors pursuant to the director nomination policy:

- The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management of the Company and external recruitment agents, and shall, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

- If the process yields more than one qualified candidates, the Nomination Committee and/or the Board shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

- The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

- For any person who is nominated by any shareholder of the Company for election as a Director at any general meeting of the Company, the Nomination Committee and/or the Board shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

- Where appropriate, the Nomination Committee and/or the Board shall make recommendation to the shareholders of the Company in respect of the proposed election of Director(s) at the general meeting of the Company.

SHAREHOLDERS' RIGHTS

Shareholders have the right to receive dividends according to the Company's dividend policy which is summarized as follows:

- The Company shall, when recommending or declaring dividends, maintain adequate cash reserves for meeting its working capital requirements and needs for future growth as well as its share value in the long-run.

- The declaration of dividend(s) and/or the amount of dividends (if any) that may be declared and distributed to the shareholders of the Company is subject to the discretion of the Board, the constitutional documents of the Company, all applicable laws and regulations and the factors set out below.

- The Board shall also take into account the following factors of the Company and its subsidiaries when considering the declaration and payment of dividends:

    — financial results;

    — cash flow situation;

    — availability of distributable profits;

    — business conditions and strategies;

    — future operations and earnings;

    — development plans;

    — cash requirements;

    — capital requirements and expenditure plans;

    — interests of shareholders as a whole;

    — any restrictions on declaration and/or payment of dividends; and

    — any other factors that the Board may consider relevant.

- Depending on the financial conditions of the Group and the conditions and factors as set out above, the following dividends may be proposed and/or declared by the Board for a financial year or period:

    — interim dividend;

    — final dividend;

    — special dividend; and

    — any distribution of net profits that the Board may deem appropriate.

- Any final dividend for a financial year shall be subject to shareholders' approval.

- The Company may declare and pay dividends by way of cash or scrip or by any other means that the Board considers appropriate.

- Any dividend unclaimed shall be forfeited and reverted to the Company in accordance with the constitutional documents of the Company and all applicable laws and regulations.

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

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

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

Shareholders should direct their questions about their shareholdings and proposals to be put forward at general meetings to the Company's Hong Kong Branch Registrar and Transfer office, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. If the Shareholders and the investors make a request for the Company's information, the Company will only provide such information to the extent that it is practicable to do so and such information is publicly available. Shareholders and the investors may communicate with the Company by mail, telephone, fax and email, details for which are made available on the Company's website.

Composition of the Board and the Directors' attendance record for the year ended 31 December 2021

	2021 annual general meeting ("AGM")	Extraordinary general meeting held on 14 April 2021	The Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Meetings	1	1	10	2	1	1
Executive Directors						
Wei Ching Lien *(Chairperson)*	1	1	10	N/A	N/A	N/A
Chen Bin Bo *(Chief Executive Officer)*	1	1	10	N/A	N/A	N/A
Chin Chien Ya	0	1	10	N/A	N/A	N/A
Independent Non-executive Directors						
Wang Ching	1	1	10	2	1	1
Wu Tak Lung	1	1	10	2	1	1
Chen Quan Shi *(appointed on 31 May 2021)*	N/A	N/A	5	1	0	0
Yu Zheng *(retired on 31 May 2021)*	0	1	5	1	1	1

INDEPENDENCE INFORMATION

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

DIRECTOR'S TRAINING AND DEVELOPMENT

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

During the Review Year, all Directors have participated in professional trainings to update their knowledge and skills. During the Review Year, the Company invited Reed Smith Richards Butler LLP to conduct a training in relation to the Listing Rules for all the Directors and senior management, with major topics including: directors' responsibilities and their other obligations, corporate governance guidelines for the board and directors, connected transactions and latest amendments to the Listing Rules. In the meantime, the Directors and senior management of the Company also attended the training organized by the Shanghai Stock Exchange during the process of the application for RMB share issue of the Company. All Directors have provided the Company with their training records for the year.

Besides the training organized by the Company, the Company Secretary also attended the 60th ECPD Affiliated Persons seminars held by The Hong Kong Chartered Governance Institute, thus the Company Secretary has confirmed her attendance of more than 15 hours of professional training during the Review Year.

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

	Corporate Governance/Updates on Laws, rules and Regulations/Updates on Industry Specific	
	Written Materials	**Briefings/Seminars**
Executive Directors		
Wei Ching Lien *(Chairperson)*	✓	✓
Chen Bin Bo *(Chief Executive Officer)*	✓	✓
Chin Chien Ya	✓	✓
Independent Non-executive Directors		
Wang Ching	✓	✓
Wu Tak Lung	✓	✓
Chen Quan Shi *(appointed on 31 May 2021)*	✓	✓
Yu Zheng *(retired on 31 May 2021)*	N/A	N/A

AUDITOR'S REMUNERATION

The Company's independent external auditor is Deloitte Touche Tohmatsu. The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the Review Year, the services (and associated remuneration) provided to the Company by Deloitte Touche Tohmatsu were as follows:

	RMB'000
Audit services	3,730
Tax and legal advisory services	1,790
Total	5,520

RISK MANAGEMENT AND INTERNAL CONTROL

The Board understands that appropriate internal control and risk management are indispensable to effective governance and fulfillment of strategic objectives of the Group. The Board has also confirmed that the Board is responsible for ensuring the Group to maintain appropriate and effective internal control at any time to safeguard the interest of its shareholders and the assets of the Group. The Board will review the risk management and internal control systems annually. The Board has conducted reviews over the risk management and internal control during the Review Year, and assessed the efficiency and sufficiency of risk management and internal control.

The Group has established three barriers for risk management and internal control. The first barrier is the identification, evaluation and acknowledgement of risks and critical control points during the operating process by different levels of management from each functional unit, with internal controls by means such as verification of authorization, physical control and separation of duties. The second barrier is the internal review of each functional unit or department. Regular internal review in respects of human rights, financial rights and related procedures is conducted by departments of the Group headquarters, such as Human Resources Department and Finance Department, to ensure the compliance with laws and regulations and requirements of the Stock Exchange, as well as the accuracy and fairness of the financial statements. Due diligence is performed in every functional unit to conduct self review and evaluation. The third barrier is the establishment of an audit and supervision department, which is independent of the business operation for the Group, to conduct irregular internal reviews over every system and subsidiaries or departments. In the case of material risks and loophole of internal control, the audit and supervision department will expand its coverage of auditing and report to the Audit Committee in a timely manner. Apart from sufficient allocation of resources, the Group ensures that the internal audit team can get access to all business filings, accounting records and related staff, so as to guarantee the effectiveness of its internal audit function. Whilst the three aforesaid barriers are positioned for risk management and internal control, the Group organizes seminars when necessary, where participants at all levels put forward cross-functional quick response and effective countermeasures towards the identified issues with potential high risk. Through the above, the Group can ensure that risk can be controlled within tolerance, and internal control can be effectively carried out.

The risk management and internal control system of the Group aims to manage, but not completely eliminate, the risks which hinder the achievement of business objectives, which only provides reasonable assurance, while cannot guarantee that material false statements and damages will be fully avoidable.

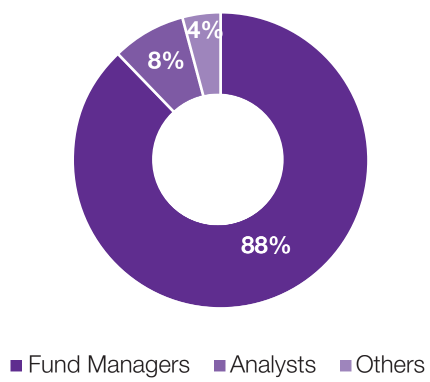
The Board considered that the Group's risk management and internal control systems maintained by the management are effective and adequate to address the financial, operational and compliance controls and risk management of the Group during the Review Year.

INVESTOR RELATIONS AND COMMUNICATION

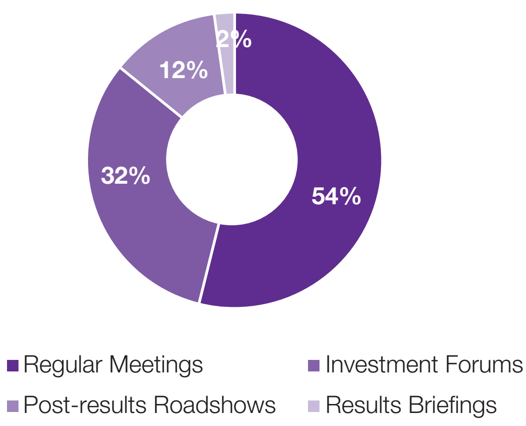
Through its Investor Relations Department, the Company maintains proactive communications with investors, sell-side analysts and other capital market participants so as to enable them to fully understand the operation and development of the Group. The Company's senior management presents in briefings or conference calls for its annual and interim results every year. Through various activities such as analyst meetings and road shows, senior management provides public investors with updates on important information and responds to key questions which are of concerns to the investors. This has helped to reinforce the understanding of the Company's business and the overall development of the industry.

During the Review Year, in response to the resurgence of the COVID-19 pandemic, the Company held the briefing of its previous year's results in the form of telephone conference, and convened the previous AGM through a combination of physical meeting and virtual video conference. In the meantime, the Company flexibly accommodated daily communications with the investment community and arranged online and physical meetings when and as appropriate. The Company hosted over 130 meetings during the Review Year, including physical visits, conference calls, Tencent meetings and Zoom meetings. The Company also participated in 19 investment forums, facilitating effective communication with investors in regard to their concerned questions such as the latest development of battery housing business, the progress of RMB share issue as well as the disruption caused by chip shortage surging raw materials and logistic cost, and contingency plan by the Group. To facilitate investors to better understand the operations of the Group's different BUs, conditional upon compliance with the requirements of pandemic prevention, plant tours at the Group's facilities in Jiaxing, Ningbo and Anji were still arranged during the Review Year.

Investor Meetings by Category



Investors Met by Event



IR CALENDAR 2021

Major Events	Dates	Online	Offline
2020 annual results announcement	26 March	✓	
Morgan Stanley — Hong Kong Summit	29 March	✓	
Industrial Securities — 2021 Spring Strategies Conference	7 April		✓
Extraordinary General Meeting	14 April		✓
Haitong Securities — Corporate Forum	15 April		✓
Huatai Securities — Hong Kong Corporate Day	13 May		✓
Western Securities — Investment Strategies Conference	13 May		✓
Credit Suisse — Corporate Day	20 May	✓	
GF Securities — Summer Corporate Forum	27 May		✓
Morgan Stanley — China Summit	28 May	✓	
2021 Annual General Meeting	31 May		✓
CITICS — 2021 Capital Markets Forum	2 June		✓
BofA Securities — 2021 Innovative China Conference	8 June	✓	
Industrial Securities — 2021 Interim Strategies Conference	18 June		✓
Daiwa — Auto, Transport and Industrial Conference	23 June	✓	
Goldman Sachs — Asian-Pacific IR Forum	13 July	✓	
2021 interim results announcement	30 August	✓	
CITIC CLSA Flagship Investors' Forum	14 September	✓	
Citi — China Investment Summit	2 November	✓	
Credit Suisse — China Investment Summit	4 November	✓	
BofA Securities 2021 China Conference	5 November	✓	
CITIC 2022 Annual Strategies Conference	9 November		✓
CICC 2021 Investment Forum	10 November		✓
GF Securities — Corporate Forum	14 December	✓	

At the previous AGM held during the Review Year, to safeguard the health and safety of Shareholders and other participants of the AGM and to prevent the spreading of COVID-19 pandemic, the Company encouraged Shareholders to appoint the Chairman of the AGM as their proxy to vote according to their indicated voting instructions as an alternative. Given the lingering impact of COVID-19 pandemic, the Company will continue to implement a series of precautionary measures toward physical meeting at the forthcoming extraordinary general meeting ("EGM") and AGM, and still encourage Shareholders to vote by proxy. In addition, the Company will facilitate the Shareholders or their duly appointed proxies or corporate representatives, who cannot attend the general meetings in person, to view and listen to the general meetings through a live webcast for the first time.

The Company would like to express its heartfelt gratitude to the Shareholders and other capital market participants for their consistent support, and its management and investor relations team will adhere to high ethical standards and continue to work with a humble and enthusiastic attitude, so as to maintain effective communication with the investment community.

There was no change in the Company's constitutional documents during the Review Year.

The Company has proposed certain amendments to the Articles of Association as stated in the Company's circular dated 19 March 2021 and such amendments were approved by the shareholders at an extraordinary general meeting held on 14 April 2021. The amendments have not taken effect yet and will only take effect upon the completion of issuance of RMB shares.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

Director acknowledge their responsibility for preparing the accounts. For details of the Directors' responsibilities for preparing the accounts and the reporting responsibilities of the external auditor to the Shareholders, please refer to page 44 of the annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND COMPLIANCE WITH MODEL CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Code. None of the Directors is aware of any information that would reasonably indicate that the Company did not, at any time during the corresponding periods of the Review Year, comply with the Code.

As provided for in the then code provision A.6.7, independent non-executive Directors and other non-executive Directors should attend the annual general meeting and develop a balanced understanding of the views of shareholders. Dr. Wang Ching and Mr. Wu Tak Lung, being the independent non-executive Directors, attended the 2021 annual general meeting of the Company through video conference, and Ms. Yu Zheng, being the then independent non-executive Director, was unable to attend the 2021 annual general meeting of the Company due to her prior work commitments.

The Company has adopted the Model Code as the Company's code of conduct and the code for dealing in the Company's securities by all Directors. Having made specific enquiries to all Directors, the Directors confirmed that they had strictly complied with the standards stipulated under the Model Code during the Review Year.

LOOKING FORWARD

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

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the Review Year are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 46 of the annual report.

DIVIDENDS

The Board has recommended the payment of a final dividend of HKD0.630 per share to shareholders whose names appear on the register of members of the Company on Thursday, 9 June 2022 and the proposed final dividend will be paid on or about Wednesday, 22 June 2022. The payment of dividends shall be subject to the approval of the shareholders at the forthcoming annual general meeting, which is expected to be held on Tuesday, 31 May 2022.

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB3,159,650,000 for the acquisition of property, plant and equipment. Details of these and other movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

During the Review Year, the Company has issued 1,744,999 Shares as a result of the exercise of Share Options granted pursuant to the 2012 Share Option Scheme. The total consideration received by the Company for such issue during the Review Year amounted to approximately HKD43,605,000.

Since the adoption of the Share Award Scheme and up till 31 December 2021, the trustee of the Share Award Scheme of the Company (the "Trustee") has purchased a total of 8,520,000 shares of the Company ("Awarded Shares") on the Stock Exchange pursuant to the rules of the Share Award Scheme and the terms of the trust deed. During the Review Year, the Trustee did not purchase any Awarded Share.

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

Movements in the reserves of the Group and the Company during the Review Year are set out in the Consolidated Statement of Changes in Equity on page 49 of the annual report.

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB5,075 million as at 31 December 2021. Under the Companies Law, Cap 22 (Law 3 of 1961, consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of the Company's memorandum and Articles and provided that immediately following the date on which distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends may be declared and paid out of the profits of the Company, realised or unrealised or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividend may also be declared and paid out of share premium account of the Company.

DEBENTURES

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

FINANCIAL SUMMARY

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

MAJOR SUPPLIERS AND CUSTOMERS

For the Review Year, the largest customer accounted for approximately 5.9% of the Group's revenue, and the five largest customers accounted for approximately 22.5% of the Group's revenue.

The purchases for the Review Year attributable to the Group's largest supplier and five largest suppliers were approximately 6.1% and approximately 11.26% of the Group's total cost of goods sold respectively.

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

DONATION

During the Review Year, the donations made by the Group amounted to approximately RMB114,000 (2020: approximately RMB555,000).

DIRECTORS

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

Executive directors

Wei Ching Lien *(Chairperson)*
Chen Bin Bo *(Chief Executive Officer)*
Chin Chien Ya

Independent non-executive directors

Wang Ching
Wu Tak Lung
Chen Quan Shi *(appointed on 31 May 2021)*
Yu Zheng *(retired on 31 May 2021)*

In accordance with Article 87 of the Articles, Ms. Chin will retire from office, and being eligible, offer herself for re-election at the forthcoming AGM. Mr. Chen has confirmed that he will retire as an executive Director with effect from the conclusion of the AGM and will not offer himself for re-election due to his intention to spend more time with his family. Nonetheless, Mr. Chen will serve as a consultant to the Group for one year after his retirement.

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' SERVICE CONTRACTS

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wang was appointed as an independent non-executive Director on 26 October 2005 and his appointment was most recently renewed to the Company's forthcoming AGM.

Mr. Wu was appointed as an independent non-executive Director on 28 May 2020 and his appointment was most recently renewed to the Company's forthcoming AGM.

Professor Chen was appointed as an independent non-executive Director on 31 May 2021 and his appointment was most recently renewed to the Company's forthcoming AGM.

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

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT

The remuneration paid to the Directors, by name, for the year ended 31 December 2021 is set out in note 13 to the consolidated financial statements.

The remuneration of senior management, by band, for the year ended 31 December 2021 is set out below:

	2021 No. of employees	2020 No. of employees
HKD1,000,001 to HKD1,500,000	**0**	1
HKD1,500,001 to HKD2,000,000	**1**	**0**
HKD2,000,001 to HKD2,500,000	**1**	1
HKD2,500,001 to HKD3,000,000	**0**	1
HKD3,000,001 to HKD3,500,000	**1**	**0**
HKD3,500,001 to HKD4,000,000	**1**	**0**

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 18 to 20 of the annual report.

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

As at 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

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

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital as at 31 December 2021 (Note 1)
Wei Ching Lien	Company	Long position	Interest of spouse	450,072,000 (Note 2)	38.75%
Chen Bin Bo	Company	Long position	Beneficial owner	1,000,000 (Note 3)	0.09%
Chin Chien Ya	Company	Long position	Beneficial owner	250,000 (Note 3)	0.02%
Wang Ching	Company	Long position	Beneficial owner	200,000 (Note 3)	0.02%
Wu Tak Lung	Company	Long position	Beneficial owner	100,000 (Note 3)	0.01%

Note 1: The percentage of the Company's issued share capital is based on the 1,161,400,499 Shares issued as at 31 December 2021.

Note 2: As at 31 December 2021, Minth Holdings was beneficially interested in 450,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 450,072,000 Shares held by Minth Holdings. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei is deemed to be interested in the 450,072,000 Shares in which Mr. Chin is deemed to be interested.

Note 3: These figures represent the number of Share Options granted to Mr. Chen, Ms. Chin, Dr. Wang and Mr. Wu under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Chen, Ms. Chin, Dr. Wang and Mr. Wu will own 1,000,000 Shares, 250,000 Shares, 200,000 Shares and 100,000 Shares, respectively.

Other than as disclosed above, as at 31 December 2021, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

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

The purpose of the 2012 Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All Directors and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, services providers of any member of the Group whom the Board considers, in its sole discretion, have contributed or will contribute to the Group are eligible to participate in the 2012 Share Option Scheme.

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

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2012 Share Option Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the 2012 Share Option Scheme and any other share option schemes of the Company (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit").

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

An option may be exercised in accordance with the terms of the 2012 Share Option Scheme at any time during the period to be determined and notified by the Board to each grantee, at the time of making an offer of the grant of an option which shall not expire later than 10 years from the date of grant of the option.

The subscription price for the Shares under the 2012 Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

As at the date of the annual report, the number of Share Options that could still be granted under the 2012 Share Option Scheme was 25,833,001, representing approximately 2.22% of the 1,161,835,799 Shares in issue as at 22 March 2022, being the date of the annual report.

Details are as follows:

Name and category of participants	Number of Share Options (Note 1) Outstanding as at 1 January 2021	Granted during the Review Year	Exercised during the Review Year	Lapsed during the Review Year	Outstanding as at 31 December 2021	Date of grant (Note 4)	Exercise period (Note 5)	Exercise price of the Share Options (HKD) (Note 6)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Directors, chief executives, and substantial Shareholders and their respective connected persons									
Mr. Chen Bin Bo	1,000,000	—	—	—	1,000,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Ms. Chin Chien Ya (Note 2)	100,000	—	—	—	100,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	N/A
	150,000	—	—	—	150,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Dr. Wang Ching	100,000	—	—	—	100,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	N/A
	100,000	—	—	—	100,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Ms. Yu Zheng (Note 3)	100,000	—	—	—	100,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	N/A
Mr. Wu Tak Lung	100,000	—	—	—	100,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Subtotal	1,650,000	—	—	—	1,650,000				
Other Participants	19,403,000	—	144,500	1,597,000	17,661,500	10–4–2018	1–4–2019 to 31–12–2023	37.60	42.24
	26,650,000	—	1,600,499	1,819,801	23,229,700	28–7–2020	1–7–2021 to 31–12–2025	23.85	34.87
Subtotal	46,053,000	—	1,744,999	3,416,801	40,891,200				
Total	47,703,000	—	1,744,999	3,416,801	42,541,200				

Note 1: Numbers of Shares over which options granted under the 2012 Share Option Scheme are exercisable.

Note 2: Ms. Chin Chien Ya ("Ms. Chin") is the daughter of Ms. Wei Ching Lien ("Ms. Wei", an executive Director and Chairperson of the Company), and an executive Director of the Company.

Note 3: Ms. Yu Zheng ("Ms. Zheng") retired as an independent non-executive Director of the Company with effect from 31 May 2021.

Note 4: The closing price of the Shares immediately before the date on which the Share Options were granted pursuant to the 2012 Share Option Scheme on (i) 10 April 2018, i.e. on 9 April 2018 was HKD37.65, and (ii) 28 July 2020, i.e. on 27 July 2020 was HKD22.40.

Note 5: The option period for the Share Options granted on 10 April 2018 is for five years eight months and twenty-one days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 April 2019; (ii) up to a further 30% of the Share Options granted on or after 1 April 2020; and (iii) all of the remaining Share Options granted on or after 1 April 2021. The option period for the Share Options granted on 28 July 2020 is for five years five months and three days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 July 2021; (ii) up to a further 30% of the Share Options granted on or after 1 July 2022; and (iii) all of the remaining Share Options granted on or after 1 July 2023.

Note 6: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

During the Review Year, the Grantees of the Share Option Scheme exercised 1,744,999 Share Options in accordance with the rules and terms of the Share Option Scheme, and 3,416,801 Share Options lapsed as a result of the resignations of grantees.

Apart from the 2012 Share Option Scheme as disclosed above, no option was granted, exercised, cancelled or lapsed during the Review Year. Particulars of the Company's 2012 Share Option Scheme are set out in note 40 to the consolidated financial statements.

SHARE AWARD SCHEME

On 28 July 2020, The Company adopted a share award scheme (the "Share Award Scheme") to allow share awards at the absolute discretion of the Board. The purposes of the Scheme are to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Selected participants pursuant to the terms of the Share Award Scheme will be notified the number of shares awarded to them. For details of the said Share Award Scheme, please refer to the announcement of the Company dated 28 July 2020 and note 40 to the financial statements.

EQUITY-LINKED AGREEMENTS

Other than the 2012 Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Review Year or subsisted at the end of the Review Year.

DIRECTORS' RIGHTS IN PURCHASING SHARES OR DEBENTURE

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

DIRECTORS' AND THE CONTROLLING SHAREHOLDER'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

Save as disclosed in the annual report, no transactions, arrangements or contracts of significance (including contract of significance for provision of services to the Group) to which the Company or any of its subsidiaries was a party and in which a controlling shareholder of the Company or any of its subsidiaries was also a party, subsisted during or at the end of the Review Year.

MANAGEMENT CONTRACT

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

SUBSTANTIAL SHAREHOLDERS

Interests or short positions in the Company

As at 31 December 2021, the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company, in the Shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Long/Short Position	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Chin Jong Hwa	Interest of controlled corporations	Long position	450,072,000 (Note 2)	38.75%
Minth Holdings Limited	Beneficial owner	Long position	450,072,000 (Note 3)	38.75%
Mitsubishi UFJ Financial Group, Inc.	Interest of controlled corporations	Long position	102,962,000 (Note 4)	8.87%
Matthews International Capital Management, LLC	Investment manager	Long position	80,091,000	6.90%
JPMorgan Chase & Co.	Interest of controlled corporations	Long Position	3,268,053	0.28%
		Short Position	536,535	0.05%
	Investment manager	Long Position	39,796,310	3.43%
	Approved lending agent	Long Position	15,048,155 (Note 5)	1.30%

Note 1: The percentage of the Company's issued share capital of 1,161,400,499 Shares as at 31 December 2021.

Note 2: As at 31 December 2021, Minth Holdings was beneficially interested in 450,072,000 Shares. Minth Holdings was wholly-owned by Mr. Chin and he was therefore deemed to be interested in the entire 450,072,000 Shares held by Minth Holdings.

Note 3: As at 31 December 2021, Minth Holdings, a company wholly-owned by Mr. Chin, was beneficially interested in 450,072,000 Shares.

Note 4: As at 31 December 2021, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Mitsubishi UFJ Financial Group, Inc.

Note 5: As at 31 December 2021, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by JPMorgan Chase & Co.

Other than as disclosed above, as at 31 December 2021, the Company had not been acknowledged by any person of any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

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

CONTINUING CONNECTED TRANSACTIONS

On 3 December 2018, Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零部件有限公司), a wholly owned subsidiary of the Company ("Jiaxing Minhui"), entered into a purchase agreement with Ningbo Chunmin Electronic Co., Ltd.* (寧波淳敏電子有限公司) ("Ningbo Chunmin Electronic") whereby the Group would purchase products including automobile camera accessories, automobile video recording devices and parts for the period from 3 December 2018 to 31 December 2019 (the "Purchase Agreement"). On 15 October 2019, a supplemental purchase agreement was entered into to extend the term of the Purchase Agreement for two years ending 31 December 2021 (the "Supplemental Purchase Agreement", and together with the Purchase Agreement hereinafter referred to as the "Purchase Agreements"). The proposed annual caps for the transactions under the Purchase Agreements for the years ending 31 December 2019, 2020, 2021 are RMB36,080,000 (equivalent to approximately HKD40,000,000), RMB54,121,000 (equivalent to approximately HKD60,000,000) and RMB72,161,000 (equivalent to approximately HKD80,000,000), respectively.

As Ningbo Chunmin Electronic is wholly-owned by Shun On Electronic Co., Limited* (淳安電子股份有限公司) ("Shun On Electronic") and Mr. Chin and his associates are together indirectly beneficially interested in 35.12% of Shun On Electronic, Ningbo Chunmin Electronic is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Purchase Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Further details of the Purchase Agreements are set out in the Company's announcement dated 15 October 2019.

On 6 May 2020, Jiaxing Shinyou Mould Tech Co., Ltd.* (嘉興信元精密模具科技有限公司), a wholly owned subsidiary of the Company ("Shinyou Mould") entered into a rental agreement (the "Rental Agreement") with Jiaxing Futing Mechanical Co., Ltd.* (嘉興富廷機械有限公司) ("Jiaxing Futing"), pursuant to which Jiaxing Futing agreed to lease a factory located at No.565, Bazi Road, Xiuzhou District, Jiaxing City, Zhejiang Province, the PRC to Shinyou Mould at the monthly rental of approximately RMB128,000 (equivalent to approximately HKD140,000) for a 12-month period commencing on 7 May 2020 and ending on 6 May 2021.

As Jiaxing Futing is a company indirectly wholly owned by Mr. Chin, a controlling shareholder and a former executive Director in the 12 months period prior to the date of the Rental Agreement, Jiaxing Futing is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Rental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Further details of the Rental Agreement are set out in the Company's announcement dated 6 May 2020.

The Company confirms that it has complied with the disclosure requirements in respect of the above continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions that were carried out during the year ended 31 December 2021 have been entered into by the Group:

(a) in the ordinary and usual course of business of the Group;

(b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(c) in accordance with the agreements governing the transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board further confirmed that in accordance with Rule 14A.71 of the Listing Rules, for the purposes for Rule 14A.56, the auditor of the Company has provided a letter to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects in accordance with the relevant agreements governing the transactions; and

(iii) have exceeded the cap.

Save for the above, during the Review Year, the Group did not enter into any continuing connected transactions which is subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

REMUNERATION POLICY

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

Ms. Wei, the executive Director has agreed to waive her remuneration since 28 May 2020.

The Company has adopted the 2012 Share Option Scheme as an incentive to Directors and eligible employees, details of the 2012 Share Option Scheme are set out on pages 33 to 36 of the annual report.

The Company has also adopted the Share Award Scheme which provides incentives to employees, details of the scheme are set out in an announcement of the Company on 28 July 2020 and note 40 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As the Group mainly operates in China through its subsidiaries, it is subject to the Chinese laws and regulations relating to the R&D, production and distribution of auto parts, toolings and moulds including but not limited to those on the quality, safety, environmental protection, intellectual property, labor and personnel. Meanwhile, as a company incorporated in the Cayman Islands and listed on the Stock Exchange, the Company is governed by the Company Law of the Cayman Islands, the Listing Rules and the Securities and Futures Ordinance ("SFO").

During the Review Year, to the best knowledge of the Board, the Group does not have any incidence of non-compliance with the relevant laws and regulations that would have a significant impact on the Group's business and operations.

The relevant laws and regulations that have significant impact on the Group's business and the compliance measures adopted and implemented during the Review Year are outlined below.

The Group strictly complies with laws, regulations and standards that governing the automotive industry specifically, such as the Product Quality Law of the People's Republic of China, the Group has established the Quality Manual of the Group in accordance with the requirements of the IATF16949 Automotive Quality Management System Standard, so as to standardise the automotive product quality management system, objectives and policies and strengthen quality management.

In the area of environmental protection which are related to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, the Group strictly complies with laws, regulations and standards, such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Promoting Clean Production, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Water Pollution, the Law of the People's Republic of China on Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste. The Group has continuously improved the internal environmental management mechanism and documents, such as Environmental Management Manual, regularly update the latest list of laws and regulations on environmental protection, ensuring the standardisation and compliance of environmental protection management. The Group also actively promotes the certification of its environmental management system, and implement energy management and carbon emission reduction activities and plans within the scope of the global environmental management system.

The Group is in strict accordance with national, regional and industrial laws, regulations and standards on occupational health and safety, such as The Production Safety Law of the People's Republic of China, The Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, The Labour Law of the People's Republic of China, The Labour Contract Law of the People's Republic of China, The Minimum Wage Regulations of the People's Republic of China. In order to comply with these laws and regulations, the Group pays attention to the development and management of corporate occupational health, improves the management mechanism for positions exposed to occupational hazards, and fully implements the occupational health checkup system to ensure that employees are healthy at work and happy in life, as well as having rules in place relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare, etc.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Upholding the principle of green production and sustainable development, the Group clearly defines its responsibility on environmental protection, strengthens on-site supervision and management, attaches great importance to the identification and elimination of hidden dangers, and rolls out the environmental protection initiatives in a standardized, uniform and systematic manner. In the meantime, the Group is committed to low-carbon operations and management from the perspectives of digitalization, systemization, green energy, green supply chain, low-carbon R&D and circular economy. The Group continues to expand the installation of photovoltaic power generation facilities to maximize its efforts in energy conservation and emission reduction, sources low-carbon raw materials such as eco-friendly aluminum and recycled plastic materials as alternatives, and promotes the application of smart energy system and carbon emission management system enabled by the technology of Industrial Internet of Things in order to reduce the carbon footprint of the Group's products.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group emphasises on maintaining good relationship with its stakeholders and considers it a key element to sustainable business growth.

Employees

The Group has always been people-oriented and has attached great importance to human resource management. The Group attract excellent talents through fair recruitment policy and provide employees with training opportunities, good career development prospect and growth opportunities. From time to time, the Group ensures to offer its employees remuneration packages that are comprehensive and attractive. Some employees of the Group are granted Share Options and/or Awarded Shares under the Company's 2012 Share Option Scheme and Share Award Scheme in recognition of their contribution. The Group also value its employee's physical and mental development. Diverse events and activities are organised for the employees for fostering work-life balance and personal growth.

Customers

The Group is committed to offering its customers products and services to the best of its ability. The Group highly value comments and suggestions of its customers and have always maintained effective communications with the customers. The Group will continue to reach out for current and prospective customers through, inter-alia, on-site visits and major customers' satisfaction surveys. The Group believe that customers' feedback would help it identify areas of improvement and advance it to achieve excellence.

Suppliers

Maintaining good relationship with suppliers is essential to the Group's business performance and growth because suppliers can have direct influence over the quality of the products and services and customer satisfaction. The Group has formulated related measurements in respect of the supplier selection procedures, quality testing methods and comprehensive appraisal and evaluation system on potential and existing suppliers and their products and performance. The Group is committed to establishing a close and long-term partnership with its business partners.

MATERIAL LITIGATION AND ARBITRATION

The Group was not engaged in any litigation or arbitration of material importance during the Review Year and up to the date of this report.

EVENT AFTER THE REPORTING PERIOD

On 13 April 2022, the Company held an extraordinary meeting at which the shareholders approved the extension of validity period of the specific mandate and authorisation pursuant to which the Company can issue RMB shares. The extended validity period will expire on 14 April 2023.

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

PRE-EMPTIVE RIGHTS

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

AUDITOR

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

UPDATES ON BIOGRAPHICAL DETAILS OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, save for the remuneration paid to the Directors during the Review Year set out in note 13 to the consolidated financial statements, there is no other information required to be disclosed.

By Order of the Board
Minth Group Limited
Wei Ching Lien
Chairperson

Hong Kong, 22 March 2022

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 184, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Occurrence of the revenue recognition from sales of automobile body parts *(Refer to Note 5 to the consolidated financial statements)* We identified the occurrence of the revenue recognition from sales of automobile body parts as a key audit matter due to the significance of revenue recognition from sales of automobile body parts to the Group's consolidated financial statements. For the year ended 31 December 2021, the Group has recognised revenue of Renminbi ("RMB") 12,573,046,000 from its sales of automobile body parts, which accounted for 90.3% of total revenue of the Group. As disclosed in note 5 to the consolidated financial statements, revenue from sales of automobile body parts is recognised when control of the products has been transferred to the customer, being at the point the goods are delivered to the customer's specific location and accepted by the customer.	Our procedures in relation to occurrence of the revenue recognition from sales of automobile body parts included: • Obtaining an understanding and testing the key internal controls in respect of the occurrence of the revenue recognition from sales of automobile body parts; • Reviewing the sales contracts with customers, on a sampling basis, and verifying the terms and conditions set out in the sales contracts regarding the criteria of satisfaction of performance obligation; • Analysing revenue and gross margin from sales of automobile body parts during the current reporting period and identifying unusual fluctuations and inquiring the management to understand and evaluate the appropriateness of the reasons for the unusual fluctuations (if applicable); • Testing the sales of automobile body parts, on a sampling basis, by inspecting the relevant supporting documents on the completion of sales; • Sending audit confirmations to the customers, on a sampling basis, to verify validity and accuracy of trade receivables in relation to sales of automobile body parts; and • Visiting customer's site and interviewing the customers to whom the Group sells the automobile body parts, on a sampling basis, to verify occurrence of the revenue recognition from sales of automobile body parts.

KEY AUDIT MATTERS (CONTINUED)

Key audit matters (Continued)	How our audit addressed the key audit matters (Continued)
Impairment assessment of trade receivables *(Refer to Notes 26 and 45 to the consolidated financial statements)* We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period. As at 31 December 2021, the Group's net trade receivables amounting to approximately RMB3,204,771,000 (net of allowance for credit loss of RMB13,688,000), which represented approximately 10.8% of total assets of the Group. As disclosed in note 45 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables, excluding those debtors with high credit risk, based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information. As disclosed in note 45 to the consolidated financial statements, the Group recognised a net additional amount of RMB2,425,000 of impairment of trade receivables for the year ended 31 December 2021 and the Group's lifetime ECL on trade receivables as at 31 December 2021 amounted to approximately RMB13,688,000.	Our procedures in relation to impairment assessment of trade receivables included: • Understanding and evaluating the effectiveness of the design and implementation of key controls in relation to the Group's ECL on trade receivables; • Understanding and evaluating the appropriateness of the methods and models used by the management to determine the ECL on trade receivables; • Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2021, including their identification of trade debtors with high credit risk, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); • Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 December 2021, on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents; and • Evaluating the disclosures regarding the impairment assessment of trade receivables in notes 26 and 45 to the consolidated financial statements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors of the Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Revenue	5	**13,919,269**	12,466,858
Cost of sales		**(9,835,495)**	(8,608,015)
Gross profit		**4,083,774**	3,858,843
Investment income	7	**284,999**	239,710
Other income	8	**225,014**	159,991
Impairment losses under expected credit loss model, net of reversal		**(2,538)**	(15,935)
Other gains and losses	9	**418,187**	(15,454)
Distribution and selling expenses		**(744,431)**	(520,956)
Administrative expenses		**(1,237,393)**	(1,028,955)
Research expenditure		**(940,700)**	(764,187)
Interest expenses		**(263,308)**	(247,624)
Share of results of joint ventures		**19,204**	11,618
Share of results of associates		**3,004**	2,524
Profit before tax		**1,845,812**	1,679,575
Income tax expense	10	**(266,364)**	(216,587)
Profit for the year	12	**1,579,448**	1,462,988
Other comprehensive income(expense):			
Item that will not be reclassified to profit or loss:			
Gain(loss) on remeasurement of defined benefit obligation		**5,721**	(1,191)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(33,471)**	(49,557)
Fair value gain on debt instruments measured at fair value through other comprehensive income		**244**	1,672
Other comprehensive expense for the year, net of income tax		**(27,506)**	(49,076)
Total comprehensive income for the year		**1,551,942**	1,413,912
Profit for the year attributable to:			
Owners of the Company		**1,496,507**	1,395,509
Non-controlling interests		**82,941**	67,479
		1,579,448	1,462,988
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,478,099**	1,348,770
Non-controlling interests		**73,843**	65,142
		1,551,942	1,413,912
Earnings per share	15		
Basic		**RMB1.299**	RMB1.213
Diluted		**RMB1.292**	RMB1.210

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	16	11,623,394	9,615,646
Right-of-use assets	17	1,043,440	959,635
Goodwill	18	98,030	98,030
Other intangible assets	19	74,589	78,198
Interests in joint ventures	20	195,015	136,812
Interests in associates	21	122,601	125,889
Deferred tax assets	23	203,673	157,670
Prepayment for acquisition of property, plant and equipment		338,270	185,970
Derivative financial assets	29	34,093	—
Contract assets	27	754,655	695,413
Contract costs	27	164,177	170,794
Plan assets	41	2,065	2,043
		14,654,002	12,226,100
Current assets			
Inventories	24	2,960,843	2,384,748
Loan receivables		—	6,000
Property under development	25	—	13,405
Trade and other receivables	26	5,129,652	4,614,575
Contract assets	27	249,795	174,482
Derivative financial assets	29	2,144	4,834
Held-for-trading investments	28	—	450,625
Debt instruments at fair value through other comprehensive income	22	110,839	151,457
Pledged bank deposits	30	1,045,610	918,350
Bank balances and cash	30	5,491,959	6,008,272
		14,990,842	14,726,748
Assets classified as held for sale	11	—	252,897
		14,990,842	14,979,645
Current liabilities			
Trade and other payables	31	4,250,385	3,974,555
Tax liabilities		133,779	98,350
Borrowings	33	4,888,450	5,445,289
Lease liabilities	37	19,691	7,712
Contract liabilities	32	83,206	97,322
Derivative financial liabilities	29	1,933	4,969
		9,377,444	9,628,197
Liabilities classified as held for sale	11	—	4,770
		9,377,444	9,632,967
Net current assets		5,613,398	5,346,678
Total assets less current liabilities		20,267,400	17,572,778

At 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Capital and reserves			
Share capital	34	116,219	116,069
Share premium and reserves		15,906,753	14,827,935
Equity attributable to owners of the Company		16,022,972	14,944,004
Non-controlling interests	35	532,684	368,891
Total equity		16,555,656	15,312,895
Non-current liabilities			
Deferred tax liabilities	23	158,804	107,111
Borrowings	33	2,255,140	1,073,911
Lease liabilities	37	99,802	11,595
Retirement benefit obligation	41	5,358	14,534
Derivative financial liabilities	29	7,391	20,181
Deferred income	42	204,924	28,209
Other long-term liabilities	43	980,325	1,004,342
		3,711,744	2,259,883
		20,267,400	17,572,778

The consolidated financial statements on pages 46 to 184 were approved and authorised for issue by the board of directors (the "Board") on 22 March 2022 and are signed on its behalf by:

Wei Ching Lien	**Chen Bin Bo**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021	116,069	4,089,100	(222,075)	276,199	(9,406)	1,049,900	379,664	(1,058)	(105,026)	185,910	9,184,727	14,944,004	368,891	15,312,895
Profit for the year	–	–	–	–	–	–	–	–	–	–	1,496,507	1,496,507	82,941	1,579,448
Fair value gain on debt instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	–	244	–	–	–	244	–	244
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	(24,373)	–	–	(24,373)	(9,098)	(33,471)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	–	5,721	5,721	–	5,721
Total comprehensive income for the year	–	–	–	–	–	–	–	244	(24,373)	–	1,502,228	1,478,099	73,843	1,551,942
Recognition of equity-settled share-based payments (note 40)	–	–	–	–	–	–	–	–	–	77,910	–	77,910	–	77,910
Derecognition upon disposal of a subsidiary (note 35)	–	–	–	–	–	–	–	–	–	–	–	–	(1,492)	(1,492)
Transfer to reserve fund	–	–	–	–	–	23,476	50,987	–	–	–	(74,463)	–	–	–
Transfer to other reserve for share option forfeited after the vesting date	–	–	–	–	12,901	–	–	–	–	(12,901)	–	–	–	–
Dividends recognised as distribution (note 14)	–	–	3,989	–	–	–	–	–	–	–	(554,110)	(550,121)	–	(550,121)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(101,357)	(101,357)
Capital contribution from non-controlling shareholders (note 35)	–	–	–	–	30,922	–	–	–	–	–	–	30,922	192,799	223,721
Exercise of share options	150	48,677	–	–	–	–	–	–	–	(10,669)	–	38,158	–	38,158
Others	–	–	–	–	4,000	–	–	–	–	–	–	4,000	–	4,000
At 31 December 2021	116,219	4,137,777	(218,086)	276,199	38,417	1,073,376	430,651	(814)	(129,399)	240,250	10,058,382	16,022,972	532,684	16,555,656

For the year ended 31 December 2021

	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020	115,227	3,937,536	–	276,199	(20,093)	757,206	110,335	(2,730)	(57,806)	162,194	9,046,877	14,324,945	418,749	14,743,694
Profit for the year	–	–	–	–	–	–	–	–	–	–	1,395,509	1,395,509	67,479	1,462,988
Fair value gain on debt instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	–	1,672	–	–	–	1,672	–	1,672
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	(47,220)	–	–	(47,220)	(2,337)	(49,557)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	–	(1,191)	(1,191)	–	(1,191)
Total comprehensive income for the year	–	–	–	–	–	–	–	1,672	(47,220)	–	1,394,318	1,348,770	65,142	1,413,912
Recognition of equity-settled share-based payments (note 40)	–	–	–	–	–	–	–	–	–	66,307	–	66,307	–	66,307
Transfer to reserve fund	–	–	–	–	–	292,694	269,329	–	–	–	(562,023)	–	–	–
Transfer to other reserve for share option forfeited after the vesting date	–	–	–	–	10,687	–	–	–	–	(10,687)	–	–	–	–
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	–	(694,445)	(694,445)	–	(694,445)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(115,376)	(115,376)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	376	376
Treasury stock (note)	–	–	(222,075)	–	–	–	–	–	–	–	–	(222,075)	–	(222,075)
Exercise of share options	842	151,564	–	–	–	–	–	–	–	(31,904)	–	120,502	–	120,502
At 31 December 2020	116,069	4,089,100	(222,075)	276,199	(9,406)	1,049,900	379,664	(1,058)	(105,026)	185,910	9,184,727	14,944,004	368,891	15,312,895

Note: On 28 July 2020, Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") has adopted a share award scheme ("2020 Share Award Scheme") to recognise the contributions by certain eligible participants (consist of (i) employee (including executive director); (ii) non-executive director or independent non-executive director or officer; and (iii) an employee of a corporate or entity who, pursuant to a contract for services, renders services to a member of the Group as determined by the Board from time to time) and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. The 2020 Share Award Scheme shall be valid and effective for a term of 10 years commencing on 28 July 2020. Pursuant to the 2020 Share Award Scheme, the Board may, at its discretion and from time to time, determine a reference amount in respect of which the trustee shall purchase awarded shares from the market as a reserve for future awards to selected participants.

In September 2020, the Group has purchased 8,520,000 issued ordinary shares from the market through the trustee, the consideration for which amounted to approximately HK$251,265,000 (equivalent to approximately RMB222,075,000). These ordinary shares purchased by trustee are accounted for as treasury stock and presented as a deduction to the reserve. Pursuant to the 2020 Share Award Scheme, in any event, the aggregate number of shares held by the trustee (whether directly or indirectly through other controlled corporations) as a whole would not exceed 2% of the issued share capital of the Company at any time (on an actual basis as well as on a fully diluted basis). As at 31 December 2021, 3,000,000 relevant treasury stock has been granted to specific objects.

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

Note: (Continued)

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

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

The financial instruments measured at fair value through other comprehensive income ("FVTOCI") reserve represents the changes in fair value of bills receivables which were measured as debt instruments at FVTOCI.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Operating activities		
Profit before tax	**1,845,812**	1,679,575
Adjustments for:		
Finance costs	**263,308**	247,624
Interest income	**(284,999)**	(239,710)
Share of results of joint ventures	**(19,204)**	(11,618)
Share of results of associates	**(3,004)**	(2,524)
Depreciation of property, plant and equipment	**846,652**	815,457
Depreciation of right-of-use assets	**46,379**	30,729
Amortisation of other intangible assets	**29,042**	33,445
Share-based payment expense	**77,910**	66,307
Fair value changes of other financial assets at fair value through profit or loss ("FVTPL")	**(53,788)**	(68,461)
Fair value changes of derivative financial instruments	**(52,343)**	15,619
Loss (gain) on disposal of property, plant and equipment	**44,117**	(6,616)
Gain on land relocation	**(258,066)**	—
Gains on disposal of subsidiaries	**(212,799)**	(1,001)
Gain on disposal of an associate	**(682)**	—
Impairment loss, net of reversal		
— property, plant and equipment	**3,318**	16,378
— financial assets and other items under expected credit loss model	**2,538**	15,935
— inventories	**(12,132)**	78,312
Net foreign exchange gain	**(91,346)**	(29,674)
Operating cash flows before movements in working capital	**2,170,713**	2,639,777
Increase in inventories	**(578,003)**	(426,481)
Decrease in property under development	**13,405**	5,903
Increase in trade and other receivables	**(44,565)**	(300,356)
Decrease in debt instruments at FVTOCI	**40,618**	105,190
Increase in contract assets	**(134,555)**	(59,123)
Decrease (increase) in contract costs	**6,617**	(41,903)
Increase in trade and other payables	**17,158**	368,457
Decrease in contract liabilities	**(14,116)**	(14,461)
Increase in deferred income	**71,294**	—
Cash generated from operations	**1,548,566**	2,277,003
Income taxes paid	**(226,766)**	(196,754)
Net cash from operating activities	**1,321,800**	2,080,249

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Investing activities		
Proceeds from redemption of other financial assets and derivative financial instruments	**8,439,608**	8,227,371
Interest received	**181,333**	193,547
Dividend received from a joint venture and an associate	**3,000**	6,500
Proceeds from disposal of property, plant and equipment	**53,863**	60,579
Proceeds from disposal of other intangible assets	**3,818**	60
Investment in other financial assets and derivative financial instruments	**(7,930,081)**	(8,604,289)
Purchases of property, plant and equipment	**(3,142,149)**	(2,213,384)
Payments for right-of-use assets	**(17,501)**	(148,730)
Purchases of other intangible assets	**(29,515)**	(66,473)
Government subsidy received relating to the purchase of property, plant and equipment and other intangible assets	**253,113**	70,875
Placement of pledged bank deposits	**(811,247)**	(897,923)
Withdrawal of pledged bank deposits	**683,987**	840
Net cash inflow arising on disposal of subsidiaries	**106,244**	6,496
Net cash inflow arising on disposal of an associate	**7,334**	—
Payment for investment in an associate	**(635)**	—
Payment for investment in a joint venture	**(35,000)**	(40,000)
Repayment from an associate	**6,000**	—
Bank balances and cash classified as held for sale (note 11)	**—**	(7,246)
Proceeds from land relocation	**278,149**	—
Net cash used in investing activities	**(1,949,679)**	(3,411,777)
Financing activities		
Repayment of borrowings	**(21,559,356)**	(16,680,256)
Repayments of lease liabilities	**(10,340)**	(5,617)
New borrowings raised	**22,461,422**	19,297,159
Dividends paid to owners of the Company	**(550,121)**	(694,445)
Dividends paid to non-controlling shareholders	**(69,358)**	(115,376)
Interest paid	**(233,641)**	(208,812)
Proceeds from exercise of share options	**38,158**	120,502
Payment on repurchase shares as treasury stock	**—**	(222,075)
Loan from the government	**—**	117,000
Repayments of other long-term liabilities	**(68,550)**	—
Loan from related companies	**40,000**	92,800
Repayments to related companies	**(102,800)**	(30,000)
Capital contributions from non-controlling shareholders	**223,721**	376
Transaction cost attributable to issue of new shares	**(19,900)**	—
Net cash from financing activities (note 46)	**149,235**	1,671,256
Net (decrease) increase in cash and cash equivalents	**(478,644)**	339,728
Cash and cash equivalents at the beginning of the year	**6,008,272**	5,687,234
Effect of foreign exchange rate changes	**(37,669)**	(18,690)
Cash and cash equivalents at the end of the year	**5,491,959**	6,008,272
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**5,491,959**	6,008,272

1. GENERAL INFORMATION

The Company was incorporated under the Companies Law of the Cayman Islands on 22 June 2005 and registered as an exempted company with limited liability. Its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 December 2005. The Company acts as an investment holding company with its subsidiaries engaged in the design, development, manufacture, processing and sales of automobile body parts and moulds. The principal activities of the Company's subsidiaries are set out in note 47.

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Application of Amendments to HKFRSs

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform — Phase 2"

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures ("HKFRS 7").

As at 1 January 2021, the Group has several bank loans, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts.

	GBP Interbank Offered Rate ("LIBOR") RMB'000
Financial liabilities	
Bank loans	918,788

During the year, the Group's LIBOR bank loans with carrying amounts of GBP6,400,000 (equivalent to RMB55,081,000) have been transitioned to the relevant alternative benchmark rates. Such transitions have had no material impact on the consolidated financial statements as the Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost. Additional disclosures as required by HKFRS 7 are set out in note 45.

2.2 Impacts on application of the agenda decision of the Committee — Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and amendments to HKFRSs in issue but not yet effect

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB109,128,000 and RMB119,493,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Lease* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in the profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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

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

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

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

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Investments in associates and joint ventures (Continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Non-current assets held for sale

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Non-current assets held for sale (Continued)

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9, which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (including sales of products and development of moulds), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the expected value method/the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Property under development

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties for sale upon completion.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings, motor vehicles, furniture and equipment, and machinery that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. All of the Group's leases during the year and prior year are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Taxation

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

Current tax

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax

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

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Employee benefits

Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained profits and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Employee benefits (Continued)

Retirement benefit costs (Continued)

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

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

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

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

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

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Employee benefits (Continued)

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

Shares/Share options granted to employees (Continued)

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

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Shares/Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Property, plant and equipment

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

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Property, plant and equipment (Continued)

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

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets — research and development expenditure

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure (Continued)

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Impairment losses on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Impairment losses on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15 *Revenue from Contracts with Customers*, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

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

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

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit- impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, loan receivables, bank balances and cash, pledge bank deposits, debt instruments at FVTOCI and other item (contract assets)) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The ECL on these debtors with high credit risk are assessed individually and the remaining is assessed using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

<u>(i) Significant increase in credit risk</u>

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimation ECL on trade receivables and contract assets. The measurement of ECL on those trade receivables and contract assets with high credit risk are assessed on an individual basis, and the remaining is assessed collectively using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Lifetime ECL for certain trade receivables, contract assets and lease receivable are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and liability for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

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

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis(ie the basis immediately preceding the change).

Derivative financial instruments

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

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Provision of ECL for trade receivables and contract assets

The measurement ECL on those trade receivables and contract assets with high credit risk are assessed on an individual basis, and the remaining is assessed collectively using provision matrix. The provision matrix is based on the Group's historical default rates taking into consideration of forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 45 and 26 respectively.

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

The Directors determine the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. In addition, the Directors assess impairment whenever events or changes in circumstances and technical innovation of automobile products indicate that the carrying amount of an asset may not be recoverable. As at 31 December 2021, the carrying amount of the Group's property, plant and equipment was RMB11,623,394,000 (net of accumulated impairment loss of RMB20,542,000) (2020: carrying amount of RMB9,615,646,000 (net of accumulated impairment loss of RMB35,439,000)).

Allowances for inventories

The Directors review the aging of the inventories at the end of the reporting period, and make allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production or saleable in the market. The Directors estimate the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete and slow-moving items. As at 31 December 2021, the carrying amount of inventories was RMB2,960,843,000 (net of allowance for inventories of RMB101,140,000) (2020: carrying amount of inventories was RMB2,384,748,000 (net of allowance for inventories of RMB138,704,000)).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value measurements and valuation processes

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

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group determines the appropriate valuation techniques and inputs to estimate the fair value of certain types of financial instruments. Note 45(c) provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various types of financial instruments.

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

As at 31 December 2021, the fair values of held-for-trading investments, debt instruments at FVTOCI, derivative financial assets and derivative financial liabilities were estimated to be Nil (2020: RMB450,625,000), RMB110,839,000 (2020: RMB151,457,000), RMB36,237,000 (2020: RMB4,834,000) and RMB9,324,000 (2020: RMB25,150,000), respectively.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2021		
	Automobile body parts RMB'000	Moulds RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	12,573,046	1,346,223	13,919,269
Geographical markets			
The PRC	7,517,115	684,391	8,201,506
Other countries	5,055,931	661,832	5,717,763
Total	12,573,046	1,346,223	13,919,269

	For the year ended 31 December 2020		
	Automobile body parts RMB'000	Moulds RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	11,465,979	1,000,879	12,466,858
Geographical markets			
The PRC	6,909,349	482,082	7,391,431
Other countries	4,556,630	518,797	5,075,427
Total	11,465,979	1,000,879	12,466,858

All the revenue of the Group has been recognised at a point in time.

5. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers

Sales of automobile body parts

The Group sells automobile body parts directly to customers in accordance with the orders from and framework contracts entered with the customers. Revenue is recognised when control of the products has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the products have been accepted by the customer. The normal credit term is 60 to 90 days effective from the invoice date. When the customer pay in advance for the orders, the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

Development of moulds

The Group develops moulds for customers in accordance with the requirements specified in the relevant contract entered with the customers. Revenue is recognised when the development of moulds is completed and accepted by the customer. Acceptance occurs when the moulds have been verified and confirmed by the customer. For those the consideration for the development of moulds are paid separately, the normal credit term is 60 to 90 days effective from the invoice date. When the customer pay in advance for the orders, the transaction price received by the Group is recognised as a contract liability until the revenue in respect of moulds have been recognised.

Where a contract contains both development of moulds and sales of the relevant automobile body parts, the mould development is considered as a separate performance obligation other than the delivery of automobile body parts. Revenue is recognised when the development of moulds is completed and accepted by the customer. Transaction price is allocated between sales of automobile body parts and the development of moulds on a stand-alone selling price basis. The transaction price allocated to the development of moulds is recognised as contract assets at the time of revenue recognised and until the right to consideration becoming unconditional (i.e. over the period of delivery of relevant automobile body parts).

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the reporting period and the expected timing of recognising revenue are as follows:

	2021 Moulds RMB'000	2020 Moulds RMB'000
Within one year	**1,464,199**	1,154,446
More than one year but not more than two years	**1,238,630**	1,135,572
More than two years	**402,269**	359,271
	3,105,098	2,649,289

All automobile body parts are delivered within period less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

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

FOR THE YEAR ENDED 31 DECEMBER 2021

	Aluminium RMB'000	Plastic RMB'000	Battery-housing RMB'000	Metal & Trim RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue	3,307,304	4,181,399	269,552	4,972,532	1,887,950	(699,468)	13,919,269
Segment profit	1,124,306	1,044,511	28,876	1,381,691	411,617	92,773	4,083,774
Investment income							284,999
Other unallocated income, gains and losses							640,663
Unallocated expenses							(2,922,524)
Interest expenses							(263,308)
Share of results of joint ventures							19,204
Share of results of associates							3,004
Profit before tax							1,845,812
Income tax expense							(266,364)
Profit for the year							1,579,448

6. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Aluminium RMB'000	Plastic RMB'000	Battery-housing RMB'000	Metal & Trim RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue	3,112,007	3,700,310	95,713	4,672,960	1,372,148	(486,280)	12,466,858
Segment profit	1,015,962	1,148,777	6,319	1,348,895	273,449	65,441	3,858,843
Investment income							239,710
Other unallocated income, gains and losses							128,602
Unallocated expenses							(2,314,098)
Interest expenses							(247,624)
Share of results of joint ventures							11,618
Share of results of associates							2,524
Profit before tax							1,679,575
Income tax expense							(216,587)
Profit for the year							1,462,988

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment without allocation of investment income, other income, impairment losses under expected credit loss model (net of reversal), other gains and losses, distribution and selling expenses, administrative expenses, research expenditure, interest expenses and share of results of associates and joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Geographical information

The Group's operations are located in the PRC, the United States of America (the "USA"), Japan, Thailand, Germany, Serbia and Mexico.

Information about the Group's revenue is presented based on the geographical locations of the Group's customers.

	2021 RMB'000	2020 RMB'000
The PRC	**8,201,506**	7,391,431
Other countries	**5,717,763**	5,075,427
	13,919,269	12,466,858

6. SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

Information about the Group's non-current assets is presented based on the geographical locations of the assets.

	2021 RMB'000	2020 RMB'000
The PRC	**10,469,401**	9,285,197
Other countries	**3,944,770**	2,781,190
	14,414,171	12,066,387

Note: non-current assets excluded deferred tax assets, plan assets and derivative financial assets.

Information about major customer

No single customer contributed 10% or more to the Group's revenue for both 2021 and 2020.

7. INVESTMENT INCOME

	2021 RMB'000	2020 RMB'000
Interest on bank deposits	**284,709**	239,360
Interest on loan receivables	**290**	350
Total	**284,999**	239,710

8. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Government grants (note i)	**142,984**	93,378
Service and consultation income (note ii)	**25,444**	20,282
Sales of scrap and raw materials (note iii)	**5,364**	13,450
Rental income, net of outgoings	**17,993**	10,233
Indemnity income	**20,875**	6,376
Others	**12,354**	16,272
Total	**225,014**	159,991

Notes:

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

(ii) The Group provides certain maintenance, repairing and technical consultation services to customers, which are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. As a practical expedient, the Group has not disclosed the information of unsatisfied performance obligation since the performance obligation has an original expected duration of one year or less. The amounts shown in note 8 for the year have been offset by the relevant costs for service and consultation income of RMB4,057,000 (2020: RMB4,454,000).

(iii) Revenue for sales of scrap and raw materials is recognised when control of the materials has been transferred to the buyer, being at the point the goods are delivered to the buyer. As a practical expedient, the Group has not disclosed the information of unsatisfied performance obligation since the performance obligation has an original expected duration of one year or less. The amounts shown in note 8 for the year have been offset by the relevant costs for sales of scrap and raw materials of RMB252,991,000 (2020: RMB172,835,000).

9. OTHER GAINS AND LOSSES

	2021 RMB'000	2020 RMB'000
Net foreign exchange loss	**(52,576)**	(326)
Gains (losses) on fair value changes of derivative financial instruments	**52,343**	(15,619)
Gains on fair value changes of other financial assets at FVTPL	**53,788**	68,461
Impairment loss for property, plant and equipment	**(3,318)**	(16,378)
Gain on land relocation (note i)	**258,066**	—
(Losses) gains on disposal of property, plant and equipment	**(44,117)**	6,616
Gains on disposal of subsidiaries (note 36)	**212,799**	1,001
Gain on disposal of an associate (note 21)	**682**	—
Provision of unpaid tax surcharges (note ii)	**(17,632)**	—
Provision of custom penalty (note iii)	**—**	(52,875)
Extra staff costs arising from COVID-19 Pandemic (note iv)	**(34,836)**	—
Others	**(7,012)**	(6,334)
Total	**418,187**	(15,454)

Notes:

(i) During the current year, the Group entered into a land and buildings confiscation agreement with local government in Ningbo, PRC in relation to a parcel of land and buildings held by the wholly-owned subsidiary of the Group namely Ningbo Shintai Machines Co., Ltd.* (寧波信泰機械有限公司) with a consideration of RMB440,198,000 in aggregate which was composed of the compensation on both assets transferred and resettlement costs during the transition period. Upon completion of the relocation in 2021, gain on land relocation amounting to RMB258,066,000 has been recognized by offsetting corresponding costs amounting to RMB110,938,000 including assets disposal of RMB20,083,000 and other direct costs of RMB90,855,000 which considered as relevant to such relocation, while consideration of RMB71,194,000 has been classified as deferred income as disclosed in note 42 and will be recognised in profit or loss when such consideration becomes unconditional.

(ii) During the current year, a subsidiary of the Company located in Mexico received the notice of tax payment of Peso Mexicano 109,723,000(equivalent to RMB35,749,000) from the local authorities, which was composed of Input Value-Added Tax ("VAT") amounting to Peso Mexicano 55,635,000(equivalent to RMB18,117,000) and corresponding surcharges amounting to Peso Mexicano 54,088,000(equivalent to RMB17,632,000).

The amount of the VAT-in paid could be deducted against the VAT payable while surcharges has been recorded as other losses in the current year.

(iii) During the year 2020, a subsidiary of the Company located in Mexico received the notice of penalty of Peso Mexicano161,195,000 (equivalent to RMB52,875,000) from the local customs in relation to alleged violation of certain local regulations. The Group has submitted an administrative appeal which has dismissed by the local customs on 1 March 2021. Thereafter, the Group has submitted a further appeal to local contentious-administrative federal court and such appeal is still in process as at 31 December 2021.

(iv) During the current year, the Group incurred extra cost totaling RMB34,836,000 to hire temporary labor workforce in order to maintain its oversea operation in United States ("US"), as the Group has to pay a premium over the amount of subsidies to retain and attract individual who are qualified to claim under the Federal Pandemic Unemployment Compensation (FPUC) program launched in US. Accordingly, additional staff cost, which exceeded the normalised amount under the period without COVID-19 Pandemic, has been incurred by the Group during the year ended 31 December 2021.

* The English name is for identification purposes only.

10. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000
Current tax:		
PRC Enterprise Income Tax	**247,320**	261,609
Other jurisdictions	**43,857**	(653)
	291,177	260,956
Over provision in prior years:		
PRC Enterprise Income Tax	**(28,982)**	(86,262)
Deferred tax:		
Current year charge (note 23)	**4,169**	41,893
	266,364	216,587

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

Under the Law of the Macau Corporate Income Tax (the "MCIT Law"), the tax rate of Minth International Macau Commercial Offshore Limited ("Minth Macau") is 12%.

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

Under the Law of the Mexican Corporate Income Tax (the "CIT Law"), the tax rate of the Mexico subsidiaries is 30%.

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

According to the EIT Law of the PRC, which issued in the year 2007, and the Caishui [2011] No. 58 ("Circular 58"), certain of the group entities located in the PRC were entitled to the following tax concession:

Those entities which are located in specific provinces of western China and engaged in specific encouraged industries would enjoy a preferential tax rate of 15% under the EIT Law until 31 December 2030.

Those entities which are qualified as Hi-New Tech Enterprises would enjoy a preferential tax rate of 15% under EIT Law during the current and prior year and subject to every 3-year renewal.

10. INCOME TAX EXPENSE (CONTINUED)

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

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

	2021 RMB'000	2021 %	2020 RMB'000	2020 %
Profit before tax	**1,845,812**		1,679,575	
Tax at the applicable income tax rate of 25% (2020: 25%) (note i)	**461,453**	**25.0**	419,894	25.0
Tax effect of share of results of associates and joint ventures	**(5,552)**	**(0.3)**	(3,536)	(0.2)
Tax effect of expenses not deductible for tax purpose	**22,869**	**1.2**	30,797	1.8
Tax effect of income not taxable for tax purpose	**(47,418)**	**(2.6)**	(1,904)	(0.1)
Tax effect of tax losses not recognised	**91,952**	**5.0**	88,472	5.3
Tax effect of deductible temporary differences not recognised	**5,950**	**0.3**	3,611	0.2
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	**(38,935)**	**(2.1)**	(39,529)	(2.4)
Effect of tax concessions granted to the PRC subsidiaries	**(160,457)**	**(8.5)**	(167,091)	(9.9)
Withholding tax provision on the profits of the PRC subsidiaries(note ii)	**35,837**	**1.9**	21,233	1.2
Tax effect of different tax rates of subsidiaries	**16,528**	**0.9**	2,988	0.2
Deferred tax charged at different tax rates	**901**	**—**	232	—
Super deduction for research and development expenses	**(87,782)**	**(4.8)**	(52,318)	(3.1)
Over provision in respect of prior years	**(28,982)**	**(1.6)**	(86,262)	(5.1)
Tax expense and effective tax rate for the year	**266,364**	**14.4**	216,587	12.9

10. INCOME TAX EXPENSE (CONTINUED)

Notes:

(i) The domestic tax rate (which is the PRC Enterprise Income Tax Rate) in the jurisdiction where the operation of the Group is substantially based in used.

(ii) According to the Macau Law No. 15/2018 — Repeal of the legal regime of the offshore services, starting from 1 January 2021, Minth Macau, a subsidiary of the Group, is required to pay profits tax on its business results in Macau. Meanwhile, the shareholders of Minth Macau will be subject to Macau Complementary Tax on dividend if Minth Macau distributes dividends in relation to the undistributed retained earnings of Minth Macau as at 31 December 2020.

11. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

	2020 RMB'000 (Note)
Property, plant and equipment	166,253
Right-of-use assets	70,378
Other intangible assets	3,549
Inventories	3,608
Trade and other receivables	1,863
Bank balances and cash	7,246
Total assets classified as held for sale	252,897
Trade and other payables	4,743
Deferred income	27
Total liabilities classified as held for sale	4,770

Note: On 30 December 2020, the Group entered into an agreement with an independent third party, pursuant to which, the Group agreed to sell and the independent third party agreed to buy the entire equity interest of the Group's subsidiary namely Huzhou Minchi Automotive Co., Ltd. ("Huzhou Minchi") together with the entire equity interest of Huzhou Enchi Automotive Co., Ltd. ("Huzhou Enchi") held by Huzhou Minchi for a cash consideration of RMB400,000,000, which will be settled by stages according to the schedule as stated in the agreement.

Such disposal has been completed in March 2021 upon transfer of the control over Huzhou Minchi and Huzhou Enchi during the current year and a disposal gain amounting to RMB212,103,000 has been recognised as disclosed in note 9.

As of the reporting date, a cash consideration of RMB150,000,000 is still outstanding and is anticipated to be settled by 31 December 2022.

12. PROFIT FOR THE YEAR

	2021 RMB'000	2020 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories as recognised	**9,835,495**	8,608,015
Directors' remuneration (note 13)	**8,477**	8,171
Other staff's salaries and allowances	**2,932,169**	2,381,501
Other staff's related welfares and benefits	**237,928**	226,969
Other staff's retirement benefits scheme contributions	**155,201**	67,189
Other staff's share-based payments	**74,217**	63,651
Total staff costs	**3,407,992**	2,747,481
Less: Staff costs included in research expenditure	**(516,410)**	(400,795)
	2,891,582	2,346,686
Remuneration of the Company's auditor	**3,730**	3,730
Depreciation of property, plant and equipment	**846,652**	815,457
Depreciation of right-of-use assets	**46,379**	30,729
Amortisation of other intangible assets	**29,042**	33,445
Total depreciation and amortisation	**922,073**	879,631
Less: Depreciation and amortisation included in research expenditure	**(35,312)**	(30,470)
	886,761	849,161
(Reversal) Write-down of inventories (note)	**(30,658)**	55,790
Rental income	**(30,406)**	(20,812)
Research expenditure recognised as an expense and comprised:		
Staff costs	**516,410**	400,795
Cost of materials	**280,946**	242,224
Depreciation and amortisation expenses	**35,312**	30,470
Other operating costs	**108,032**	90,698
	940,700	764,187

Note: The amounts represent (reversal) write-down of inventories recognised in cost of sales in both years.

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

(a) Directors' and Chief Executive's emoluments

The emoluments paid or payable to the Directors and the chief executive during the year were as follows:

	Other emoluments					
	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2021						
Executive directors:						
Ms. Wei	–	–	–	–	–	–
Chen Binbo	–	2,465	384	2,677	39	5,565
Chin Chien Ya	–	1,075	268	428	84	1,855
	–	3,540	652	3,105	123	7,420

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. Chen Binbo is also the chief executive officer of the Company and his emoluments disclosed above also include those for services rendered by him as the chief executive officer.

	Other emoluments					
	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Independent non-executive directors:						
Yu Zheng (Resigned on 27 April 2021)	72	–	–	26	–	98
Wang Ching	143	–	–	294	–	437
Wu Tak Lung	166	–	–	268	–	434
Chen Quan Shi (Appointed on 31 May 2021)	88	–	–	–	–	88
	469	–	–	588	–	1,057

The independent non-executive directors' emoluments shown above were for their services as Directors.

During the year ended 31 December 2021, one director, Ms. Wei, waived all of her emoluments.

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

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

		Other emoluments				
	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2020						
Executive directors:						
Ms. Wei (Appointed on 28 May 2020)	–	–	–	–	–	–
Chen Binbo (Appointed on 28 May 2020)	–	2,223	300	1,536	3	4,062
Huang Chiung Hui (Resigned on 28 May 2020)	–	940	–	147	3	1,090
Chin Chien Ya	–	1,101	354	366	82	1,903
	–	4,264	654	2,049	88	7,055

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. Chen Binbo is also the chief executive officer of the Company and his emoluments disclosed above also include those for services rendered by him as the chief executive officer.

		Other emoluments				
	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Independent non-executive directors:						
Yu Zheng	185	–	–	135	–	320
Wang Ching	154	–	–	289	–	443
Wu Fred Fong (Resigned on 28 May 2020)	65	–	–	29	–	94
Wu Tak Lung (Appointed on 28 May 2020)	105	–	–	154	–	259
	509	–	–	607	–	1,116

The independent non-executive directors' emoluments shown above were for their services as Directors.

During the year ended 31 December 2020, one director, Ms. Wei, waived all of her emoluments.

Note: Performance related bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

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

(b) Employees' emoluments

During the years ended 31 December 2020 and 2021, no emoluments had been paid by the Group to the Directors or the five highest-paid individuals referred to in (b) as an inducement to join or upon joining the Group or as a compensation for loss of office.

During the year ended 31 December 2021, of the five highest-paid individuals, two (2020: two) were directors whose emoluments are set out above. The emoluments of the remaining three (2020: three) highest-paid individuals are as follows:

	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2021	**3,533**	**962**	**2,524**	**20**	**7,039**
2020	7,623	430	2,095	119	10,267

Note: Performance related bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

Their emoluments, including the Directors, are within the following bands:

	2021 No. of employees	2020 No. of employees
Hong Kong dollars ("HK$")		
HK$1,500,001 to HK$2,000,000	**2**	—
HK$2,000,001 to HK$2,500,000	**2**	2
HK$2,500,001 to HK$3,000,000	**—**	1
HK$3,000,001 to HK$3,500,000	**—**	—
HK$3,500,001 to HK$4,000,000	**—**	—
HK$4,500,001 to HK$5,000,000	**1**	1
HK$6,000,001 to HK$6,500,000	**—**	—
HK$7,000,001 to HK$7,500,000	**—**	1

14. DIVIDENDS

	2021 RMB'000	2020 RMB'000
Dividends recognised as distribution during the year:		
2020 Final — HK$0.572 (2019 final dividend — HK$0.656) per share	**554,110**	694,445

At the annual general meeting held on 31 May 2021, a final dividend of HK$0.572 (2020: HK$0.656) per share totalling HK$663,406,000 (equivalent to RMB554,110,000) (2020: HK$754,876,000 (equivalent to RMB694,445,000)) in respect of the year ended 31 December 2020 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.630 per share totalling HK$732,146,000 (equivalent to RMB598,603,000) for the year ended 31 December 2021 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting to be held on 31 May 2022.

15. EARNINGS PER SHARE

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

	2021 RMB'000	2020 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,496,507**	1,395,509

	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note)	**1,151,646**	1,150,185
Effect of dilutive potential ordinary shares:		
Options	**6,259**	3,274
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,157,905**	1,153,459

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted by the number of ordinary shares purchased by the trustee for the 2020 Share Award Scheme.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Furniture and equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2020	164,070	3,092,640	591,164	118,333	33,471	6,577,887	1,460,193	12,037,758
Exchange adjustments	(7,791)	(27,576)	(11,378)	(49)	(164)	(56,010)	(15,613)	(118,581)
Additions	654	18,915	10,805	2,645	4,642	165,279	1,862,590	2,065,530
Disposals	–	(7,819)	(24,886)	(737)	(2,466)	(168,342)	(6,455)	(210,705)
Disposal of subsidiaries (note 36)	–	(11,263)	(1,963)	–	(5)	(100)	(3,591)	(16,922)
Reduction of government subsidies related to assets (note i)	–	(1,471)	(41)	–	–	(41,358)	–	(42,870)
Reclassify as held for sale assets (note 11)	–	(146,963)	(9,694)	–	(6,408)	(37,692)	(152)	(200,909)
Transfers	–	400,017	42,242	1,006	919	636,037	(1,080,221)	–
At 31 December 2020	156,933	3,316,480	596,249	121,198	29,989	7,075,701	2,216,751	13,513,301
Exchange adjustments	(13,077)	(42,027)	(11,099)	(101)	(211)	(67,085)	(68,136)	(201,736)
Additions	–	19,050	89,057	4,308	3,820	123,539	2,973,651	3,213,425
Disposals	–	(63,035)	(37,649)	(34,934)	(1,757)	(175,605)	(3,954)	(316,934)
Reduction of government subsidies related to assets (note i)	–	(101,085)	–	–	–	(42,954)	–	(144,039)
Transfers	4,285	511,739	53,090	3,070	1,822	848,274	(1,422,280)	–
At 31 December 2021	**148,141**	**3,641,122**	**689,648**	**93,541**	**33,663**	**7,761,870**	**3,696,032**	**16,064,017**
DEPRECIATION AND IMPAIRMENT								
At 1 January 2020	–	722,926	378,581	67,194	22,546	2,096,386	1,149	3,288,782
Exchange adjustments	–	(6,357)	(8,374)	(22)	(122)	(14,466)	(58)	(29,399)
Provided for the year	–	149,845	51,334	12,305	3,701	598,272	–	815,457
Impairment loss recognised in profit or loss (note ii)	–	–	1,172	3,236	–	9,888	2,082	16,378
Disposal of subsidiaries (note 36)	–	(1,790)	(338)	–	(1)	(36)	–	(2,165)
Eliminated on disposals	–	(829)	(19,671)	(737)	(1,868)	(107,157)	–	(130,262)
Write-off (note ii)	–	–	(10)	–	–	(26,470)	–	(26,480)
Reclassify as held for sale assets (note 11)	–	(22,407)	(4,766)	–	(1,971)	(5,512)	–	(34,656)
At 31 December 2020	–	841,388	397,928	81,976	22,285	2,550,905	3,173	3,897,655
Exchange adjustments	–	(9,462)	(8,651)	(56)	(174)	(28,246)	(228)	(46,817)
Provided for the year	–	152,317	58,060	8,124	2,280	625,871	–	846,652
Impairment loss recognised in profit or loss (note ii)	–	–	–	–	–	3,318	–	3,318
Eliminated on disposals	–	(50,926)	(34,229)	(28,455)	(1,541)	(127,267)	–	(242,418)
Write-off (note ii)	–	–	(24)	–	–	(17,743)	–	(17,767)
At 31 December 2021	**–**	**933,317**	**413,084**	**61,589**	**22,850**	**3,006,838**	**2,945**	**4,440,623**
CARRYING AMOUNT								
At 31 December 2021	**148,141**	**2,707,805**	**276,564**	**31,952**	**10,813**	**4,755,032**	**3,693,087**	**11,623,394**
At 31 December 2020	156,933	2,475,092	198,321	39,222	7,704	4,524,796	2,213,578	9,615,646

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Freehold land	N/A
Buildings	2.50–5.00%
Furniture and equipment	9%–18%
Leasehold improvements	18%
Motor vehicles	18%
Plant and machinery	6%–33.33%

The freehold land is located in the USA, Mexico, Japan, Thailand and Germany, respectively.

The Group has not pledged freehold land and buildings to secure any general banking facilities granted to group entities as at 31 December 2021 and 2020.

Notes:

(i) During the year ended 31 December 2021, the Group received a government subsidy of RMB144,039,000 towards the cost of construction of its buildings, plant and machinery (2020: government subsidy of RMB42,870,000 towards the cost of construction of its buildings, plant and machinery and government subsidy of RMB7,680,000 towards the cost of other intangible assets as disclosed in note19), of which have been treated as a deduction from the carrying amount of the relevant assets. For assets under construction, the relevant government subsidy of RMB118,424,000(2020: RMB9,349,000)received has been treated as deferred income to deduct the carrying amount of the relevant assets upon the completion of the construction.

(ii) During the year ended 31 December 2021, the Group recognised an impairment loss of RMB3,318,000 relating to plant and machinery (2020: RMB16,378,000 relating to furniture and equipment, leasehold improvements, plant and machinery and construction in progress).

During the year ended 31 December 2021, the Group wrote off the impairment on furniture and equipment,plant and machinery with a carrying amount of RMB17,767,000 (2020: furniture and equipment, plant and machinery with a carrying amount of RMB26,480,000).

17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Total RMB'000
As at 31 December 2021				
Carrying amount	934,312	108,368	760	1,043,440
As at 31 December 2020				
Carrying amount	944,538	14,615	482	959,635
For the year ended 31 December 2021				
Depreciation charge	(24,065)	(21,792)	(522)	(46,379)
For the year ended 31 December 2020				
Depreciation charge	(23,182)	(7,258)	(289)	(30,729)

17. RIGHT-OF-USE ASSETS (CONTINUED)

	2021 RMB'000	2020 RMB'000
Expense relating to short-term leases and leases of low-value assets	**62,613**	63,063
Total cash outflow for leases	**90,454**	217,410
Additions to right-of-use assets (note i)	**139,438**	166,651
Modification of leases (note ii)	**—**	81,579

Notes:

(i) During the year ended 31 December 2021, the Group recognised RMB17,501,000 (2020: RMB148,730,000) right-of-use assets in respect of newly obtained land use right located in the PRC. Meanwhile, the Group recognised RMB121,136,000 right-of-use assets in respect of newly rental building located in Czech and derecognised RMB5,591,000 right-of-use assets in respect of disposal a subsidiary.

(ii) In July 2020, the Group signed supplementary agreements with the local government of Anji Economic Development Zone on the building leasing agreements previously signed, pursuant to which, the local government agreed to waive the building rental fee if the conditions stipulated in the supplementary agreements are met. These supplementary agreements are treated as modification to leases, right-of-use assets of RMB81,579,000 which has been recognised under the original lease agreements, and the corresponding lease liabilities were reversed.

For both years, the Group leases lands, various offices, warehouses, equipment and vehicles for its operations. Lease contracts are entered into for fixed term of 1 year to 50 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

During the year ended 31 December 2021, the Group has obtained the land use right certificates for all leasehold lands, and in 2020, the Group is in the process of obtaining the land use right certificates of RMB151,757,000.

The Group regularly entered into short-term leases for machinery and equipment and motor vehicles. As at 31 December 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB119,493,000 are recognised with related right-of-use assets of RMB109,128,000 as at 31 December 2021 (2020: lease liabilities of RMB19,307,000 are recognised with related right-of-use assets of RMB15,097,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease committed

As at 31 December 2021 and 2020, the Group has not entered into any new leases that are not yet commenced.

18. GOODWILL

	2021 RMB'000	2020 RMB'000
Goodwill	**98,030**	98,030

The goodwill held by the Group as at 31 December 2021 arose on (i) the acquisition of a subsidiary, Jiaxing Minrong Automotive Parts Co., Ltd. ("Jiaxing Minrong") in 2006; (ii) the acquisition of a subsidiary, Plastic Trim International, Inc. ("PTI") in 2014; (iii) the acquisition of a subsidiary, Jiaxing Dura Minth Automotive Parts Co., Ltd. ("Jiaxing Dura") in 2016; (iv) the acquisition of a subsidiary, United Alloy-Tech.(BVI) Company LTD. ("UATC") in 2018 and (v) the acquisition of a subsidiary, Guangzhou Tokai in 2019.

Impairment test on goodwill

(i) Jiaxing Minrong

As at 31 December 2021, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (2020: RMB15,276,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the pre-tax discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with appropriate discount rate. Growth rate beyond the five-year period is assumed to be zero.

The management believes that any reasonably possible change in any of these key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. As at 31 December 2021 and 2020, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(ii) PTI

As at 31 December 2021, the carrying amount of goodwill allocated to the cash-generating unit of moulding and extrusion manufacturing of PTI is RMB31,131,000 (2020: RMB31,131,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the pre-tax discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with appropriate discount rate. Growth rate beyond the five-year period is assumed to be zero.

The management believes that any reasonably possible change in any of these key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. As at 31 December 2021 and 2020, the recoverable amount of the cash-generating unit is greater than the carrying amount.

18. GOODWILL (CONTINUED)

Impairment test on goodwill (Continued)

(iii) Jiaxing Dura

As at 31 December 2021, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Dura is RMB36,821,000 (2020: RMB36,821,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the pre-tax discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with appropriate discount rate. Growth rate beyond the five-year period is assumed to be zero.

The management believes that any reasonably possible change in any of these key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. As at 31 December 2021 and 2020, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(iv) UATC

As at 31 December 2021, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of UATC is RMB14,277,000 (2020: RMB14,277,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the pre-tax discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with appropriate discount rate. Growth rate beyond the five-year period is assumed to be zero.

The management believes that any reasonably possible change in any of these key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. As at 31 December 2021 and 2020, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(v) Guangzhou Tokai

As at 31 December 2021, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Guangzhou Tokai is RMB525,000 (2020: RMB525,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculations. The key assumptions for the value in use calculations relate to the pre-tax discount rate, growth rates and profit margin during the forecast period. Those calculations use cash flow projections based on financial budgets approved by the management covering a five-year period with appropriate discount rate. Growth rate beyond the five-year period is assumed to be zero.

The management believes that any reasonably possible change in any of these key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit. As at 31 December 2021 and 2020, the recoverable amount of the cash-generating unit is greater than the carrying amount.

19. OTHER INTANGIBLE ASSETS

	Emission rights RMB'000	Patent RMB'000	Software and others RMB'000	Total RMB'000
COST				
At 1 January 2020	12,046	2,886	221,699	236,631
Additions	—	1,940	64,533	66,473
Reclassify as held for sale assets (note 11)	—	—	(5,574)	(5,574)
Disposals	(13)	—	—	(13)
Exchange adjustments	—	—	(1,189)	(1,189)
Reduction of government subsidies related to assets (note 16 — note (i))	—	—	(7,680)	(7,680)
At 31 December 2020	12,033	4,826	271,789	288,648
Additions	—	556	28,959	29,515
Disposals	(11)	(705)	(16,738)	(17,454)
Exchange adjustments	—	—	(1,560)	(1,560)
At 31 December 2021	**12,022**	**4,677**	**282,450**	**299,149**
AMORTISATION				
At 1 January 2020	8,518	1,781	169,778	180,077
Charge for the year	2,489	382	30,574	33,445
Eliminated on disposals	(13)	—	—	(13)
Reclassify as held for sale assets (note 11)	—	—	(2,025)	(2,025)
Exchange adjustments	—	—	(1,034)	(1,034)
At 31 December 2020	10,994	2,163	197,293	210,450
Charge for the year	699	572	27,771	29,042
Eliminated on disposals	(11)	(705)	(12,920)	(13,636)
Exchange adjustments	—	—	(1,296)	(1,296)
At 31 December 2021	**11,682**	**2,030**	**210,848**	**224,560**
CARRYING AMOUNT				
At 31 December 2021	**340**	**2,647**	**71,602**	**74,589**
At 31 December 2020	1,039	2,663	74,496	78,198

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

20. INTERESTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Cost of unlisted investments in joint ventures	**163,955**	128,955
Exchange adjustments	**620**	620
Share of post-acquisition profits, net of dividends received	**30,440**	7,237
	195,015	136,812

As at 31 December 2021 and 2020, the Group had interests in the following joint ventures:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group		Share capital		Principal activities
		2021 %	2020 %	2021	2020	
Wuhan Minth Nojima Automotive Parts Co., Ltd.* ("Wuhan Minth Nojima") 武漢敏島汽車零部件有限公司	The PRC	**50.00**	50.00	**United States dollars ("US$") 4,700,000**	United States dollars ("US$") 4,700,000	Design, manufacture, develop and sales of automobile body parts
Jiaxing Clean Wave E-Drive System Co.,Ltd.* 克林威孚電驅動系統(嘉興)有限公司	The PRC	**51.00**	51.00	**US$29,412,000**	US$29,412,000	Research and development, production, sale and after sale services of electric drive systems
HaMinGi (Ningbo) Automotive Ltd.* ("HaMinGi") 哈敏吉(寧波)汽車新材料有限公司	The PRC	**40.00 (note i)**	40.00 (note i)	**US$18,000,000**	US$18,000,000	Manufacture and sale of soft automotive interior trim materials and provide relevant technical services
Minth Haila Automotive Parts Co., Ltd.* ("Minth Haila") 敏實海拉(嘉興)汽車零部件有限公司	The PRC	**50.00 (note ii)**	50.00 (note ii)	**RMB144,000,000**	RMB37,000,000	Design, manufacture, develop and sales of automobile body parts
Jiaxing Minshuo Intelligent Technology Co., Ltd.* ("Jiaxing Minshuo") 嘉興市敏碩智能科技有限公司	The PRC	**30.00**	30.00	**RMB10,000,000**	RMB10,000,000	Design, manufacture, develop and sales of automobile body parts

* The English names are for identification purposes only.

Notes:

(i) Pursuant to the shareholder agreement, unanimous consent from both shareholders is required to direct the relevant activities of HaMinGi. As such, it is classified as a joint venture.

(ii) During the current year, the share capital of Minth Haila has been increased to RMB144 million which is paid in full pursuant to shareholder agreement.

20. INTERESTS IN JOINT VENTURES (CONTINUED)

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

(a) Wuhan Minth Nojima

	2021 RMB'000	2020 RMB'000
Current assets	**122,545**	123,833
Non-current assets	**19,661**	10,226
Current liabilities	**68,390**	69,615
Non-current liabilities	**81**	4
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**70,774**	19,890

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	**236,408**	183,526
Profit for the year	**9,295**	10,080
Dividend declared from the joint venture to the Group	**–**	5,000
The above profit for the year include the following: Depreciation and amortisation	**2,324**	2,121
Interest income	**701**	719
Income tax expense	**1,972**	3,552

20. INTERESTS IN JOINT VENTURES (CONTINUED)

(a) Wuhan Minth Nojima (Continued)

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

	2021 RMB'000	2020 RMB'000
Net assets of Wuhan Minth Nojima	**73,735**	64,440
Proportion of the Group's ownership interest in Wuhan Minth Nojima	**50%**	50%
Carrying amount of the Group's interest in Wuhan Minth Nojima	**36,868**	32,220

(b) HaMinGi

	2021 RMB'000	2020 RMB'000
Current assets	**172,633**	109,650
Non-current assets	**61,605**	59,309
Current liabilities	**70,637**	43,886
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**30,840**	60,097

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	**121,279**	115,793
Profit for the year	**38,527**	34,262
The above profit for the year include the following: Depreciation and amortisation	**7,517**	7,246
Interest income	**245**	259
Income tax expense	**5,559**	3,323

20. INTERESTS IN JOINT VENTURES (CONTINUED)

(b) HaMinGi (Continued)

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

	2021 RMB'000	2020 RMB'000
Net assets of HaMinGi	**163,601**	125,073
Proportion of the Group's ownership interest in HaMinGi	**40%**	40%
Carrying amount of the Group's interest in HaMinGi	**65,440**	50,029

Aggregate information of joint ventures that are not material

	2021 RMB'000	2020 RMB'000
The Group's share of loss	**(855)**	(7,127)
Aggregate carrying amount of the Group's interests in these joint ventures	**92,707**	54,563

21. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Cost of unlisted investments in associates	**207,385**	207,026
Exchange adjustments	**(289)**	(289)
Share of post-acquisition losses, net of dividends received	**(26,105)**	(22,458)
Impairment (note i)	**(58,390)**	(58,390)
	122,601	125,889

Note

(i) During the year ended 31 December 2018, impairment loss of RMB58,390,000 was recognised in relation to the Group's interest in an associate, Clean Wave Technologies Limited ("Clean Wave"), because of the technological obsolescence and the deterioration of market environment in which the entity operates, and the Group estimated that the carrying amount of interests in associate cannot be recovered.

21. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 December 2021 and 2020, the Group had interests in the following associates:

Name of entities	Country of Incorporation and operation	Attributable equity interest of the Group 2021 %	2020 %	Share capital 2021	2020	Principal activities
Jiaxing TAB-MINTH Mobility Equipment Co., Ltd.* 嘉興豐實福祉汽車部件有限公司	The PRC	**35.00**	35.00	**US$1,000,000**	US$1,000,000	Wholesale, sales agency and import and export of automobile parts, and relevant technical consultancy, assembly and maintenance services
Wuhan Sankei Minth Automotive Parts Co., Ltd. ("Wuhan Sankei Minth")* 武漢三惠敏實汽車零部件有限公司	The PRC	**30.00**	30.00	**US$7,500,000**	US$7,500,000	Manufacture and sales of exhaust systems for automobiles
Clean Wave	The USA	**13.20 (note i)**	13.20 (note i)	**Ordinary share: US$11,439 Preference share: US$27,126,263**	Ordinary share: US$11,439 Preference share: US$27,126,263	Producing the next generation of electric motors, power electronic controls for electric & hybrid electric vehicles
Yuyao Minyong Automotive Parts Co., Ltd.* 余姚市敏永汽車零部件有限公司	The PRC	**N/A (note ii)**	30.00	**N/A (note ii)**	RMB10,000,000	Design and manufacture of automotive parts and mould
Seat Metal Parts China Co., Ltd. ("Seat Metal Parts")* 浙江車精汽車部件有限公司	The PRC	**10.00 (note iii)**	10.00 (note iii)	**RMB45,000,000**	RMB45,000,000	Design, manufacture and sales of automotive parts and mould
Jiangsu Min'an Electric Cars Co., Ltd. ("Jiangsu Min'an")* 江蘇敏安電動汽車有限公司	The PRC	**12.69 (note iv)**	12.69 (note iv)	**US$130,000,000**	US$130,000,000	Design, development and wholesale of automobile body parts for electric vehicle
Ningbo Minhe New Material Co., Ltd. ("Ningbo Minhe")* 寧波敏和新材料有限公司	The PRC	**40.00 (note v)**	N/A	**RMB8,211,667**	N/A	Manufacturing and sales of metal materials and automobile body parts

* The English names are for identification purposes only.

Notes

(i) The board of directors of Clean Wave consists of 4 directors, of which one is appointed by Enboma Investments Limited ("Enboma"), a wholly-owned subsidiary of the Company. The Company is of the opinion that Enboma has the right to appoint one director and therefore has significant influence over Clean Wave. As a result, it is treated as an associate of the Group.

(ii) During the year ended 31 December 2021, the Group entered into a share transfer agreement with an independent third party, pursuant to which, the Group has sold its 30% equity interest in Yuyao Minyong Automotive Parts Co., Ltd. for a consideration of RMB7,334,000. Such equity transfer has been completed on 14 October 2021.

(iii) The board of directors of Seat Metal Parts consists of 3 directors, of which one is appointed by Minth Investment Limited*(明炻投資有限公司) ("Minth Investment"), a wholly-owned subsidiary of the Group. The Company is of the opinion that Minth Investment has the right to appoint one director and therefore has significant influence over Seat Metal Parts. As a result, it is treated as an associate of the Group.

21. INTERESTS IN ASSOCIATES (CONTINUED)

Notes (Continued)

(iv) The board of directors of Jiangsu Min'an consists of 3 directors, of which one is appointed by Cheerplan (China) Investments Co., Ltd.*(展圖(中國)投資有限公司) ("Cheerplan China"), a wholly-owned subsidiary of the Group. The Company is of the opinion that the Group has the right to appoint one director and therefore has significant influence over Jiangsu Min'an. As a result, it is treated as an associate of the Group.

(v) During the year ended 31 December 2021, the Group entered into an equity transfer agreement with a third party in respect of a subsidiary namely Ningbo Minhe. Details of the transaction are set out in note 35.

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

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

(a) Jiangsu Min'an

	2021 RMB'000	2020 RMB'000
Current assets	**205,163**	71,042
Non-current assets	**1,320,768**	889,820
Current liabilities	**307,715**	109,156
Non-current liabilities	**598,873**	251,531

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	**259**	2,745
Profit (loss) for the year	**19,169**	(34,661)

21. INTERESTS IN ASSOCIATES (CONTINUED)

(a) Jiangsu Min'an (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiangsu Min'an recognised in the consolidated financial statements:

	2021 RMB'000	2020 RMB'000
Net assets of Jiangsu Min'an	619,343	600,175
Proportion of the Group's ownership interest in the Jiangsu Min'an Carrying amount of the Group's interest in the Jiangsu Min'an	12.69% 78,595	12.69% 76,162

(b) Wuhan Sankei Minth

	2021 RMB'000	2020 RMB'000
Current assets	99,073	128,843
Non-current assets	34,351	27,160
Current liabilities	27,442	43,345

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	129,250	187,387
Profit for the year	3,324	10,335
Dividend declared from the associate to the Group	3,000	1,500

21. INTERESTS IN ASSOCIATES (CONTINUED)

(b) Wuhan Sankei Minth (Continued)

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

	2021 RMB'000	2020 RMB'000
Net assets of Wuhan Sankei Minth	**105,982**	112,658
Proportion of the Group's ownership interest in Wuhan Sankei Minth	**30.00%**	30.00%
Carrying amount of the Group's interest in Wuhan Sankei Minth	**31,795**	33,797

Aggregate information of associates that are not individually material

	2021 RMB'000	2020 RMB'000
The Group's share of profit	**426**	3,822
Aggregate carrying amount of the Group's interests in these associates	**12,211**	15,930

22. DEBT INSTRUMENTS AT FVTOCI

	2021 RMB'000	2020 RMB'000
Bills receivables	**110,839**	151,457

The balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Bills receivables held by the Group as at 31 December 2021 will mature within 8 months (2020: within 9 months).

Details of impairment assessment are set out in note 45.

23. DEFERRED TAXATION

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

Deferred tax assets have not been offset:

	Allowance for financial assets RMB'000	Allowance for inventories RMB'000	Impairment for property, plant and equipment RMB'000	Unrealised profit for intra-group transactions RMB'000	Temporary differences of expense RMB'000	Tax losses carry forwards RMB'000	Retirement benefit obligation RMB'000	Total RMB'000
At 1 January 2020	2,690	13,043	6,086	52,951	60,387	45,870	6,052	187,079
(Charge) credit to profit or loss	(687)	11,914	(317)	(2,877)	(9,409)	(23,101)	–	(24,477)
Credit to other comprehensive income for the year	–	–	–	–	–	–	317	317
At 31 December 2020	2,003	24,957	5,769	50,074	50,978	22,769	6,369	162,919
Credit (charge) to profit or loss	**136**	**(12,765)**	**(3,075)**	**23,345**	**37,897**	**581**	**–**	**46,119**
Charge to other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(1,521)**	**(1,521)**
At 31 December 2021	**2,139**	**12,192**	**2,694**	**73,419**	**88,875**	**23,350**	**4,848**	**207,517**

Deferred tax liabilities have not been offset:

	Temporary differences of income RMB'000	Fair value adjustments on acquisition of subsidiaries RMB'000	Withholding tax on undistributed dividends RMB'000	Total RMB'000
At 1 January 2020	(34,054)	(1,011)	(59,879)	(94,944)
Credit (charge) to profit or loss	3,787	30	(21,233)	(17,416)
At 31 December 2020	**(30,267)**	**(981)**	**(81,112)**	**(112,360)**
Credit (charge) to profit or loss	**(16,986)**	**30**	**(33,332)**	**(50,288)**
At 31 December 2021	**(47,253)**	**(951)**	**(114,444)**	**(162,648)**

23. DEFERRED TAXATION (CONTINUED)

Deferred tax assets or liabilities shown after net offsets:

	Amount offset against each other at the end of 2021 RMB'000	Deferred tax assets or liabilities after offset at the end of 2021 RMB'000
Deferred tax assets	3,844	203,673
Deferred tax liabilities	3,844	158,804

At the end of the reporting period, the Group has unused tax losses of RMB1,158,838,000 (2020: RMB1,133,145,000) available for offset against future profits. A deferred tax asset of RMB23,350,000 (2020: RMB22,769,000) has been recognised in respect of such losses. No deferred tax asset has been recognised in respect of the remaining RMB1,058,703,000 (2020: RMB1,053,249,000) due to the unpredictability of future profit streams.

	2021 RMB'000	2020 RMB'000
Tax loss expire in 2021	–	55,112
Tax loss expire in 2022	51,920	104,967
Tax loss expire in 2023	134,867	256,196
Tax loss expire in 2024	243,400	283,085
Tax loss expire in 2025	147,232	240,416
Tax loss expire in and after 2026	481,284	113,473
	1,058,703	1,053,249

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As of 31 December 2021, deferred taxation has not yet been provided for in the consolidated financial statements in respect of certain temporary differences attributable to retained profits of the PRC subsidiaries amounting to RMB5,053 million (2020:RMB4,860 million). The Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At the end of the reporting period, the Group has not recognized deferred tax asset in relation to deductible temporary differences of RMB54,568,000 (2020: RMB30,770,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

24. INVENTORIES

	2021 RMB'000	2020 RMB'000
Raw materials	**1,255,663**	801,655
Work in progress	**618,369**	595,667
Finished goods	**1,086,811**	987,426
	2,960,843	2,384,748

During the year, allowance for inventories amounting to RMB30,658,000 (2020: RMB55,790,000) has been recognised in cost of sales.

25. PROPERTY UNDER DEVELOPMENT

Property under development mainly represents land and buildings under construction of residential properties located in Jiaxing City, Zhejiang Province, the PRC. Such properties have been completed as at 31 December 2021.

26. TRADE AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables		
— associates	**11,194**	12,920
— joint ventures	**23,292**	10,713
— non-controlling shareholders of subsidiaries	**—**	134
— other related parties*	**1,366**	1,680
— third parties	**3,182,607**	3,291,311
Less: Allowance for credit losses	**(13,688)**	(14,328)
	3,204,771	3,302,430
Bills receivables**	**51,197**	68,985
Other receivables	**117,687**	207,913
Less: Allowance for credit losses	**(1,476)**	(1,574)
	116,211	206,339
	3,372,179	3,577,754
Prepayments to suppliers	**882,000**	704,705
Utility and rental prepayments	**37,728**	31,968
Value-added tax recoverable	**311,848**	202,487
Consideration receivable for disposal of subsidiaries (note i)	**304,670**	—
Interest receivable	**201,327**	97,661
Deferred issue costs (note ii)	**19,900**	—
Total trade and other receivables	**5,129,652**	4,614,575

26. TRADE AND OTHER RECEIVABLES (CONTINUED)

* The companies are those in which Mr. Chin and his family have control.

** The balance represents bills receivables held by the Group which is measured at amortised cost since the bills are held within a business model whose objective is to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Bills receivables held by the Group as at 31 December 2021 will mature within 6 months.

Notes

(i) The consideration receivable for disposal of subsidiaries mainly come from a disposal of a subsidiary as disclosed in notes 11 & 36.

(ii) Deferred issue costs represent the transaction cost attribute to issue of new shares, which will be deducted in the proceeds received for the new shares at issuance.

The Group normally grants a credit period of 60 days to 90 days (2020: 60 days to 90 days) to customers effective from the invoice date. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2021 RMB'000	2020 RMB'000
Age		
0 to 90 days	**2,963,294**	3,020,718
91 to 180 days	**153,141**	143,121
181 to 365 days	**70,892**	61,298
1 to 2 years	**4,993**	75,755
Over 2 years	**12,451**	1,538
	3,204,771	3,302,430

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate gross amount of RMB110,356,000 (2020: RMB121,796,000) which are past due as at the reporting date. Out of the past due balances, RMB36,511,000 (2020: RMB22,766,000) has been past due 90 days or more and is not considered impaired. With reference to the historical records, past experience and also available reasonable and supportive forward-looking information to those customers, the management of the Group does not consider these receivables as credit-impaired as these customers have a good business relationship and satisfactory settlement history. The Directors have considered the recoverable amount and credit quality of the relevant customers and concluded that ECL is not significant to the Group. The Group does not hold any collateral over these balances.

Details of the provision of ECL of trade and other receivables for the years ended 31 December 2021 and 2020 are set out in note 45.

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

Original currencies	**US$** RMB'000	**Japanese Yen ("JPY")** RMB'000	**Euro ("EUR")** RMB'000	**HK$** RMB'000	**Mexico Peso ("MXN")** RMB'000
At 31 December 2021	**202,608**	**2**	**171,149**	**13,915**	**9,073**
At 31 December 2020	132,475	88	269,526	1,895	11,519

27. CONTRACT ASSETS AND CONTRACT COSTS

Contract assets

	2021 RMB'000	2020 RMB'000
Moulds development	**1,004,450**	869,895
Less: Allowance for credit losses	**—**	—
	1,004,450	869,895

	2021 RMB'000	2020 RMB'000
Current	**249,795**	174,482
Non-current	**754,655**	695,413
	1,004,450	869,895

The contract assets are in relation to the Group's rights to consideration for moulds development work which are fully completed and accepted by the customers but not billed yet. The contract assets are transferred to trade receivables at the time the rights to consideration become unconditional as stipulated in the relevant contracts.

Contract costs

	2021 RMB'000	2020 RMB'000
Incremental costs to obtain contracts	**164,177**	170,794

Note: Contract costs capitalised as at 31 December 2021 relate to the incremental costs paid to strategic customers, in order to secure new sale and purchase agreements for the Group's products. Contract costs are recognised in the consolidated statement of profit or loss in the period in which revenue from the related product sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB26,798,000 (2020: RMB20,258,000). There was no impairment in relation to the costs capitalised during the year ended 31 December 2021 (2020: Nil).

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of products as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

28. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments represented the Group's investment in a private equity investment fund for the purpose of participating in the subscription of new shares issued in the domestic capital markets as at 31 December 2020 which was measured at fair value through profit and loss. Such investments has been fully disposed during the current year.

29. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2021 RMB'000	2020 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	1,799	4,427
Foreign currency structural option contracts (b)	345	407
Cross-currency swap contracts (c)	34,014	—
Interest rate swap contracts (d)	79	—
	36,237	4,834
Derivative financial liabilities		
Foreign exchange forward contracts (a)	800	4,269
Foreign currency structural option contracts (b)	1,133	700
Interest rate swap contracts (d)	7,391	20,181
	9,324	25,150

	2021 RMB'000	2020 RMB'000
Analysed for reporting purpose as:		
Current assets	2,144	4,834
Non-current assets	34,093	—
	36,237	4,834
Current liabilities	1,933	4,969
Non-current liabilities	7,391	20,181
	9,324	25,150

29. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(a) Foreign exchange forward contracts

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

Major terms of these contracts are as follows:

31 December 2021

Notional amount	Maturity dates	Exchange rates
Sell US$37,000,000 Buy RMB238,930,800	28 January 2022 to 30 June 2022	US$1: RMB6.4298 to US$1: RMB6.4805
Sell EUR30,950,000 Buy RMB227,750,584	29 March 2022 to 30 June 2022	EUR1: RMB7.3058 to EUR1: RMB7.5666
Sell RMB32,336,350 Buy US$5,000,000	30 June 2022	RMB1: US$0.1546
Sell EUR1,000,000 Buy US$1,138,800	30 June 2022	EUR1: US$1.1388
Sell RMB66,514,874 Buy EUR9,000,000	30 June 2022	RMB1: EUR0.1322 to RMB1: EUR0.1362

31 December 2020

Notional amount	Maturity dates	Exchange rates
Sell US$22,000,000 Buy RMB147,406,458	29 January 2021 to 28 April 2021	US$1: RMB6.5651 to US$1: RMB6.8582
Sell EUR14,000,000 Buy RMB111,287,320	04 January 2021 to 26 February 2021	EUR1: RMB7.8537 to EUR1: RMB8.0485
Sell RMB63,481,703 Buy EUR8,000,000	04 January 2021 to 29 January 2021	RMB1: EUR0.1242 to RMB1: EUR0.1273
Sell RMB81,236,460 Buy US$12,000,000	29 January 2021	RMB1: US$0.1471 to RMB1: US$0.1479
Sell EUR1,000,000 Buy JPY125,050,000	25 January 2021	EUR1: JPY125.0500

29. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Foreign currency structural option contracts

31 December 2021

As of 31 December 2021, the Group had the following outstanding structural option contracts:

A structural option contract begins on 17 November 2021 with settlement date at 21 March 2022 regarding EUR against CNY:

At each valuation date:

(i) if the EUR to CNY reference rate (the "Reference Rate 1"), as defined in the agreement, is below 7.0900(the "Fade Rate 1"), there would have no settlements;

(ii) if the Reference Rate 1 is equal to or between the Fade Rate 1 and 7.3100 (the "Strike Rate 1"), net settlement is calculated based on the difference between the Reference Rate 1 and the Strike Rate 1 times a notional amount of EUR1,000,000, settled in CNY equivalent; and

(iii) if the Reference Rate 1 is greater than the Strike Rate 1, net settlement is calculated based on the difference between the Reference Rate 1 and the Strike Rate 1 times a notional amount of EUR2,000,000, settled in CNY equivalent.

31 December 2020

As of 31 December 2020, the Group had the following outstanding structural option contracts:

A structural option contract begins on 9 December 2020 with settlement date at 22 March 2021 regarding US$ against CNY:

At each valuation date:

(iv) if the US$ to CNY reference rate (the "Reference Rate 1"), as defined in the agreement, is below 6.4000(the "Fade Rate 1"), there would have no settlements;

(v) if the Reference Rate 1 is equal to or between the Fade Rate 1 and 6.5800 (the "Strike Rate 1"), net settlement is calculated based on the difference between the Reference Rate 1 and the Strike Rate 1 times a notional amount of US$2,000,000, settled in CNY equivalent; and

(vi) if the Reference Rate 1 is greater than the Strike Rate 1, net settlement is calculated based on the difference between the Reference Rate 1 and the Strike Rate 1 times a notional amount of US$4,000,000, settled in CNY equivalent.

29. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Cross-currency swap contracts

31 December 2021

Swaps	Maturity dates
From EUR32,258,064 to US$40,000,000 at the final maturity date and interest from US$-London Inter-Bank Offered Rate ("LIBOR") to –0.51% per annum,quarterly settlement	22 September 2023
From EUR18,699,187 to US$23,000,000 at the final maturity date and interest from US$-London Inter-Bank Offered Rate ("LIBOR") to –0.50% per annum,quarterly settlement	22 September 2023

(d) Interest rate swap contracts

Major terms of the contracts outstanding at 31 December 2021 and 31 December 2020 are as follows:

Notional amount	Maturity dates	Swaps
US$ 10,000,000	06/02/2023	Interest from US$-LIBOR to fixed rate 1.3585% on a quarterly basis
US$ 10,000,000	07/02/2023	Interest from US$-LIBOR to fixed rate 1.4080% on a quarterly basis
US$ 10,000,000	12/02/2023	Interest from US$-LIBOR to fixed rate 1.3800% on a quarterly basis
US$ 20,000,000	24/02/2023	Interest from US$-LIBOR to fixed rate 1.4000% on a quarterly basis
US$ 10,000,000	26/02/2023	Interest from US$-LIBOR to fixed rate 1.3000% on a quarterly basis
US$ 10,000,000	26/02/2023	Interest from US$-LIBOR to fixed rate 1.2500% on a quarterly basis
US$ 10,000,000	28/02/2023	Interest from US$-LIBOR to fixed rate 1.2000% on a quarterly basis
US$ 10,000,000	02/03/2023	Interest from US$-LIBOR to fixed rate 1.1500% on a quarterly basis
US$ 10,000,000	03/03/2023	Interest from US$-LIBOR to fixed rate 1.0500% on a quarterly basis
US$ 10,000,000	17/03/2023	Interest from US$-LIBOR to fixed rate 0.5000% on a quarterly basis
US$ 10,000,000	24/02/2023	Interest from US$-LIBOR to fixed rate 1.4130% on a quarterly basis
US$ 10,000,000	25/02/2023	Interest from US$-LIBOR to fixed rate 1.3500% on a quarterly basis

All the above derivative instruments are carried at fair value. The fair value measurement of the derivative instruments is disclosed in note 45(c).

30. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from 0.00% to 4.52% (2020: 0.01% to 4.52%) per annum. The pledged bank deposits carry interest at fixed interest rates which range from 1.50% to 4.25% (2020: 1.35% to 4.25%) per annum.

As at 31 December 2021 and 2020, pledged bank deposits mainly represent deposits pledged to banks to secure short-term banking facilities including bills payables granted to the Group for purchases of materials for manufacturing and are therefore classified as current assets.

30. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS (CONTINUED)

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

Original currencies	US$ RMB'000	EUR RMB'000	HK$ RMB'000	JPY RMB'000	MXN RMB'000
At 31 December 2021	**148,813**	**398,797**	**10,551**	**34,527**	**2,501**
At 31 December 2020	251,727	73,584	39,709	35,251	7,619

31. TRADE AND OTHER PAYABLES

	2021 **RMB'000**	2020 RMB'000
Trade payables		
— associates	**55,832**	48,838
— joint ventures	**37,455**	9,168
— non-controlling shareholders of subsidiaries	**1,473**	1,831
— other related parties*	**9,455**	32,219
— third parties	**2,191,110**	2,111,587
	2,295,325	2,203,643
Bills payables	**207,954**	246,551
Other payables		
— associates	**528**	61
— joint ventures (note)	**87**	63,402
— non-controlling shareholders of subsidiaries	**2,259**	28,580
— other related parties*	**5,069**	4,440
	7,943	96,483
	2,511,222	2,546,677
Payroll and welfare payables	**514,616**	411,918
Consideration payable of acquisition of property, plant and equipment	**448,868**	247,848
Technology support services fees payable	**28,344**	9,676
Freight and utilities payable	**85,393**	120,437
Other tax payable	**92,031**	138,680
Deposits received	**13,670**	5,221
Provision (note 9)	**50,232**	52,875
Dividend payables	**31,999**	—
Others	**474,010**	441,223
Total trade and other payables	**4,250,385**	3,974,555

* The companies are those in which Mr. Chin and his family have control.

Note: As of 31 December 2021, the amount due to joint ventures was Nil, relating to loan payable (2020: RMB62,800,000 relating to loan payable).

31. TRADE AND OTHER PAYABLES (CONTINUED)

The average credit period on purchases of goods is 30 days to 90 days (2020: 30 days to 90 days).

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

	2021 RMB'000	2020 RMB'000
Age		
0 to 90 days	**1,981,573**	2,016,243
91 to 180 days	**169,133**	113,588
181 to 365 days	**98,709**	30,586
1 to 2 years	**33,179**	31,313
Over 2 years	**12,731**	11,913
	2,295,325	2,203,643

Bills payables held by the Group as at 31 December 2021 will mature within 6 months (2020: within 6 months).

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

Original currencies	US$ RMB'000	JPY RMB'000	EUR RMB'000	HK$ RMB'000	MXN RMB'000
At 31 December 2021	**29,770**	**55,029**	**39,656**	**7,937**	**101,651**
At 31 December 2020	64,283	62,741	54,406	22,934	127,339

32. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Sales of automobile body parts	**28,225**	27,365
Sales of moulds	**54,981**	69,957
	83,206	97,322

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	2021 RMB'000	2020 RMB'000
Sales of automobile body parts and moulds		
Revenue recognised that was included in the contract liability balance at the beginning of the year	**85,720**	91,908

33. BORROWINGS

	2021 RMB'000	2020 RMB'000
Secured (note)	**322,481**	770,790
Unsecured	**6,821,109**	5,748,410
	7,143,590	6,519,200
Fixed-rate borrowings	**2,431,476**	2,672,520
Variable-rate borrowings	**4,712,114**	3,846,680
	7,143,590	6,519,200
Carrying amount repayable:		
Within one year	**4,888,450**	5,445,289
Within a period of more than two years but not exceeding five years	**2,255,140**	1,073,911
	7,143,590	6,519,200

Note: As at 31 December 2021 and 2020, the balance was secured by pledged bank deposits and bills receivables of the Group.

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

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

	2021	2020
Effective interest rate:		
Fixed-rate borrowings	**2.83% to 4.35%**	3.05% to 4.35%
Variable-rate borrowings	**0.07% to 4.85%**	0.30% to 4.79%

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

Original currencies	**US$** RMB'000	**HK$** RMB'000	**EUR** RMB'000
At 31 December 2021	**2,288,880**	**139,483**	**2,034,566**
At 31 December 2020	1,355,222	197,365	1,476,921

34. SHARE CAPITAL

	Number of shares		Share capital	
	2021	2020	**2021**	2020
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.1 each				
Authorised				
At beginning and end of year	**5,000,000**	5,000,000	**500,000**	500,000

	Number of shares		Share capital	
	2021	2020	**2021**	2020
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid				
At beginning of year	**1,159,656**	1,149,991	**116,069**	115,227
Exercise of share options under the Company's employee share option scheme (note 40)	**1,745**	9,665	**150**	842
At end of year	**1,161,401**	1,159,656	**116,219**	116,069

35. NON-CONTROLLING INTERESTS

	2021	2020
	RMB'000	RMB'000
Balance at beginning of year	**368,891**	418,749
Share of total comprehensive income for the year	**73,843**	65,142
Capital contribution from non-controlling shareholders (note)	**192,799**	376
Derecognition upon disposal of a subsidiary*	**(1,492)**	—
Dividends declared to non-controlling shareholders during the year	**(101,357)**	(115,376)
Balance at end of year	**532,684**	368,891

* On 1 July 2021, Cheerplan China, a wholly-owned subsidiary of the Group entered into an equity transfer agreement with Ningbo Shilihe New Material Co., Ltd.("Ningbo Shilihe"), a third party, pursuant to which Cheerplan China had agreed to dispose of the interest of 25% in Ningbo Minhe New Material Co., Ltd.("Ningbo Minhe") at a consideration of RMB1. Meanwhile, Ningbo Minhe obtained equity injection of RMB3,500,000 by technical knowhow from the counterparty.

35. NON-CONTROLLING INTERESTS (CONTINUED)

Pursuant to the above equity transfer agreement, all shareholders of Ningbo Minhe agreed to share the paid-in capital based on the actual payment by the respective shareholders. Therefore, as at 1 July 2021, the Group held 35% of Ningbo Minhe's paid-in capital based on the Group's actual payment of RMB2,650,000.

After the completion of the above transaction, the Group lost its control over Ningbo Minhe and it is treated as an associate of the Group.

As at 31 December 2021 and 2020, the Group had following subsidiaries with non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31/12/2021 %	31/12/2020 %	**2021 RMB'000**	2020 RMB'000	**31/12/2021 RMB'000**	31/12/2020 RMB'000
Guangzhou Minhui Automobile Parts Co.,Ltd. ("Guangzhou Minhui")	the PRC as a foreign equity joint venture enterprise	**30.00**	30.00	**9,709**	(995)	**44,667**	66,957
Guangzhou Tokai	the PRC as a foreign equity joint venture enterprise	**50.00**	50.00	**32,427**	28,760	**84,411**	80,421
Wuhan Tokai Minth Automotive Parts Co.,Ltd.	the PRC as a foreign equity joint venture enterprise	**50.00**	50.00	**30,221**	39,931	**124,328**	135,029
UATC (note)	Taiwan	**61.00**	55.82	**10,370**	158	**254,449**	58,102
Individually immaterial subsidiaries with non-controlling interests						**24,829**	28,382
						532,684	368,891

Note: The Group and Mr. Chin used to hold 44.18% and 9.96% equity share respectively on UATC which is listed on Taipei Exchange (GreTai Securities Market).

In September 2021, UATC initiated a public offering for 33,000,000 new issued ordinary shares with a subscription price of TWD40 per share, under which 8,907,000 shares and 2,629,440 shares were subscribed by the Group and Mr. Chin, respectively. Upon completion of the public offering, the equity shares held by the Group and Mr. Chin have been diluted to 39.00% and 9.36%, respectively.

The Directors assessed whether the Group has control over UATC based on whether the Group has the practical ability to direct the relevant activities of UATC unilaterally. In making the judgement, the Directors considered the Group's absolute size of holding in UATC and the relative size of and dispersion of the shareholdings owned by the other shareholders after the completion of public offering. In addition, the Group has the right to appoint three out of four executive directors of the board of UATC. After the above-mentioned assessment, the Directors concluded that the Group still remains sufficiently dominant voting interest to direct the relevant activities of UATC and therefore the Group has control over UATC.

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

35. NON-CONTROLLING INTERESTS (CONTINUED)

(i) Guangzhou Minhui

	2021 RMB'000	2020 RMB'000
Current assets	**246,999**	343,032
Non-current assets	**203,394**	240,292
Current liabilities	**293,509**	355,342
Non-current liabilities	**1**	21
Equity attributable to owners of the Company	**112,216**	161,004
Non-controlling interests	**44,667**	66,957

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	**580,671**	721,994
Expenses	**548,306**	725,309
Profit(loss) for the year	**32,365**	(3,315)
Profit(loss) attributable to owners of the Company	**22,656**	(2,320)
Profit(loss) attributable to non-controlling interests	**9,709**	(995)
Dividends declared to non-controlling shareholders	**31,999**	3,638
Net cash (outflow) inflow from operating activities	**(20,401)**	94,328
Net cash inflow (outflow) from investing activities	**42,706**	(88,976)
Net cash (outflow) inflow from financing activities	**(24,888)**	46,872
Net cash (outflow) inflow	**(2,583)**	52,224

35. NON-CONTROLLING INTERESTS (CONTINUED)

(ii) Guangzhou Tokai

	2021 RMB'000	2020 RMB'000
Current assets	**201,658**	330,679
Non-current assets	**65,150**	63,719
Current liabilities	**97,986**	233,556
Equity attributable to owners of the Company	**84,411**	80,421
Non-controlling interests	**84,411**	80,421

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	**303,956**	269,173
Expenses	**239,102**	211,653
Profit for the year	**64,854**	57,520
Profit attributable to owners of the Company	**32,427**	28,760
Profit attributable to non-controlling interests	**32,427**	28,760
Dividends paid to non-controlling shareholders	**28,437**	45,975
Net cash inflow from operating activities	**131,803**	130,312
Net cash outflow from investing activities	**(10,515)**	(12,842)
Net cash outflow from financing activities	**–**	(41,399)
Net cash inflow	**121,288**	76,071

35. NON-CONTROLLING INTERESTS (CONTINUED)

(iii) Wuhan Tokai Minth Automotive Parts Co., Ltd.

	2021 RMB'000	2020 RMB'000
Current assets	**239,006**	279,565
Non-current assets	**148,289**	139,524
Current liabilities	**137,265**	147,647
Non-current liabilities	**–**	10
Equity attributable to owners of the Company	**125,702**	136,403
Non-controlling interests	**124,328**	135,029

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	**441,846**	433,699
Expenses	**381,404**	352,462
Profit for the year	**60,442**	81,237
Profit attributable to owners of the Company	**30,221**	41,306
Profit attributable to non-controlling interests	**30,221**	39,931
Dividends paid to non-controlling shareholders	**40,922**	65,762
Net cash inflow from operating activities	**56,987**	74,841
Net cash outflow from investing activities	**(33,896)**	(12,778)
Net cash inflow (outflow) from financing activities	**55**	(50,814)
Net cash inflow	**23,146**	11,249

35. NON-CONTROLLING INTERESTS (CONTINUED)

(iv) UATC and UATC's subsidiaries

	2021 RMB'000	2020 RMB'000
Current assets	**622,104**	195,495
Non-current assets	**110,067**	116,685
Current liabilities	**291,285**	171,611
Non-current liabilities	**22,903**	35,628
Equity attributable to owners of the Company	**162,680**	45,987
Non-controlling interests of UATC	**254,449**	58,102
Non-controlling interests of UATC's subsidiaries	**854**	852

35. NON-CONTROLLING INTERESTS (CONTINUED)

(iv) UATC and UATC's subsidiaries (Continued)

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	**313,219**	209,017
Expenses	**295,315**	208,420
Profit for the year	**17,904**	597
Profit attributable to owners of the Company	**7,289**	126
Profit attributable to non-controlling interests of UATC	**10,370**	158
Profit attributable to non-controlling interests of UATC's subsidiaries	**245**	313
Profit for the year	**17,904**	597
Other comprehensive expense attributable to owners of the Company	**(7,281)**	(776)
Other comprehensive expense attributable to non-controlling interests of UATC	**(4,064)**	(979)
Other comprehensive expense attributable to non-controlling interests of UATC's subsidiaries	**(244)**	(79)
Other comprehensive expense for the year	**(11,589)**	(1,834)
Total comprehensive income (expense) attributable to owners of the Company	**8**	(650)
Total comprehensive income (expense) attributable to non-controlling interests of UATC	**6,306**	(821)
Total comprehensive income attributable to non-controlling interests of UATC's subsidiaries	**1**	234
Total comprehensive income (expense) for the year	**6,315**	(1,237)
Net cash inflow from operating activities	**2,739**	68,104
Net cash outflow from investing activities	**(25,098)**	(8,407)
Net cash inflow (outflow) from financing activities	**388,569**	(7,447)
Net cash inflow	**366,210**	52,250

36. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2021, the Group has disposed 3 subsidiaries, in which mainly disposal was disclosed as below:

For the year ended 31 December 2021

On 30 December 2020, Minth Investments Co., Ltd., a wholly-owned subsidiary of the Company enters into an agreement with Huzhou Huanqiao Construction and Development Co., Ltd. ("Huanqiao Construction"), an independent third party, pursuant to which, Minth Investments Co., Ltd. agreed to dispose the entire equity interest in Huzhou Minchi Automotive Co., Ltd. ("Huzhou Minchi") together with the entire equity interest of Huzhou Enchi Automotive Co., Ltd. ("Huzhou Enchi") held by Huzhou Minchi at a cash consideration of RMB400,000,000, which will be settled by stages according to the schedule as stated in the agreement. The disposal has been completed in March 2021.

Consideration received

	RMB'000
Cash received	**100,000**
Deferred cash consideration	**300,000**
Total consideration	**400,000**

Analysis of assets and liabilities over which control was lost

	RMB'000
Property, plant and equipment	**163,025**
Right-of-use assets	**70,378**
Other intangible assets	**3,004**
Inventories	**3,608**
Trade and other receivables	**42,946**
Bank balances and cash	**6,150**
Trade and other payables	**(101,187)**
Other long-term liabilities	**(27)**
Net assets disposed of	**187,897**

Gain on disposal of a subsidiary

	RMB'000
Total consideration	**400,000**
Less: net assets disposed of	**(187,897)**
Gain on disposal (note 9)	**212,103**

36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2021 (Continued)

Net cash inflow arising on disposal of a subsidiary

	RMB'000
Cash consideration received	**100,000**
Less: bank balances and cash disposed of	**(6,150)**
	93,850

For the year ended 31 December 2020

Cheerplan China, a wholly-owned subsidiary of the Group entered into an equity transfer agreement with Zhejiang Minyuan Investment Co., Ltd., a related party, pursuant to which Cheerplan China agreed to dispose of the entire interest in Qingyuan Eden Ecological Agriculture Development Co.,Ltd. at a consideration of RMB7,220,000. The disposal had been completed in July 2020.

Consideration received

	RMB'000
Cash received	7,220

Analysis of assets and liabilities over which control was lost

	RMB'000
Property, plant and equipment	5,696
Right-of-use assets	7,578
Inventories	146
Trade and other receivables	1,428
Bank balances and cash	76
Trade and other payables	(702)
Borrowings	(1,000)
Lease liabilities	(7,384)
Net assets disposed of	5,838

36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2020 (Continued)

Gain on disposal of a subsidiary

	RMB'000
Total consideration	7,220
Less: net assets disposed of	(5,838)
Gain on disposal	1,382

Net cash inflow arising on disposal of a subsidiary

	RMB'000
Cash consideration received	7,220
Less: bank balances and cash disposed of	(76)
	7,144

On 30 November 2020, UATC, a non-wholly owned subsidiary of the Group entered into an equity transfer agreement with Shenzhen Jiushan Technology Co., Ltd., a third party, pursuant to which UATC agreed to dispose the entire interest in Huizhou Jing Jiu Wang Alloy-Tech Co., LTD. at a consideration of RMB9,000,000. The disposal had been completed in November 2020.

Consideration received

	RMB'000
Deferred cash consideration (note)	9,000

Analysis of assets and liabilities over which control was lost

	RMB'000
Property, plant and equipment	9,061
Right-of-use assets	4,941
Trade and other receivables	5,283
Bank balances and cash	648
Trade and other payables	(5,075)
Lease liabilities	(5,477)
Net assets disposed of	9,381

36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2020 (Continued)

Loss on disposal of a subsidiary

	RMB'000
Total consideration	9,000
Less: net assets disposed of	(9,381)
Loss on disposal	(381)

Net cash outflow arising on disposal of a subsidiary

	RMB'000
Cash consideration received	—
Less: bank balances and cash disposed of	(648)
	(648)

Note: Pursuant to the equity transfer agreement, the deferred consideration will be settled in cash by the purchaser on or before 30 November 2023.

37. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Lease liabilities payable:		
Within one year	**19,691**	7,712
Within a period of more than one year but not more than two years	**17,729**	2,572
Within a period of more than two years but not more than five years	**64,769**	1,953
Within a period of more than five years	**17,304**	7,070
	119,493	19,307
Less: Amount due for settlement within 12 months shown under current liabilities	**(19,691)**	(7,712)
Amount due for settlement after 12 months shown under non-current liabilities	**99,802**	11,595

The weighted average incremental borrowing rates applied to lease liabilities range from 1.30% to 4.57% (2020: 1.30% to 4.75%).

38. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the properties and machineries held by the Group for rental purposes have committed lessees. Rental income achieved during the current year was RMB30,405,000 (2020: RMB20,812,000).

Undiscounted lease payments receivable on leases are as follows:

	2021 RMB'000	2020 RMB'000
Within one year	**20,619**	5,337
In the second to fifth year inclusive	**89,885**	1,676
After five years	**76,534**	—
	187,038	7,013

39. COMMITMENTS

	2021 RMB'000	2020 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisitions of property, plant and equipment	**732,528**	604,926

40. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company's share option scheme (the "2005 Share Option Scheme") was adopted pursuant to a resolution passed on 13 November 2005 for the primary purpose of providing incentives to Directors and eligible employees, and originally adopted for a term of 10 years. Under the 2005 Share Option Scheme, the Board may grant options to eligible employees, including the Directors, to subscribe for the shares of the Company. The 2005 Share Option Scheme has been terminated and replaced by a new share option scheme, which was approved in the annual general meeting held on 22 May 2012 and will be valid for 10 years from the date of its adoption (the "2012 Share Option Scheme"). Detail of the 2012 Share Option Scheme refers to the announcement of the Company on 20 April 2012.

The Group has granted a series of share options in 2008, 2011, 2012, 2014 and 2015 under the 2005 Share Option Scheme and 2012 Share Option Scheme, respectively. On 10 April 2018, the Group granted 25,000,000 share options to certain directors and employees under the 2012 Share Option Scheme, pursuant to which, 30% of the granted options can be exercised on or after 1 April 2019, 30% of the granted options can be exercised on or after 1 April 2020 and the remaining 40% of options can be exercised on or after 1 April 2021. The exercise price is HK$37.60.

On 28 July 2020, the Company offered to grant share options to certain eligible participants who have contributed or will contribute to the Group as a reward or incentive under the 2012 Share Option Scheme to subscribe for a total of 28,000,000 ordinary shares of HK$0.10 each in the issued share capital of the Company. Exercise price of the share options granted is HK$23.85 per share, validity period of the share options are from 1 July 2021 to 31 December 2025.

40. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme (Continued)

At 31 December 2021, the total number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 42,541,200 (2020: 47,703,000), representing 3.66% (2020: 4.11%) of the shares of the Company in issue at end of the reporting period.

Details of the specific categories of options are as follows:

Option type	Date of grant	Tranche	Vesting period	Exercise period	Exercise price HK$	Fair value at grant date HK$
2015	25/03/2015	A	25/03/2015 to 31/12/2015	01/01/2016 to 31/12/2020	14.08	3.54
	25/03/2015	B	25/03/2015 to 31/12/2016	01/01/2017 to 31/12/2020	14.08	3.91
	25/03/2015	C	25/03/2015 to 31/12/2017	01/01/2018 to 31/12/2020	14.08	4.13
	25/03/2015	E	25/03/2015 to 31/12/2015	01/01/2016 to 31/12/2020	14.08	3.68
	25/03/2015	F	25/03/2015 to 31/12/2016	01/01/2017 to 31/12/2020	14.08	4.00
	25/03/2015	G	25/03/2015 to 31/12/2017	01/01/2018 to 31/12/2020	14.08	4.19
2018-I (note)	10/04/2018	A	10/04/2018 to 01/04/2019	02/04/2019 to 31/12/2023	37.60	9.25
	10/04/2018	B	10/04/2018 to 01/04/2020	02/04/2020 to 31/12/2023	37.60	9.61
	10/04/2018	C	10/04/2018 to 01/04/2021	02/04/2021 to 31/12/2023	37.60	9.80
	10/04/2018	E	10/04/2018 to 01/04/2019	02/04/2019 to 31/12/2023	37.60	9.25
	10/04/2018	F	10/04/2018 to 01/04/2020	02/04/2020 to 31/12/2023	37.60	9.61
	10/04/2018	G	10/04/2018 to 01/04/2021	02/04/2021 to 31/12/2023	37.60	9.80
2018-II	10/04/2018	A	10/04/2018 to 01/04/2019	02/04/2019 to 31/12/2023	37.60	9.25
	10/04/2018	B	10/04/2018 to 01/04/2020	02/04/2020 to 31/12/2023	37.60	9.61
	10/04/2018	C	10/04/2018 to 01/04/2021	02/04/2021 to 31/12/2023	37.60	9.80
2020 (note)	28/07/2020	A	28/07/2020 to 01/07/2021	01/07/2021 to 31/12/2025	23.85	6.29
	28/07/2020	B	28/07/2020 to 01/07/2022	01/07/2022 to 31/12/2025	23.85	6.59
	28/07/2020	C	28/07/2020 to 01/07/2023	01/07/2023 to 31/12/2025	23.85	6.74
	28/07/2020	E	28/07/2020 to 01/07/2021	01/07/2021 to 31/12/2025	23.85	6.32
	28/07/2020	F	28/07/2020 to 01/07/2022	01/07/2022 to 31/12/2025	23.85	6.61
	28/07/2020	G	28/07/2020 to 01/07/2023	01/07/2023 to 31/12/2025	23.85	6.75

Note: For the share options granted in 2020, the tranche A, B and C are granted to Directors, while the tranche E, F and G are granted to employees.

40. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme (Continued)

The following tables disclose movements of the Company's share options held by employees and directors during the year ended 31 December 2021 and 2020:

Year ended 31 December 2021:

Option type	Outstanding at 01/01/2021	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2021
2018-A	3,074,500	–	(43,250)	(274,800)	2,756,450
2018-B	3,074,500	–	(43,250)	(274,800)	2,756,450
2018-C	4,188,000	–	–	(366,400)	3,821,600
2018-E	2,805,800	–	(29,000)	(204,300)	2,572,500
2018-F	2,805,800	–	(29,000)	(204,300)	2,572,500
2018-G	3,754,400	–	–	(272,400)	3,482,000
2020-A	4,198,800	–	(648,000)	(243,600)	3,307,200
2020-B	4,198,800	–	–	(243,600)	3,955,200
2020-C	5,598,400	–	–	(324,800)	5,273,600
2020-E	4,201,200	–	(952,499)	(302,340)	2,946,361
2020-F	4,201,200	–	–	(302,340)	3,898,860
2020-G	5,601,600	–	–	(403,121)	5,198,479
	47,703,000	–	(1,744,999)	(3,416,801)	42,541,200
Exercisable at the end of the year					24,215,061
Weighted average exercise price	HK$29.53	–	HK$24.99	HK$30.28	HK$29.66

40. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme (Continued)

Year ended 31 December 2020:

Option type	Outstanding at 01/01/2020	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2020
2015-A	65,450	—	(65,450)	—	—
2015-B	2,218,950	—	(2,218,950)	—	—
2015-C	5,443,600	—	(5,443,600)	—	—
2015-E	—	—	—	—	—
2015-F	204,758	—	(204,758)	—	—
2015-G	1,599,742	—	(1,579,742)	(20,000)	—
2018-A	3,720,000	—	(66,500)	(579,000)	3,074,500
2018-B	3,720,000	—	(66,500)	(579,000)	3,074,500
2018-C	4,960,000	—	—	(772,000)	4,188,000
2018-E	2,937,600	—	(10,000)	(121,800)	2,805,800
2018-F	2,937,600	—	(10,000)	(121,800)	2,805,800
2018-G	3,916,800	—	—	(162,400)	3,754,400
2020-A	—	4,198,800	—	—	4,198,800
2020-B	—	4,198,800	—	—	4,198,800
2020-C	—	5,598,400	—	—	5,598,400
2020-E	—	4,201,200	—	—	4,201,200
2020-F	—	4,201,200	—	—	4,201,200
2020-G	—	5,601,600	—	—	5,601,600
	31,724,500	28,000,000	(9,665,500)	(2,356,000)	47,703,000
Exercisable at the end of the year					11,760,600
Weighted average exercise price	HK$30.53	HK$23.85	HK$14.45	HK$37.40	HK$29.53

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

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$36.37 (2020: HK$19.53).

The Group recognised the total expense of RMB68,403,000 (2020: RMB66,307,000) for the year ended 31 December 2021 in relation to share options granted by the Company.

40. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Restricted shares

The Company adopted a share award scheme (the "Scheme") on 28 July 2020, of which the purpose is to recognise the contributions by certain eligible participants (the "Scheme Participants") and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Pursuant to the Scheme, the Board of Directors shall select the Scheme Participants and determine the number of shares to be awarded (the "Restricted Shares"). An independent trustee appointed by the Board (the "Trustee") shall purchase from the market such number of issued ordinary shares to be awarded as specified by the Board.

In September 2020, the Group has purchased 8,520,000 issued ordinary shares from the market through the trustee with, the consideration amounted to approximately HK$251,265,000 (equivalent to approximately RMB222,075,000). These ordinary shares are held in trust for the relevant Scheme Participants until such shares are vested with the Scheme Participants in accordance with the provisions of the Scheme. Pursuant to the Scheme, in any event, the aggregate number of Shares held by the trustee (whether directly or indirectly through other controlled corporations) as a whole would not exceed 2% of the issued share capital of the Company at any time (on an actual basis as well as on a fully diluted basis).

On 29 March 2021, the Board resolved to approve the initial grant of 3,000,000 Restricted Shares under the Scheme to the Scheme participants at the grant price of zero per Restricted Share, and vest over a four-year period that each 50% of the awards vesting on the third and fourth anniversary of the grant date, respectively.

The fair value of Restricted Shares with service conditions or performance conditions is based on the fair market value of the underlying ordinary shares on the date of grant, taking into account the terms and conditions upon which the shares were granted.

The following table summarised the Group's Restricted Shares activity for the current period:

	Number of Restricted Stocks
Outstanding as at 1 January 2021	–
Granted during the year	3,000,000
Exercised during the year	–
Forfeited during the year	(144,000)
Outstanding as at 31 December 2021	2,856,000

The Group recognised the total expenses of RMB9,507,000 for the year ended 31 December 2021 (2020: nil) in relation to restricted share units granted by the Company.

41. RETIREMENT BENEFITS SCHEME

Defined contribution plans

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

The total cost charged to profit or loss of RMB155,343,000 (2020: RMB67,185,000) represents contributions paid to the retirement benefits scheme by the Group in respect of the current year.

Defined benefit plans

(a) PTI

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2021 by Cuni, Rust & Strenk, Fellow of the Society of Actuaries in the USA. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The pension plan has been frozen since 1 January 2007.

The total cost charged to profit or loss is RMB520,000(2020: RMB48,000), representing the net interest on the net defined benefit liability.

The actuarial valuation showed that the market value of plan assets was RMB48,501,000 (2020: RMB45,345,000) and that the actuarial value of these assets represented 90.05% (2020: 75.73%) of the benefits that had accrued to members. The shortfall of RMB5,358,000 (2020: RMB14,534,000) is to be cleared by the contributions to be made by the Group in the future years.

	2021 RMB'000	2020 RMB'000
Present value of funded defined benefit obligations	**53,859**	59,879
Fair value of plan assets	**(48,501)**	(45,345)
Funded status and net liability arising from defined benefit obligation	**5,358**	14,534

41. RETIREMENT BENEFITS SCHEME (CONTINUED)

Defined benefit plans (Continued)

(b) UATC

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2021 by Professional Actuary Management Consulting Co., Ltd., Fellow of the Institute of Actuaries in Taiwan, China. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The total cost charged to profit or loss is RMB9,000(2020: RMB44,000), representing the service cost and net interest on the net defined benefit liability.

The actuarial valuation showed that the market value of plan assets was RMB2,065,000 (2020: RMB2,043,000) and that the actuarial value of these assets outweighs the benefits that had accrued to members.

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plan is as follows:

	2021 RMB'000	2020 RMB'000
Present value of funded defined benefit obligations	**—**	—
Fair value of plan assets	**2,065**	2,043
Funded status and net asset arising from defined benefit obligation	**2,065**	2,043

42. DEFERRED INCOME

	2021 RMB'000	2020 RMB'000
Government grants received — non-current liabilities (note 9)	**204,924**	28,209

42. DEFERRED INCOME (CONTINUED)

During the year ended 31 December 2021, deferred income received by the Group mainly composed of:

(1) Resettlement costs of RMB71,194,000 in relation to land relocation as disclosed in note 9, and such subsidies will be recognised in profit or loss when it becomes unconditional.

(2) Government subsidies of RMB100,000,000 in relation to production facilities located at Zhejiang Province and such government subsidies will be recognised in profit or loss over the expected useful lives of corresponding production facilities.

43. OTHER LONG-TERM LIABILITIES

During the year ended 31 December 2020, the Group entered into an agreement with a local government agency in the PRC, who agreed to inject capital contribution amounting to RMB117,000,000 into Qingyuan Minth Automobile Parts Co., Ltd.* (清遠敏實汽車零部件有限公司) ("Qingyuan Minth"), a subsidiary of the Group. Pursuant to the capital injection agreement, the local government agency would not participate in Qingyuan Minth's operation and management. The local government agency would enforce the right requiring the Group, and the Group is obligated, to redeem the capital injection from local government agency within five years after the receipt of the capital, together with interest calculated based on the below-market interest rate stipulated in the agreement. Therefore, the capital injection made by the local government agency is treated as a long-term liability. The difference between the present value of the long-term liability based on the expected repayment term and its principal amount is accounted for as government grant and recorded as deferred income. As at 31 December 2021, the carrying amount of this long-term liability together with the interest payable is RMB103,025,000(31 December 2020: RMB98,447,000).

During the year ended 31 December 2019, the Group entered into an agreement with local government funds in the PRC to establish a partnership Jiaxing Minth Equity Investment Partnership Enterprise (Limited Partnership)* (嘉興敏實定向股權投資合夥企業(有限合夥)) ("Jiaxing Partnership") with an operation period of maximum 7 years, whose only investment target is Jiaxing Minhua Automotive Parts Co., Ltd.* (嘉興敏華汽車零部件有限公司) ("Jiaxing Minhua"), a subsidiary of the Group. Pursuant to the agreement, the local government funds would contribute capital amounting to RMB800,000,000 into the Jiaxing Partnership. The local government funds would neither participate in Jiaxing Partnership's nor Jiaxing Minhua's operation and management. The local government funds would require the Group and the Group is obligated to redeem RMB800,000,000 of the capital contributed by the local government funds pursuant to the agreement no later than the expiry of the operation period of Jiaxing Partnership. Therefore, the capital contribution by the local government funds is treated as a long-term liability. As at 31 December 2021, the carrying amount of this long-term liability together with the interest payable is RMB877,300,000(31 December 2020: RMB838,600,000).

During the year ended 31 December 2018, the Group entered into an agreement with a local government agency in the PRC, who agreed to inject capital contribution amounting to RMB60,000,000 into Jiaxing Guowei Automotive Parts Co., Ltd.* (嘉興國威汽車零部件有限公司) ("Jiaxing Guowei"), a subsidiary of the Group. Pursuant to the capital injection agreement, the local government agency would not participate in Jiaxing Guowei's operation and management. The local government agency would enforce the right requiring the Group, and the Group is obligated, to redeem the capital injection from local government agency within three years after the receipt of the capital. Therefore, the capital injection made by the local government agency is treated as a long-term liability. The Group calculated the relevant liabilities according to the amortized cost. The liability has been repaid during the current year.

* The English names are for identification purposes only.

44. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Saved as disclosed in the Directors' report, the Group has the following significant transactions with the related/connected parties, which do not fall within the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules, or if otherwise, such transaction is fully exempt from announcement, shareholders' approval and review requirements under the Listing Rules during the year and prior year:

Relationship with related/connected party	Nature of transactions	2021 RMB'000	2020 RMB'000
A joint venture, in which the Company has a 50% equity interest	Sales of finished goods	50,140	49,896
	Sales of raw materials	–	1,095
	Purchases of finished goods/semi-finished goods	34,441	31,673
	Consulting services income	1,394	1,480
	Property rentals income	2,392	1,558
	Other expense	135	–
A joint venture, in which the Company has a 51% equity interest	Property rentals income	–	2,810
A joint venture, in which the Company has a 50% equity interest	Consulting services income	5,100	1,029
	Proceeds from disposal of property,plant and equipment	33	58,788
	Purchases of finished goods/semi-finished goods	70,099	1,749
	Consulting services charges	1,830	1,830
	Sales of finished goods	8,592	933
	Sales of raw materials	437	1,020
	Other expense	45	–
	Property rentals income	1,997	–
	Utilities income	4,915	–
A joint venture, in which the Company has a 40% equity interest	Utilities income	1,286	1,181
	Property rentals income	2,370	1,322
	Consulting services income	92	649
	Sales of finished goods	52	–

44. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

Relationship with related/connected party	Nature of transactions	2021 RMB'000	2020 RMB'000
An associate, in which the Company has a 35% equity interest	Consulting service income	–	11
	Property rentals income	26	17
	Utilities income	12	–
An associate, in which the Company has a 10% equity interest	Purchases of finished goods/semi-finished goods	29,658	21,445
An associate, in which the Company has a 30% equity interest	Sales of finished goods/raw materials	9,768	24,590
	Purchases of raw materials	8,509	–
	Purchases of finished goods/semi-finished goods	–	23,454
	Property rentals income	2,571	1,554
	Utilities income	613	–
An associate, in which the Company has a 30% equity interest	Sales of finished goods	1,690	2,117
	Sales of raw materials	144	–
	Utilities income	209	–
	Purchase of finished moulds/semi-finished moulds	–	2,747
	Purchases of finished goods/semi-finished goods	74,810	59,034
	Purchases of raw material	–	21,550
	Purchases of property, plant and equipment	–	135

44. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

Relationship with related/connected party	Nature of transactions	2021 RMB'000	2020 RMB'000
An associate, in which the Company has a 40% equity interest	Purchases of finished goods/semi-finished goods	11,259	–
An associate, in which the Company has a 12.69% equity interest	Purchases of fixed assets	188	–
Non-controlling shareholders of subsidiaries	Sales of finished goods	641	446
	Sales of raw materials	–	9,349
	Purchases of raw materials and moulds	8,373	–
	Other expense	3	–
	Property rentals payment	314	–
	Technology support services charges	9,311	9,987
	Purchases of intangible assets	783	–
Companies in which Mr. Chin and his family have control	Sales of raw materials	20	–
	Sales of moulds	2,350	3,256
	Purchases of finished goods	193	44,300
	Purchases of finished moulds/ semi-finished moulds	–	13,165
	Purchases of raw materials/semi-finished goods	115,186	5,888
	Technology support services charges	567	29
	Purchases of property, plant and equipment	427	21,231
	Property rentals income	1,024	1,705
	Property rentals payment	6,688	–
	Other expense	16,532	–
	Purchases of fixed assets	74	–
	Utilities income	1,725	–

44. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

Financial guarantees provided to related party

As at 31 December 2021, the Group provided total financial guarantees with maximum amount of RMB30,000,000 (31 December 2020: RMB20,000,000) to several banks in respect of banking facilities of its joint venture Wuhan Minth Nojima. The Directors consider that the fair value of the guarantee at the date of inception is insignificant.

The remuneration of Directors and other members of key management during the year is as follows:

	2021 RMB'000	2020 RMB'000
Short-term benefits	9,158	9,251
Post-employment benefits	142	99
Share-based payments	6,217	4,381
	15,517	13,731

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

45. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	10,393,139	10,584,138
Derivative financial assets	36,237	4,834
Held-for-trading investments	—	450,625
Debt instruments at FVTOCI	110,839	151,457
Financial liabilities:		
Amortised cost	11,735,654	10,947,499
Derivative financial liabilities	9,324	25,150

45. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

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

Market risk

(i) Currency risk

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

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

(2) Certain subsidiaries of the Group also have foreign currency denominated sales and purchases and certain trade receivables and payables of these subsidiaries are denominated in foreign currencies other than the functional currency of respective subsidiaries (i.e. RMB, US$, etc.).

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

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

	Liabilities		Assets	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
US$	**2,318,650**	1,419,505	**351,421**	384,202
EUR	**2,074,222**	1,531,327	**569,946**	343,110
JPY	**55,029**	62,741	**34,529**	35,339
HK$	**147,420**	220,299	**24,466**	41,604
MXN	**101,651**	127,339	**11,574**	19,138
	4,696,972	3,361,211	**991,936**	823,393

The Group also entered into certain foreign exchange forward contracts and structural option contracts to mitigate its foreign currency exposure.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

This sensitivity analysis details the Group's sensitivity to a 5% (2020: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2020: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2020: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% (2020: 5%) against the relevant currency while a negative number indicates a decrease in post-tax profit.

This sensitivity analysis also details the Group's sensitivity to a 5% (2020: 5%) increase and decrease in US$ against the relevant foreign currencies. 5% (2020: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2020: 5%) change in foreign currency rates.

	2021 RMB'000	2020 RMB'000
If RMB strengthens against US$	**88,151**	44,749
If RMB weakens against US$	**(88,151)**	(44,749)
If RMB strengthens against EUR	**59,024**	50,857
If RMB weakens against EUR	**(59,024)**	(50,857)
If RMB strengthens against JPY	**800**	1,095
If RMB weakens against JPY	**(800)**	(1,095)
If RMB strengthens against HK$	**5,276**	7,783
If RMB weakens against HK$	**(5,276)**	(7,783)
If US$ strengthens against EUR	**(23)**	35
If US$ weakens against EUR	**23**	(35)
If US$ strengthens against MXN	**4,071**	4,727
If US$ weakens against MXN	**(4,071)**	(4,727)
If US$ strengthens against JPY	**63**	99
If US$ weakens against JPY	**(63)**	(99)

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 30 and 33). The Group's exposures to interest rates on interest rate swap contracts and structural option contracts are detailed in the liquidity risk management section of this note. The Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate financial instruments (including bank balances and borrowings) at the end of the reporting period. The analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2020: 50 basis point) increase or decrease in interest rates on variable-rate bank balances and a 50 basis point (2020: 50 basis point) increase or decrease in interest rates on variable-rate borrowings represent management's assessment of the reasonably possible change in interest rates.

If interest rates on variable-rate bank balances had been 50 basis point (2020: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would have increased/decreased by RMB10,471,000 (2020: increased/decreased by RMB15,026,000). If interest rates on variable-rate borrowings had been 50 basis point (2020: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would have decreased/increased by RMB22,519,000 (2020: decreased/increased by RMB16,731,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances and borrowings.

Credit risk and impairment assessment

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

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers

The customers of the Group are mainly sizable domestic and international automobile manufacturers and certified suppliers of those automobile manufacturers. The Group arranges production plan and deliver automobile body parts strictly following orders from customers in accordance with the production plan of the customers. For mould development, the Group requires certain prepayment in advance before the commencement of development. Furthermore, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

As part of the Group's impairment assessment, the Group uses provision matrix to assess the impairment for its customers excluding those debtors with high credit risk because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The provision matrix are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The measurement of ECL on trade receivables and contract assets with high credit risk are assessed on an individual basis.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Pledged bank deposits/bank balances

Credit risk on pledged bank deposits/bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for pledged bank deposits/bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits/bank balances is considered to be insignificant and therefore no loss allowance was recognised/to specify the amount of impairment made.

Other receivables and loan receivables

The Group makes individual assessment for significant outstanding items and portfolio assessment for other items with a large number of insignificant balances on the recoverability of other receivables and loan receivables on 12m ECL basis.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Debt instruments at FVTOCI

The Group's debt instruments at FVTOCI are bills receivables that are accepted by banks with high credit rating. Therefore, these bills receivables are considered to be at low credit risk and the loss allowance is measured on 12m ECL basis.

The Group has concentration of credit risk on trade receivables. At 31 December 2021, the Group's ten largest customers accounted for 36% (2020: 37%) of the total trade receivables.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 72% (2020: 75%) of the total trade receivables as at 31 December 2021.

The tables below detail the credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	2021 Gross carrying amount RMB'000	2020 Gross carrying amount RMB'000
Debt instruments at FVTOCI	22	N/A	12-month ECL	110,839	151,457
Financial assets at amortised costs					
Loan receivables		N/A	12-month ECL	–	6,000
Pledged bank deposits	30	N/A	12-month ECL	1,045,610	918,350
Bills receivables	26	(note i)	12-month ECL	51,197	68,985
Other receivables	26	(note i)	12-month ECL	622,208	304,000
			Lifetime ECL (credit-impaired)	1,476	1,574
				623,684	305,574
Trade receivables	26	(note ii)	Lifetime ECL (not credit-impaired)	3,201,156	3,309,251
			Lifetime ECL (credit-impaired)	17,303	7,507
				3,218,459	3,316,758
Other items					
Contract assets	28	(note ii)	Lifetime ECL (not credit-impaired)	1,004,450	869,895

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Notes:

i: For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2021

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Other receivables	1,476	622,208	623,684
Bills receivables	—	51,197	51,197
	1,476	673,405	674,881

2020

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Loan receivables	—	6,000	6,000
Other receivables	1,574	304,000	305,574
Bills receivables	—	68,985	68,985
	1,574	378,985	380,559

ii: For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are credit-impaired, the Group determines ECL on these items by using a provision matrix.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Notes: (Continued)

As part of the Group's credit risk management, trade receivables and contract assets have been grouped based on a systematic internal credit rating with reference to a matrix of factors including the customer's nature, ageing analysis, recent financial performance of the customer and historical credit loss experience. Each group consists of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. When assessing the internal credit rating of the customers, the rank and size of customers, the financial performance are considered. The following table provides information about the exposure to credit risk and ECL for trade receivables and contract assets which are assessed collectively based on provision matrix as at 31 December 2021 and 2020 within lifetime ECL.

2021	**Average loss rate**	**Impairment loss allowance RMB'000**	**Trade receivables gross carrying amount RMB'000**	**Contract assets gross carrying amount RMB'000**	**Total RMB'000**
Customer Group A	**0.19%**	**6,430**	**2,409,110**	**1,004,450**	**3,413,560**
Customer Group B	**0.26%**	**1,576**	**617,438**	**–**	**617,438**
Customer Group C	**0.95%**	**1,779**	**188,008**	**–**	**188,008**

2020	Average loss rate	Impairment loss allowance RMB'000	Trade receivables gross carrying amount RMB'000	Contract assets gross carrying amount RMB'000	Total RMB'000
Customer Group A	0.15%	5,188	2,556,157	869,895	3,426,052
Customer Group B	0.60%	4,190	693,595	–	693,595
Customer Group C	0.65%	404	62,459	–	62,459

During the year ended 31 December 2021, trade receivables amounting to RMB3,903,000 (2020: RMB4,547,000) with high credit risk are assessed for ECL individually.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	4,566	11,692	16,258
Impairment losses recognised	5,038	12,942	17,980
Impairment losses reversed	(63)	(1,930)	(1,993)
Transfer to credit-impaired	(2,720)	2,720	—
Write-offs	—	(17,917)	(17,917)
As at 31 December 2020	6,821	7,507	14,328
Impairment losses recognised	**4,872**	**1,801**	**6,673**
Impairment losses reversed	**(3,882)**	**(366)**	**(4,248)**
Transfer to credit-impaired	**(2,931)**	**2,931**	**—**
Write-offs	**—**	**(3,065)**	**(3,065)**
As at 31 December 2021	**4,880**	**8,808**	**13,688**

The Group writes off a trade receivable when there is information indicating that debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors have been placed under liquidation or have entered into bankruptcy proceedings.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

The following table shows reconciliation of loss allowances that has been recognised for other receivables.

	12-month ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2020	—	—	1,769	1,769
Transfer to credit-impaired	—	(60)	60	—
Transfer to lifetime ECL	—	—	—	—
Impairment losses recognised	—	60	—	60
Impairment losses reversed	—	—	(112)	(112)
Write-offs	—	—	(143)	(143)
As at 31 December 2020	—	—	1,574	1,574
Impairment losses recognised	**—**	**113**	**—**	**113**
Impairment losses reversed	**—**	**—**	**—**	**—**
Transfer to credit-impaired	**—**	**(113)**	**113**	**—**
Transfer to lifetime ECL	**—**	**—**	**—**	**—**
Write-offs	**—**	**—**	**(211)**	**(211)**
As at 31 December 2021	**—**	**—**	**1,476**	**1,476**

Liquidity risk

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

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

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate %	Repayable on demand or less than three months RMB'000	Three months to six months RMB'000	Six months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2021							
Non-derivative financial Liabilities							
Trade and other payables	–	3,591,031	20,708	–	–	3,611,739	3,611,739
Lease liabilities	2.33	4,433	6,597	10,894	108,058	129,982	119,493
Borrowings	1.84	3,568,048	1,106,245	253,702	2,345,047	7,273,042	7,143,590
Other long-term liabilities	4.31	–	–	–	1,114,849	1,114,849	980,325
		7,163,512	1,133,550	264,596	3,567,954	12,129,612	11,855,147
Derivative-net settlement							
Structural option contracts							
– inflow		(345)	–	–	–	(345)	(345)
– outflow		403	730	–	–	1,133	1,133
Cross-currency swap contracts							
– inflow		–	–	–	(34,014)	(34,014)	(34,014)
Interest rate swap contracts							
– inflow		–	–	–	(79)	(79)	(79)
– outflow		–	–	–	7,391	7,391	7,391
		58	730	–	(26,702)	(25,914)	(25,914)
Derivative-gross settlement							
Foreign currency forward contracts							
– inflow		(6,433)	(533,503)	–	–	(539,936)	(1,799)
– outflow		6,384	531,351	–	–	537,735	800
		(49)	(2,152)	–	–	(2,201)	(999)

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	Repayable on demand or less than three months RMB'000	Three months to six months RMB'000	Six months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2020							
Non-derivative financial liabilities							
Trade and other payables	–	3,392,613	31,344	–	–	3,423,957	3,423,957
Lease liabilities	4.20	2,176	2,013	4,133	14,735	23,057	19,307
Borrowings	1.94	3,679,126	1,398,021	382,060	1,100,584	6,559,791	6,519,200
Other long-term liabilities	4.14	–	–	–	1,186,329	1,186,329	1,004,342
		7,073,915	1,431,378	386,193	2,301,648	11,193,134	10,966,806
Derivative-net settlement							
Structural option contracts							
– inflow		(407)	–	–	–	(407)	(407)
– outflow		693	7	–	–	700	700
Interest rate swap contracts							
– outflow		–	–	–	20,181	20,181	20,181
		286	7	–	20,181	20,474	20,474
Derivative-gross settlement							
Foreign currency forward contracts							
– inflow		(402,276)	(6,583)	–	–	(408,859)	(4,427)
– outflow		401,563	6,560	–	–	408,123	4,269
		(713)	(23)	–	–	(736)	(158)

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

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Interest rate benchmark reform

As listed in note 45, several of the Group's LIBOR bank loans will be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and

- immediately after 30 June 2023, in the case of the remaining US dollar settings.

(i) Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Interest rate benchmark reform (Continued)

LIBOR (Continued)

(i) Risks arising from the interest rate benchmark reform (Continued)

Litigation risk

If no agreement is reached to implement the interest rate benchmark reform on contracts which have not been transitioned to the relevant alternative benchmark rates (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

(ii) Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

The Group is planning to transition the majority of its remaining IBOR-linked contracts through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from IBOR to alternative reference rate at an agreed point in time.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Interest rate benchmark reform (Continued)

LIBOR (Continued)

(ii) Progress towards implementation of alternative benchmark interest rates (Continued)

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates as at 31 December 2021. The amounts of liabilities are shown at their carrying amounts.

Financial instruments prior to transition	Maturing in	Carrying amounts RMB'000	Hedge accounting	Transition progress for financial instruments
Bank loans linked to GBP LIBOR	2023	1,275,140	N/A	Expected to transit in latest by 2023

(c) Fair value

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

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

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

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

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

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

45. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

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

Financial assets/financial liabilities	Fair value as at 31/12/2021	Fair value as at 31/12/2020	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
1) Foreign exchange forward contracts	**Assets – RMB1,799,000 Liabilities – RMB800,000**	Assets – RMB4,427,000 Liabilities – RMB4,269,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Interest rate swaps contracts	**Assets – RMB79,000 Liabilities – RMB7,391,000**	Liabilities – RMB20,181,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates and contracted interest rates on each maturity date and contracted forward interest rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.
3) Debt instruments at FVTOCI	**Assets – RMB110,839,000**	Assets – RMB151,457,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.

45. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

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

Financial assets/financial liabilities		Fair value as at 31/12/2021	Fair value as at 31/12/2020	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
4)	Cross-currency swap contracts	**Assets – RMB34,014,000**	N/A	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.
5)	Foreign currency structural option contracts	**Assets – RMB345,000 Liabilities – RMB1,133,000**	Assets – RMB407,000 Liabilities – RMB700,000	Level 3	Fair value is derived using binomial tree computation method. The key parameters used include forward exchange rates (from observable forward exchange rate at the end of the reporting period), contracted exchange rates, discount rate, risk-free rate, time to maturity, and volatility.
6)	Investment in private fund	**N/A**	Assets – RMB450,625,000	Level 2	Net asset value determined based on the fair value of underlying assets which are observable and adjustments of related expenses.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

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

45. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

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

Reconciliation of Level 3 fair value measurement:

	Foreign currency structural option contracts		
	Assets RMB'000	**Liabilities** RMB'000	**Total** RMB'000
Balance as at 1 January 2020	100	—	100
Fair value changes	407	(700)	(293)
Settlements	(100)	—	(100)
Balance as at 31 December 2020	407	(700)	(293)
Fair value changes	345	(1,133)	(788)
Settlements	(407)	700	293
Balance as at 31 December 2021	**345**	**(1,133)**	**(788)**

Of the total gains or losses for the period included in profit or loss, loss of RMB788,000 (2020: loss of RMB293,000) relates to structural option contracts held at the end of the current reporting period. Fair value gains or losses on structural option contracts and call option classified as derivative financial assets are included in 'other gains and losses'.

(d) Capital risk management

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

The capital structure of the Group consists of net debt, which includes the borrowings, other long-term liabilities disclosed in notes 33 and 43 net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities RMB'000 (note 37)	Borrowings RMB'000 (note 33)	Other long-term liabilities RMB'000 (note 43)	Dividend payable RMB'000 (note 31)	Dividend payable to non-controlling interests RMB'000 (note 31)	Other payables to joint ventures RMB'000 (note 31)	Interest payable RMB'000 (note 31)	Deferred issue costs RMB'000 (note 26)	Total RMB'000
As at 1 January 2021	19,307	6,519,200	1,004,342	–	–	62,800	–	–	7,605,649
Financing cash flows	(10,340)	902,066	(68,550)	(550,121)	(69,358)	(62,800)	(233,641)	(19,900)	(112,644)
Non-cash changes:									
Net foreign exchange gains	(5,867)	(26,603)	–	–	–	–	–	–	(32,470)
Interest expenses	1,463	–	28,204	–	–	–	233,641	–	263,308
Dividends recognised as distribution	–	–	–	550,121	–	–	–	–	550,121
Dividends paid to non-controlling interests	–	–	–	–	101,357	–	–	–	101,357
Transfer to deferred income	–	–	3,654	–	–	–	–	–	3,654
Transfer to property, plant and equipment	–	–	12,675	–	–	–	–	–	12,675
Exchange differences arising on translation of foreign operation	–	(10,248)	–	–	–	–	–	–	(10,248)
Lease liabilities arising on the new lease agreements	121,251	–	–	–	–	–	–	–	121,251
Termination of lease contract	(6,321)	–	–	–	–	–	–	–	(6,321)
Settlement of borrowing on maturity of discounted bills	–	(240,825)	–	–	–	–	–	–	(240,825)
At 31 December 2021	119,493	7,143,590	980,325	–	31,999	–	–	(19,900)	8,255,507

	Lease liabilities RMB'000 (note 37)	Borrowings RMB'000 (note 33)	Other long-term liabilities RMB'000 (note 43)	Dividend payable RMB'000	Dividend payable to non-controlling interests RMB'000	Other payables to joint ventures RMB'000 (note 31)	Interest payable RMB'000 (note 31)	Total RMB'000
As at 1 January 2020	98,879	4,138,998	864,445	–	–	–	8,927	5,111,249
Financing cash flows	(5,617)	2,616,903	117,000	(694,445)	(115,376)	62,800	(208,812)	1,772,453
Non-cash changes:								
Net foreign exchange gains	5	(174,011)	–	–	–	–	–	(174,006)
Interest expenses	4,786	–	42,953	–	–	–	199,885	247,624
Dividends recognised as distribution	–	–	–	694,445	–	–	–	694,445
Dividends paid to non-controlling interests	–	–	–	–	115,376	–	–	115,376
Disposal of subsidiaries	(12,861)	(1,000)	–	–	–	–	–	(13,861)
Transfer to deferred income	–	–	(20,056)	–	–	–	–	(20,056)
Exchange differences arising on translation of foreign operation	–	(61,690)	–	–	–	–	–	(61,690)
Lease liabilities arising on the new lease agreements	13,275	–	–	–	–	–	–	13,275
Lease modification	(79,160)	–	–	–	–	–	–	(79,160)
At 31 December 2020	19,307	6,519,200	1,004,342	–	–	62,800	–	7,605,649

47. SUBSIDIARIES

Details of the Company's material subsidiaries as at 31 December 2021 and 2020 are as follows:

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
Sinoone Holdings Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Decade Industries Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Mindway Holdings Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Forecast Industries Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Wealthfield Holdings Limited	British Virgin Islands	100%	100%	US$1	Investment holding
展圖控股有限公司 (Cheerplan Holdings Limited)	British Virgin Islands	100%	100%	US$1	Investment holding
恒銀國際有限公司 (Constant Gain International Limited)	British Virgin Islands	100%	100%	US$2	Investment holding
Franshoke Investments Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Enboma	British Virgin Islands	100%	100%	US$39,000,000	Investment holding
Magic Figure Investments Limited (note iv)	British Virgin Islands	NA	100%	US$2	Investment holding
i-Sun Limited	British Virgin Islands	100%	100%	US$1,988,424	Investment holding
司諾(香港)有限公司 (Sinoone (HK) Limited)	Hong Kong	100%	100%	HK$675,156,306	Investment holding
時銘(香港)有限公司 (Decade (HK) Limited)	Hong Kong	100%	100%	HK$19,824	Investment holding
睿途(香港)有限公司 (Mindway (HK) Limited)	Hong Kong	100%	100%	HK$403,597,087	Investment holding
展圖(香港)有限公司 (Cheerplan (HK) Limited)	Hong Kong	100%	100%	HK$4,620,219,992	Investment holding

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
泰琳發展有限公司 (Talentlink Development Limited)	Hong Kong	100%	100%	HK$10,000/ US$84,749,000	Investment holding
敏實財務有限公司 (Minth Financial Limited)	Hong Kong	100%	100%	HK$10,000	Bookkeeping service
明炻投資有限公司 (Minth Investment Limited)	Hong Kong	100%	100%	HK$42,534,337	Investment holding
銘仕國際有限公司 (Minth International Limited)	Hong Kong	100%	100%	HK$4,000,000	Import and export trading, logistics, technology import, and investment holding
嘉興司諾投資有限公司 (Jiaxing Sinoone Investments Co.,Ltd.)*	the PRC as a wholly-owned foreign investment enterprise ("WOFE")	100%	100%	US$436,620,000	Investment holding
寧波信泰機械有限公司 (Ningbo Shintai Machines Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$27,340,000	Design, manufacture, development and sales of automobile body parts
天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.)*	the PRC as a foreign equity joint venture enterprise	95.7%	95.7%	US$11,550,000	Manufacture and sales of automobile body parts
廣州敏瑞汽車零部件有限公司 (Guangzhou Minrui Automobile Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB115,750,000	Manufacture and sales of automobile body parts
嘉興敏惠汽車零部件有限公司 (Jiaxing Minhui automotive Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$551,390,000	Manufacture and sales of automobile body parts
嘉興敏勝汽車零部件有限公司 (Jiaxing Minsheng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$107,400,000	Manufacture and sales of automobile body parts
Cheerplan China	the PRC as a WOFE	100%	100%	US$642,050,000	Investment holding
Minth North America, Inc.	the USA	100%	100%	US$15,940,000	Research and marketing development

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
嘉興敏實機械有限公司 (Jiaxing Minth Machines Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$125,000,000	Design, manufacture, development and sales of automobile body parts
Minth Japan 株式會社 (Minth Japan Co., Ltd.)	Japan	**100%**	100%	JPY95,000,000	Act as an agent of sales of automobile body parts and purchase of raw materials
Minth Aapico (Thailand) Co., Ltd.	Thailand	**60%**	60%	Thai Baht ("THB") 378,500,000	Design, manufacture, development and sales of automobile body parts
寧波泰甬汽車零部件有限公司 (Ningbo Taiyong Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$63,000,000	Manufacture and sales of automobile body parts
Jiaxing Guowei	the PRC as a WOFE	**100%**	100%	US$68,000,000	Design, manufacture, development and sales of automobile body parts
嘉興敏凱汽車零部件有限公司 (Jiaxing Kittel-Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$40,000,000	Design, manufacture, development and sales of automobile body parts
Minth GmbH	Germany	**100%**	100%	EUR500,000	Customer service and market development
廣州敏實汽車零部件有限公司 (Guangzhou Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$30,000,000	Design, manufacture, development and sales of automobile body parts
煙臺和瑞汽車零部件有限公司 (Yantai Herui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$4,000,000	Design, manufacture, development and sales of automobile body parts

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
淮安和通汽車零部件有限公司 (Huaian Hetong Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$12,000,000	Manufacture, development and sales of automobile body parts and motor system for electric vehicle
武漢和盛汽車零部件有限公司 (Wuhan Hesheng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$27,000,000	Design, manufacture, development and sales of automobile body parts
武漢東海敏實汽車零部件有限公司 (Wuhan Tokai Minth Automotive Parts Co., Ltd.)* (note i)	the PRC as a foreign equity joint venture enterprise	**50%**	50%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
銘仕國際澳門離岸商業服務有限公司 (Minth International Macau Commercial Offshore Limited)	Macau	**100%**	100%	Macau Pataca 100,000	Import and export trading, logistics, technology import, and investment holding
江蘇和興汽車科技有限公司 (Jiangsu Hexing Automotive Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$160,000,000	Design, manufacture, development and sales of automobile body parts
Minth Automobile Part (Thailand) Co., Ltd.	Thailand	**100%**	100%	THB800,000,000	Manufacture and sales of automobile body parts
Minth Development (Thailand) Co.,Ltd.	Thailand	**100%**	100%	THB85,000,000	Manufacture and sales of automobile body parts
北京敏實汽車零部件有限公司 (Beijing Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB115,000,000	Design, manufacture, development and sales of automobile body parts
鄭州敏惠汽車零部件有限公司 (Zhengzhou Minhui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB90,000,000	Design, manufacture and sales of automobile body parts
天津敏信機械有限公司 (Tianjin Minshin Machines Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$13,210,000	Research and development, design, production and sales of automobile parts and related products
敏實投資有限公司 (Minth Investment Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$449,500,000	Investment holding

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
清遠敏惠汽車零部件有限公司 (Qingyuan Minhui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$27,300,000	Manufacture and sales of automobile body parts
CST GmbH	Germany	**100%**	100%	EUR250,000	Manufacture and sales of automobile body parts
湖州恩馳汽車有限公司 (Huzhou Enchi) (note iii)	the PRC as a WOFE	**NA**	100%	RMB324,350,000	Manufacture of bus and modified car
湖州敏馳汽車有限公司 (Huzhou Minchi) (note iii)	the PRC as a WOFE	**NA**	100%	US$75,000,000	Development of pure electric vehicle, development and sales of new energy automobile body parts
嘉興裕廷物業服務管理有限公司 (Jiaxing Yuting Properties Services Management Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB18,000,000	Properties services management
Plastic Trim International, Inc.	the USA	**100%**	100%	US$16,700,000	Design, manufacture, development and sales of automobile body parts
寧波敏實汽車電子科技有限公司 (Ningbo Minth Automotive Electronics Technology Co., Ltd.)* (note iv)	the PRC as a WOFE	**NA**	100%	US$20,000,000	Design, manufacture, import and export of automobile electronic and optical parts
嘉興敏德汽車零部件有限公司 (Jiaxing Dura)	the PRC as a WOFE	**100%**	100%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
浙江敏泰科技有限公司 (Zhejiang Min Tai Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$40,000,000	Design, manufacture, and sales of automobile body parts
Minth Mexico, S.A. DE C.V.	Mexico	**100%**	100%	US$9,185,424	Design, manufacture, development and sales of automobile body parts
Minth Mexico Coating, S.A. de C.V.	Mexico	**100%**	100%	US$100,000,000	Design, manufacture, import, export and sales of automobile body parts
Minth Tennessee International, LLC	the USA	**100%**	100%	US$3,999,000	Design, manufacture and sales of automotive parts
Qingyuan Minth	the PRC as a WOFE	**100%**	100%	RMB397,000,000	Manufacture and sales of automobile body parts
浙江敏盛汽車零部件有限公司 (Zhejiang Minsheng Automotive Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$40,000,000	Manufacture and sales of automobile body parts

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
寧波敏實汽車零部件技術研發有限公司 (Ningbo Minth Automotive Parts Research & Development Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$61,500,000	Design, manufacture and sales of metal moulds and automobile body parts manufacturing equipment
嘉興信元精密模具科技有限公司 (Jiaxing Shinyou Mould Tech Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$55,000,000	Design and manufacture of moulds
敏實汽車技術研發有限公司 (Minth Automotive Technology Research & Development Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$71,500,000	Design, manufacture and sales of metal moulds and automobile body parts manufacturing equipment
浙江信正精密科技有限公司 (Zhejiang Xinzheng Precision Technology Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$25,000,000	Design, manufacture and sales of moulds
浙江敏誠自動化科技有限公司 (Zhejiang Min Cheng Technology Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB9,138,000	Design, manufacture and sales of automation machines, software and production lines
浙江敏實科技有限公司 (Zhejiang Minth Science & Technology Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$10,000,000	Design, manufacture and sales of metal moulds and automobile body parts manufacturing equipment
長春敏實汽車零部件有限公司 (Changchun Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$5,000,000	Manufacture and sales of automobile body parts
精確實業股份有限公司 (UATC)	Taiwan	39%	44.18%	TWD1,500,000,000	Manufacture and sales of bicycle parts and computer parts
中升興業股份有限公司 (SPTek Limited)	Taiwan	89.10%	89.10%	TWD120,000,000	Design and manufacture of automobile body parts
嘉興敏創股權投資有限公司 (Jiaxing Minchuang Equity Investment Co.,Ltd.)*	the PRC as a WOFE	100%	100%	RMB20,000,000	Investment holding

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
Jiaxing Partnership	the PRC as a limited partnership	**59.995%**	59.995%	RMB2,000,000,000	Investment holding
廣州東海敏孚汽車部件有限公司 (Guangzhou Tokai) (note i)	the PRC as a foreign equity joint venture enterprise	**50%**	50%	US$8,000,000	Manufacture and sales of automotive parts
嘉興敏信安全玻璃有限責任公司 (Jiaxing Minxin Safety Glass Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$50,000,000	Design and manufacture of automobile glass
寧波敏和金屬貿易有限責任公司 (Ning Bo Minhe Trading Co.,Ltd.)* (note iii)	the PRC as a foreign equity joint venture enterprise	**NA**	65%	RMB10,000,000	Trade and manufacture of metal products
瀋陽敏實汽車零部件有限公司 (Shenyang Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$20,000,000	Manufacture and sales of automobile body parts
湖北敏實汽車零部件有限公司 (Hubei Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$20,000,000	Manufacture and sales of automobile body parts
浙江敏能科技有限公司 (Zhejiang Minneng Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB103,000,000	Manufacture and sales of automobile body parts
瀋陽敏能汽車零部件有限公司 (Shenyang Minneng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB74,000,000	Manufacture and sales of automobile body parts
湖北敏能汽車零部件有限公司 (Hubei Minneng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB500,000,000	Manufacture and sales of automobile body parts
鄭州敏能汽車零部件有限公司 (Zhengzhou Minneng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB49,000,000	Manufacture and sales of automobile body parts
Jiaxing Minhua	the PRC as a WOFE	**100%**	100%	RMB3,000,000,000	Manufacture and sales of automobile body parts

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
Minth Korea Co., Ltd.	Korea	**100%**	100%	US$84,760	Manufacture and sales of automobile body parts
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	US$1,050,000	Manufacture and sales of automobile body parts
重慶長泰汽車零部件有限公司 (Chongqing Changtai Automobile Spare Parts Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	US$4,200,000	Manufacture and sales of automobile body parts
廣州敏惠汽車零部件有限公司 (Guangzhou Minhui)	the PRC as a foreign equity joint venture enterprise	**70%**	70%	US$5,350,000	Manufacture and sales of automobile body parts
武漢敏惠汽車零部件有限公司 (Wuhai Minhui Automobile Parts Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	US$9,500,000	Manufacture and sales of automobile body parts
上海亞昊汽車產品設計有限公司 (Shanghai Cogen Research and Design Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB3,876,120	Design of automobile exterior, interior decorative parts
重慶敏特汽車零部件有限公司 (Chongqing Minte Automobile Spare Parts Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	US$5,000,000	Manufacture and sales of automobile body parts
嘉興敏瑞汽車零部件有限公司 (Jiaxing Minrui Automotive Parts Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	US$8,000,000	Manufacture and sales of automotive parts
嘉興思途汽車零部件有限公司 (Jiaxing Situ Automotive Parts Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	US$5,000,000	Design, manufacture, development and sales of automobile body parts
嘉興和鑫汽車零部件有限公司 (Jiaxing Hexin Automotive Parts Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	US$100,000	Design, manufacture and sales of automobile drive
寧波康栢貿易有限公司 (Ningbo Kangbai Trading Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB5,000,000	Wholesale of packaging materials, import and export trading
寧波藍聖智能科技有限公司 (Ningbo Lasen Intelligent Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$7,800,000	Design, development, import and export of robot

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
敏實智能控股有限公司 (Minth Intelligence Holdings Limited)*	Hong Kong	100%	100%	US$10,000	Investment holding
Minth Automotive Europe D.O.O	Serbia	100%	100%	RSD100,000	Casting of light metals
Minth Automotive (UK) Company Limited	the United Kingdom	100%	100%	GBP1	Manufacture and sales of electrical and electronic equipment
Minth Group US Holding Inc.	the USA	100%	100%	Shares: 1,000 non par value	Design, manufacture and sales of automotive parts
Mignen CR S.R.O	Czekh	100%	100%	CZK275,000	Production, trade and service
Windsor Tooling International Inc.	Canada	100%	100%	CAD100	General Business
Mignen Turkey Otomotiv Anonim Sirketi	Turkey	100%	100%	Turkish Liras 100,000	Manufacture of other parts and accessories for the motor vehicles
Minth Automobile Parts Balkan doo Loznica	Slovenija	100%	100%	Dinars 1,200,000	Manufacture of other parts and accessories for motor vehicles
敏能澳門一人有限公司 (Mignen Macau Limited)	Macau	100%	100%	MOP100,000	Consulting service, business management
敏實(長春)貿易有限公司 (Minth (ChangChun) Trading Co. Ltd.)*	the PRC as a WOFE	100%	100%	RMB1,000,000	Trading
敏實(嘉興)托育服務有限公司 (Minth (Jiaxing) Nursery Services Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB100,000	Nursery service
成都敏能安芯汽車零部件有限公司 (Chengdu Minneng Anxin Automotive Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB20,000,000	Automobile parts manufacturing, processing and sales
嘉興信鼎模具科技有限公司 (Jiaxing Xinding Mould Tech Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB100,000,000	Mould manufacturing
清遠敏宏汽車零部件有限公司 (Qingyuan Minhong Automotive Parts Co.,Ltd.)*	the PRC as a WOFE	100%	100%	US$2,800,000	Manufacture and sales of automobile body parts
嘉興敏華貿易有限公司 (Jiaxing Minhua Trading Co.,Ltd.)* (note iv)	the PRC as a WOFE	NA	100%	RMB300,000,000	Manufacture and sales of automobile body parts

47. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2021	2020	Issued capital/ registered capital	Principal activities
安徽敏勝汽車零部件有限公司 (AnHui Minsheng Automotive Parts Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	RMB50,000,000	Manufacture and sales of automobile body parts
敏鋁歐洲綠色材料有限公司 (Minal Europe Green Material D.O.O)* (note ii)	Serbia	100%	NA	EUR100,000	Production, operation trading, import and export trade of deformed aluminum alloys; high-quality aluminum profiles, aluminum extrusion moulds
Minth Metal Parts Balkan D.O.O Sabac (note ii)	Serbia	100%	NA	RSD11,800,000	Manufacture of other parts and accessories for motor vehicles
嘉興敏實貿易有限公司 (Jiaxing Minth Trading Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	RMB30,000,000	Trading
敏向科技(上海)有限公司 (Minxiang Technology (Shanghai) Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	RMB100,000,000	Research and development, design of automobile body parts
天津敏實汽車零部件有限公司 (Tianjin Minth Automobile Parts Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	RMB500,000,000	Manufacture and sales of automobile body parts
成都敏盛汽車零部件有限公司 (Chengdu Minsheng Automobile Parts Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	US$30,000,000	Manufacture and sales of automobile body parts

* The English names are for identification purposes only.

Notes

(i) By virtue of shareholders' agreement, or terms set out in the articles of association of the relevant entities, the Group has control over the entity in which the Group has the right to variable returns from its involvement with the entity and use its power to affect such returns through its majority voting power at meetings of the relevant governing body of the entity.

(ii) Wholly-owned Company AnHui Minsheng Automotive Parts Co., Ltd.* (安徽敏勝汽車零部件有限公司), Minal Europe Green Material D.O.O* (敏鋁歐洲綠色材料有限公司), Minth Metal Parts Balkan D.O.O Sabac, Jiaxing Minth Trading* (嘉興敏實貿易有限公司), Minxiang Technology (Shanghai) Co., Ltd.* (敏向科技(上海)有限公司), Tianjin Minth Automobile Parts Co., Ltd.*(天津敏實汽車零部件有限公司), and Chengdu Minsheng Automobile Parts Co., Ltd.*(成都敏盛汽車零部件有限公司) have been established by the Group during the current year.

(iii) As disclosed in note 36 and 21, Ning Bo Minhe Trading Co.,Ltd.* (寧波敏和金屬貿易有限責任公司), Huzhou Enchi Automotive Co., Ltd.* (湖州恩馳汽車有限公司) and Huzhou Minchi development Automotive Co., Ltd* (湖州敏馳汽車有限公司) have been disposed during the current year.

(iv) Magic Figure Investments Limited, Ningbo Minth Automotive Electronics Technology Co., Ltd.* (寧波敏實汽車電子科技有限公司), and Jiaxing Minhua Trading Co.,Ltd.* (嘉興敏華貿易有限公司) have been deregistered during the current year.

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

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

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

	2021 RMB'000	2020 RMB'000
Unlisted investments in subsidiaries	904,939	876,208
Derivative financial assets	35,165	1,231
Bank balances and cash	69,451	119,112
Amounts due from subsidiaries	16,759,585	15,657,240
Other current assets	38,552	24,268
Total assets	17,807,692	16,678,059
Amounts due to subsidiaries	8,459,966	8,222,775
Borrowings	4,358,307	3,019,291
Derivative financial liabilities	8,816	—
Other payables	7,947	21,982
Total liabilities	12,835,036	11,264,048
Net assets	4,972,656	5,414,011
Share capital	116,219	116,069
Treasury stock	(218,086)	(222,075)
Reserves	5,074,523	5,520,017
Total equity	4,972,656	5,414,011

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

Movement in the reserves of the Company is set forth below:

	Share premium and retained profits RMB'000	Special reserve RMB'000	Other reserve RMB'000	Share-based payment reserve RMB'000	Total RMB'000
At 1 January 2020	5,682,305	410,321	13,740	162,194	6,268,560
Total comprehensive expense for the year	(240,064)	—	—	—	(240,064)
Transfer to other reserve for share options forfeited after the vesting date	—	—	10,687	(10,687)	—
Recognition of equity-settled share-based payments	—	—	—	66,307	66,307
Dividends recognised as distribution	(694,445)	—	—	—	(694,445)
Exercise of share options	151,563	—	—	(31,904)	119,659
At 31 December 2020	4,899,359	410,321	24,427	185,910	5,520,017
Total comprehensive expense for the year	**(7,302)**	**—**	**—**	**—**	**(7,302)**
Transfer to other reserve for share options forfeited after the vesting date	**—**	**—**	**12,901**	**(12,901)**	**—**
Recognition of equity-settled share-based payments	**—**	**—**	**—**	**77,910**	**77,910**
Dividends recognised as distribution	**(554,110)**	**—**	**—**	**—**	**(554,110)**
Exercise of share options	**48,677**	**—**	**—**	**(10,669)**	**38,008**
At 31 December 2021	**4,386,624**	**410,321**	**37,328**	**240,250**	**5,074,523**