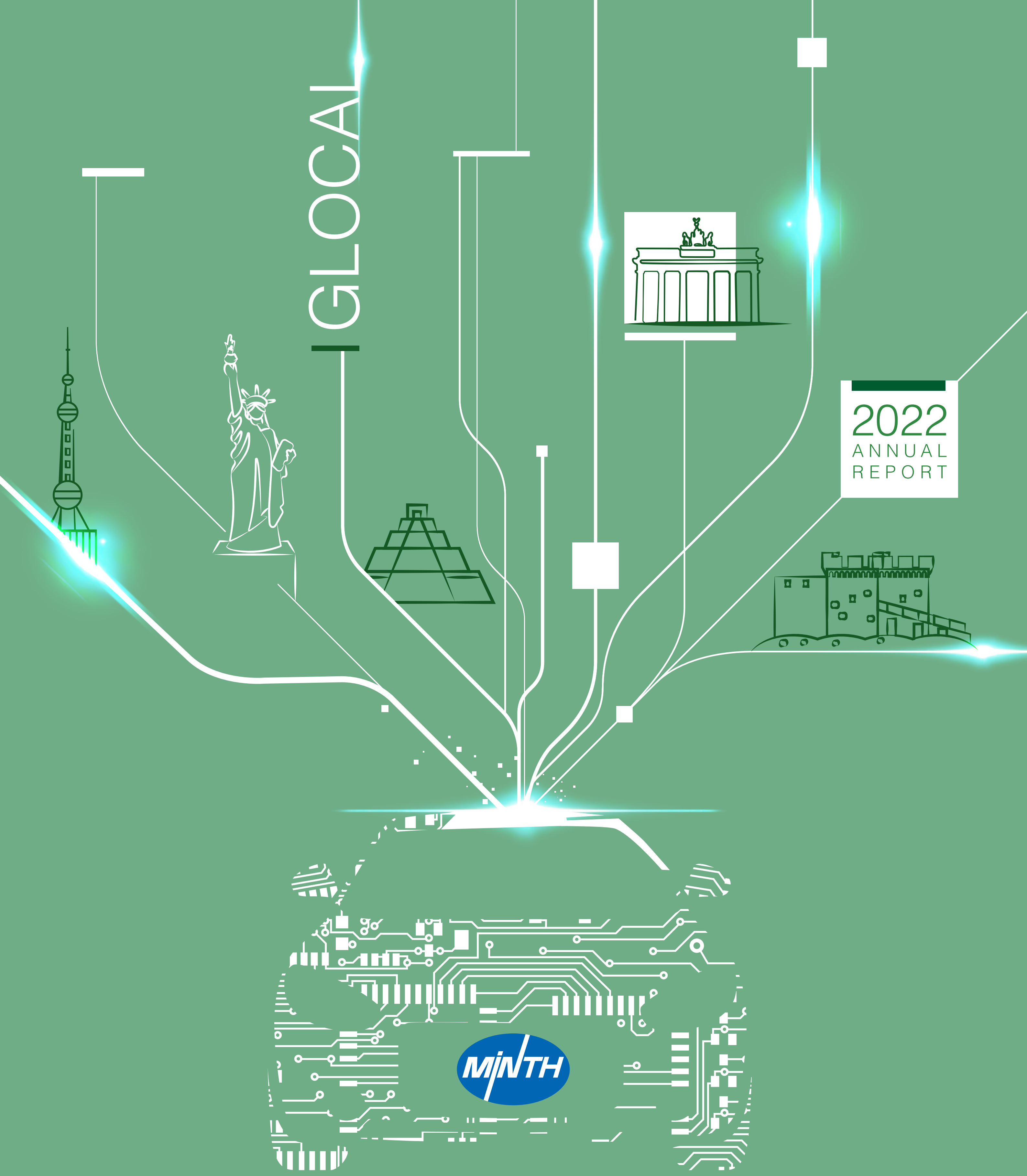
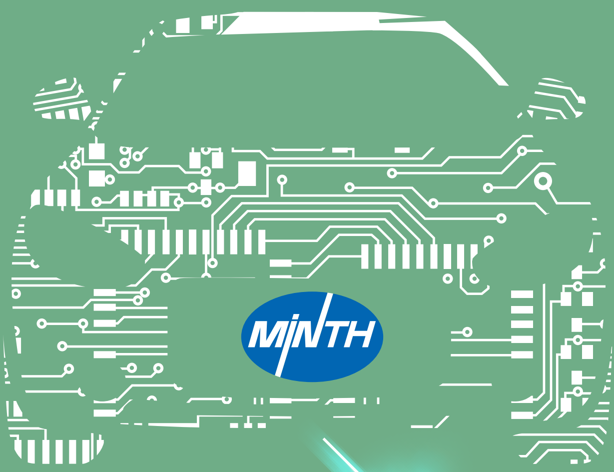


MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425



CORE VALUES

Integrity

Trust

Teamwork

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

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CONTENTS

* 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 and Chief Executive Officer (as appointed on 13 June 2022))*
Chin Chien Ya
Ye Guo Qiang *(appointed on 31 May 2022)*
Chen Bin Bo *(retired as an executive Director and resigned as the Chief Executive Officer on 31 May 2022)*

Independent non-executive directors

Wang Ching
Wu Tak Lung
Chen Quan Shi

COMPANY SECRETARY

Yi Lei Li

REGISTERED OFFICE

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

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Unterschleißheim, Germany

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Tsim Sha Tsui, Hong Kong

PRINCIPAL BANKERS

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Ningbo Economic and Technological Development Zone
China

Citibank N.A.
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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
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

AUDITOR

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law
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Taikoo Place, 18 Westlands Road
Quarry Bay, Hong Kong

As to PRC Law
Zhejiang T&C Law Firm
11/F Block A Dragon Century Square
1 Hangda Road, Hangzhou
China

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

STOCK CODE

SEHK Code: 0425

SUMMARY OF FINANCIAL INFORMATION

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				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022 RMB'000**
Result					
Turnover	12,553,202	13,198,189	12,466,858	13,919,269	**17,306,393**
Profit before tax	2,046,074	2,101,278	1,679,575	1,845,812	**1,779,069**
Income tax expense	(333,534)	(336,187)	(216,587)	(266,364)	**(248,708)**
Profit for the year	1,712,540	1,765,091	1,462,988	1,579,448	**1,530,361**
Attributable to:					
Owners of the Company	1,660,636	1,690,300	1,395,509	1,496,507	**1,500,584**
Non-controlling interests	51,904	74,791	67,479	82,941	**29,777**
	1,712,540	1,765,091	1,462,988	1,579,448	**1,530,361**

	As at 31 December				
	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	**2022 RMB'000**
Assets and Liabilities					
Total assets	21,268,088	23,642,675	27,205,745	29,644,844	**33,273,798**
Total liabilities	(7,839,382)	(8,898,981)	(11,892,850)	(13,089,188)	**(15,575,679)**
	13,428,706	14,743,694	15,312,895	16,555,656	**17,698,119**
Equity attributable to owners of the Company	13,160,414	14,324,945	14,944,004	16,022,972	**16,917,751**
Non-controlling interests	268,292	418,749	368,891	532,684	**780,368**
	13,428,706	14,743,694	15,312,895	16,555,656	**17,698,119**

CHAIRPERSON'S STATEMENT

Dear shareholders:

In 2022, change remains the only constant in the world. Factors such as the Russia-Ukraine war, the resurgence of the COVID-19 pandemic and the international political situation have brought about a profound impact on the global economy. Nevertheless, Minth has always been able to come up with the best way out swiftly. We endeavor to figure out the most suitable solutions to increase income and cut expenses in pursuit of positive growth. In 2022, Minth employees pulled together to overcome the disturbance of the external environment and delivered outstanding annual results: the revenue increased by 24.3% year-on-year to RMB17.306 billion, and the net profit increased by 0.3% year-on-year to RMB1.501 billion (core earnings increased by 40.9% year-on-year), of which the performance in the second half of the year was particularly distinctive, with revenue and net profit increasing by 38.5% and 41.6% year-on-year respectively. Annualized new order intake continued its strong momentum in terms of both innovative and traditional products, reaching RMB15.6 billion in 2022.

In 2022, Minth has been committed to the way for globalization, streamlining the global organizational structure and enhancing "GLOCAL" (global + local) operation and management strategy, with R&D, design, production and sales networks deployment widespread in China, the United States, Thailand, Mexico, Japan, Germany, Serbia, the Czech Republic, the United Kingdom and Korea, as well as the new plants in Poland and France which are now under construction. As for operational management, we achieve the parallel development of synergy in global production capacity and regional characteristic management in the form of "major hubs" together with satellite factories, and ensure that all of the best practices in regions could be promoted globally.

In 2022, we have been continuing stringent control over the expenses, and have witnessed remarkable results. The distribution and selling and administrative and research expenditure accounted for 19.3% of the revenue, down by 1.7 percentage points year-on-year in 2022. The battery housing business has made a great leap forward in both revenue and operational efficiency, its revenue increased by more than 650% year-on-year to RMB2.044 billion, and its segment margin further improved to 18.8%. We continued to improve the level of development, and constantly enrich the solutions of battery housing products backed by the technical improvement of material, structure, processing technology and vertical integration. In addition, we continued to expand the product category, body and chassis components and intelligent products have obtained multiple orders. Moreover, we have won recognitions from both customers and institutions in the automotive industry with outstanding performance in the R&D and delivery of products, as always. We feel much honored to say that all of these should be attributable to the joint efforts and diligent work of all our employees and the trust of our investors along the way.

Starting from 2022 and looking forward, we comprehensively focus on the "Environmental, Social and Governance" and established the Sustainability Committee and all-round working teams. With a vision of enduring operation, we implement oversight and execution responsibilities by a top-down matrix (from the Board to all units across the Group).

The year 2023, full of uncertainties, will continue to hone the character of Minth employees to embrace change. We are well prepared for both challenges and opportunities proactively, and "together we strive for perfection through continuous improvement". We are strongly convinced that, with our distinctive and elite team, as well as consistently improving management model, 2023 will definitely prove to be a more glorious year for Minth and each of us. We also believe that, with solid order backlog, Minth will definitely sail for rapid growth trajectory and achieve enduring operation excellence.

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

Wei Ching Lien
Chairperson

21 March 2023

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 2022 (the "Review Year") were approximately 23,836,000 units and approximately 23,563,000 units respectively, representing a year-on-year increase of approximately 11.2% and approximately 9.5% respectively. Despite the impacts of sporadic and recurrent COVID-19 pandemic, chip shortage and persistently high raw material prices, the overall passenger vehicle market in China maintained positive recovery momentum in terms of annual sales, which saw a U-shaped rebound and ended up with a favorable growth, thanks to the purchase tax incentives and surge in sales of new energy vehicles ("NEVs"). As to market segments, according to the statistics of Marklines, the sedan market saw increases of approximately 12.5% and approximately 11.5% respectively in production and sales when compared to the same period in the previous year. SUVs recorded increases in production and sales of approximately 13.5% and approximately 10.8% respectively as compared to the same period in the previous year, while production and sales of MPVs decreased by approximately 11.3% and approximately 11.2% respectively when compared to the same period in the previous year. In terms of performance by product origin, affected by chip shortage and the COVID-19 pandemic, the market share of German and Japanese OEMs in China decreased year-on-year to approximately 19.5% and approximately 17.8% respectively. The market share of American OEMs in China dropped slightly to approximately 9.4%, while European (excluding German brands) and Korean OEMs accounted for approximately 1.6% and approximately 1.7% of market share in China respectively. Chinese OEMs delivered stellar performance in which various OEMs grasped the opportunities of new energy and intelligent connectivity transformation by actively promoting electrification, intelligent upgrade and product mix optimization, constantly enhancing their brand influence. Passenger vehicles of Chinese OEMs reached a market share close to 50%, which is a record high in recent years. On top of that, the overall Chinese automobile market showed a trend of trading up. During the Review Year, the sales of passenger vehicles of premium brands amounted to approximately 3.886 million units, representing a year-on-year growth of approximately 11.1%, which outperformed the overall increase in passenger vehicle sales. During the Review Year, the sales of NEVs continued to surge with full-range models witnessing year-on-year growths, showing a good trend of a balanced development. Its annual sales increased by approximately 93.4% year-on-year to more than 6.8 million units, and the market share rose to 25.6%, revealing that NEVs has gradually entered a period of full-blown market expansion, ushering in a new phase of development and growth.

During the Review Year, due to the impacts of the capricious COVID-19 pandemic, supply chain shortages, deterioration in macroeconomic conditions and geopolitical factors, the automobile industry chain experienced an imbalance between supply and demand, and the market recovery was constrained. According to the statistics of LMC Automotive, the global light vehicle sales declined by approximately 0.6% year-on-year to approximately 80.98 million units in the Review Year, with all major markets recording year-on-year drops except China, Brazil, India, Thailand and Mexico. During the Review Year, among the mature markets, the sales of passenger vehicles in Western Europe declined by approximately 4.1% year-on-year to approximately 10.15 million units; light vehicle sales in the United States (the "US") dropped by approximately 7.8% to approximately 13.9 million units; and light vehicle sales in Japan decreased by approximately 8.3% to approximately 2.563 million units. As to major emerging markets, during the Review Year, the sales of passenger vehicles in Brazil and India increased by approximately 1.5% and approximately 21.2% year-on-year respectively; and the sales of light vehicles in Thailand and Mexico increased by approximately 11.9% and approximately 7.0% year-on-year respectively, while the sales of light vehicles in Russia plunged by 58.8% year-on-year.

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 battery housing products. The tooling and mould business mainly includes various moulds, gauges and fixtures for the development, processing and production of automobile exterior decorative parts and body structural parts. Headquartered in China, the Group has established worldwide presence through the development of R&D, design, production and sales networks in China, the US, Mexico, Germany, the United Kingdom, Serbia, the Czech Republic, Thailand, Japan, etc., and has commenced the construction of new production bases in France and Poland, with an aim to continuously provide customers with quality services and products.

During the Review Year, the four product business units ("BUs") of the Group, namely plastic products, aluminium products, metal and trim products, and battery housing products, worked with the Group's other functional departments to continually improve operating efficiency, which was achieved through their effective synergy with the innovation and R&D departments, sales, project management and product development teams and production functions at factory level. The Group expedited the nurturing of professional talents reserve with global vision, thus fortifying its core competitiveness in terms of technology, product and talent. Meanwhile, the Group optimised its product planning and production capacity planning in consideration of practical requirements in its global business development. The Group has established a platform to conduct cost assessment for all of its products. Specific products already in mass production were given priority during the optimisation process through benchmarking against products of the same type to minimise waste in all process flow, and proactive balancing and resource deployments were made to the Group's production capacity in its global operations based on the assessment of its business demand so as to improve its adaptability to volatile external circumstances.

During the Review Year, the Group continued to deepen the implementation of Minth Operation Excellence System (敏實卓越運營系統) ("MOS") and formulated a set of universal standards for its global operation excellence management, which facilitated the tools of cost attribution matrix pillar to better complement with the key performance indicators related to its operations, thereby allowing it to broaden income stream and reduce expenses while cutting costs and enhancing efficiency, which in turn would maximise the production and staff efficiency. 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. All BUs have completed the MOS talent layout and established an echelon of teams, which enabled each BU to implement and develop MOS on its own. The Group continued to utilise MOS as the assessment standard for its plant operation management, and identified eight perspectives, namely, management, "environment/quality/safety", cost, human resources, production excellence, equipment maintenance, logistics and supply chain, as the principal management elements of its plant operations. The Group continued to promote exchanges and appraisals among factories to facilitate the sharing and standardisation of best practices within the Group, thereby creating a more competitive standard product cycle time, so that best practices could be quickly standardised and replicated in its global plants. In the course of MOS implementation, the Group has also been seeking for improvements continuously. During the Review Year, the Group further optimised the primary-stage of product management and added it as an evaluation criterion, and the Group also simplified the work flows to reduce, to a further extent, the risks and costs incurred prior to mass production with less resources input. During the Review Year, in terms of digital transformation, the Group managed to make effective applications in the pillars including workshop organization, logistics and supply chain, equipment management, quality control and management, through which the Group could secure the accuracy of information and significantly reduce the risk of manual intervention, thereby ensuring 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 a thorough penetration of these products at customers' end. Meanwhile, through frequent exchange and interaction with its customers, the Group remained committed to the provision of systematic solutions to customers' internal combustion engine vehicle models and NEV models by deepening its understanding of customer demands in relation to product, technology and material innovation. During the Review Year, while ensuring the smooth mass production for several battery-housing projects in its plants in China, Serbia and the Czech Republic, the Group endeavoured to push forward the market expansion for innovative product offerings, such as body and chassis components and intelligent exterior decorative parts, and obtained multiple orders with the aim of assuring continual growth of the Group's revenue in the future.

During the Review Year, the Group's Digital Transformation Centre achieved the application of personalised, differentiated and customised products and services based on the Group's template, and gradually achieved digital bonus, such as the basic completion of digital operation and management systems for indicator management platform, platform of cost assessment for quotation and digital finance, resulting in a significant improvement in the quality and efficiency of digital services. During the Review Year, the Group introduced digital tools through continuous improvement and in-depth integration with business flow. From the perspectives of data connection, information visibility, lean analysis, efficient end-to-end synergy, data asset application, digital security, etc., the Group proposed and implemented the design and R&D of digital products that cover the entire life cycle of the production of products, fixed assets, and R&D data etc., with the concept of high quality, innovation, convenience, humanization and ecology, laying a solid foundation for enhancing digital management of the entire operation process and improving the efficiency of corporate operations comprehensively. The Group's Digital Transformation Centre continued to cooperate with a team of professional consultants to promote the rapid rollout of the Group's digital platform templates in both domestic and overseas factories, with the aim of realising rapid collaborative handling of orders, multi-dimensional intelligent operation, interconnection and interoperability among various segments, thereby creating a forward-looking operation and management model, and effectively boosting the Group's agile operation. As a typical example of digital transformation and upgrade, the Group's Factory of the Future project has commenced mass production, and the global interactive experience centre, global empowerment centre and global big data centre have been officially put into operation. Equipped with systems or functions such as SAP-MES, warehouse management system, 3D visualization, fully automated logistics system and industrial internet, the Factory of the Future is able to run as an unmanned and lights-out factory. At the same time, the Group has also built an ecological farm in Factory of the Future to construct a brand-new prototype of the Group's industrial ecosystem featuring the beauty of intelligent manufacturing, humanistic care and eco-friendliness, which will be replicated when the operation model of Factory of the Future project is mature, thus heralding the Group towards comprehensive digital transformation and upgrade.

During the Review Year, the Company established a sustainability committee to advise and assist the Board in identification, assessment and management of the sustainability of the Company and its subsidiaries in respect of environmental, social and governance issues. The Group kept deepening its engagement in the management of environment, occupational health and safety ("EHS") based on its EHS system to achieve the goal of green manufacturing with intelligence and sustainable development, and gradually complete the construction of both energy system and carbon emission management system, so as to fulfil its corporate social responsibilities ("CSR") and gradually promote and develop a prominent sustainability management system for the Group.

During the Review Year, the Group has been implementing the strategic goals of achieving carbon peaking by 2030 and carbon neutrality by 2050 (the "3050 dual carbon goals"), and has formulated an industrial layout goal of "low-carbon R&D and circular economy" and the excellent operation direction of "digitalisation, green energy and green supply chain". The Group commenced greenhouse gas emission management based on ISO14064 system to examine and audit the total carbon emissions of the Group and individual carbon emissions of each factory during the previous year, which provided the Group with data support for its carbon neutrality strategy. In February 2023, certain subsidiaries of the Company, namely Ningbo Shintai Machines Co., Ltd.* (寧波信泰機械有限公司) and Qingyuan Minhui Automotive Parts Co., Ltd.* (清遠敏惠汽車零部件有限公司) were awarded the title of "Enterprise of Green Supply Chain Management in 2022" and Shenyang Minneng Automotive Parts Co., Ltd.* (瀋陽敏能汽車零部件有限公司) was awarded the title of "Green Factory in 2022", both of which were awarded by the Ministry of Industry and Information Technology of the PRC.

During the Review Year, the Group initiated ISO50001 energy management training and implementation and set up energy management function, annual performance targets, energy-saving management and technology solutions and daily review system at factory, BU and group levels, to ensure the fulfilment of annual energy management targets of the Group. During the Review Year, ISO50001 audits and certifications for five factories have been completed. The Group paid continuous attention to the responsibility toward various stakeholders, such as workers, consumers, environment and community, and continued to implement online and onsite audit on CSR, NQC-SAQ4.0 self-assessment and CDP online audit.

During the Review Year, the Group continued to enhance its digital EHS management and carbon emission management. With the five modules launched on the Group's digital EHS system, namely the workplace accident management system, construction management system, EHS red line management system, EHS hidden-danger management system and hazardous waste management system, the Group has comprehensively improved its EHS management efficiency, EHS risk prevention capability and emergency handling capability in its global factories. The Group has also launched the carbon emission management system, which is able to measure and verify carbon emission intensity and carbon footprint, as well as to manage energy-saving and low-carbon projects, in a bid to facilitate the Group to achieve its 3050 dual carbon goals.

During the Review Year, the Group continued to strengthen its safety management across all BUs on a uniform basis with a focus on on-site operations. Based on a set of criteria called the "ten major red lines" (forbidden behaviors) and centered around "list management & process control", the Group put forward the EHS management principle of "clear communication, precise implementation and complete evidence chain" to enhance the safety awareness of employees and reinforce the management's awareness of risk identification, which will ensure operational safety at the factory level. By leveraging on the introduced advanced technologies for wastewater, emissions and hazardous waste treatment currently in place, the Group had effectively reduced pollutant discharge and emission, and it continued to increase investment in waste recycling facilities, reduce procurement of raw materials and supplies, lower operating costs with enhanced operation management of the emission treatment facilities, as well as provide real-time monitoring for, and ensure effective operations of the emission treatment 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 optimising 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 Group's EHS team continued to implement a mid-year "ten major red lines" audit and year-end MOS-EHS pillar assessment against each factory in China, Europe and North America, commenced corporate compliance audit from 45 dimensions, passed the supervisory audit of the ISO45001 and ISO14001 System, identified and eliminated on-site key risks, and comprehensively enhanced its management and control capability in key EHS risks, which facilitated the Group to reduce the risks of the occurrence of fire accident and work-related injury and enhanced its EHS performance, so as to ensure safe and healthy operations of the Group eventually. During the Review Year, work-related injury or accident rate per million working hours of the Group was about 1.0 and no material safety, fire, environmental and occupational health incidents were reported.

During the Review Year, the Group further optimised its system of internal control and risk management. The Group has officially issued the "Minth Group Internal Control and Risk Management Policy" and "Guidelines on Internal Control and Risk Management of Minth Group" to promote and supervise the internal control formulation and risk management of each functional department and operation unit, and to gradually extend such risk management system to overseas units. Centering around its development strategy and in combination with management model reforms and digital transformation, the Group has basically completed its audit and risk control model, through which the Group is able to identify risks and conduct risk prewarning and hence carry out timely control, as well as to update and maintain the authorisation framework on a continuous basis. The Group continued to review and optimise the efficiency and effectiveness of its process control, incorporating its internal control and risk management 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. Meanwhile, Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零部件有限公司), a subsidiary of the Company, has successfully obtained the certification of ISO37001 anti-bribery management system, winning for the Group recognition from international professional standard in area of integrity governance. On the basis of that, the Group has expanded internal and external reporting channels to continuously improve its anti-corruption system, and strengthened its anti-corruption publicity and education to create an ethical business environment for the Group and its stakeholders, in an effort to protect the legitimate rights and interests of the Company, its shareholders and all stakeholders. In addition, the Group formally issued the "Minth Group Limited Code of Business Conduct and Ethics" to all functional departments and operating units and updated the "Minth Group Policy on Whistleblowing for Ethics and Compliance", which clarifies and regulates the Group's requirements and commitments on business ethics and compliance, and protects and rewards the reporting of various non-compliances and violations of business ethics. Based on the above relevant measures, the Group continued to improve its audit and supervision, internal control and risk management models, thereby improving its capability in risk management and control and reasonably ensuring 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 RMB17,306,393,000, representing an increase of approximately 24.3% as compared with approximately RMB13,919,269,000 in 2021. During the Review Year, the domestic revenue of the Group was approximately RMB9,501,699,000, representing an increase of approximately 15.9% as compared with approximately RMB8,201,506,000 in 2021, which was primarily due to the mass production in battery housing for multiple OEM customers and the growth in the Chinese OEM business. During the Review Year, the overseas revenue of the Group was approximately RMB7,804,694,000, representing an increase of approximately 36.5% as compared with approximately RMB5,717,763,000 in 2021, which was mainly driven by the businesses from customers such as BMW, Mercedes-Benz, Volkswagen and General Motors as well as the mass production of newly launched overseas factories of the Group.

During the Review Year, the Group has made a great leap forward in its new business intake, among which it has made multiple significant breakthroughs in the battery housing business in particular. The Group won an order for battery housings of a major global platform vehicle model of Mercedes-Benz, and became its largest partner in battery housing. The Group secured orders for battery housing of two platform models from Stellantis, consolidating the Group's position as the core supplier of battery housing in Stellantis. The Group continued to increase its battery housing business share in BMW. Besides, as for the Group's NEV start-up customers, the Group also secured orders for battery housing from Lucid, XPeng and Li Auto. Meanwhile, the Group has also made breakthroughs in the business of composite material housing cover and secured orders from GAC Motor and EVE Energy. During the Review Year, the Group kept up with the industry development and reported frequent successes in intelligent products. The Group secured orders for illuminated emblems and illuminated grilles from clients such as Geely, Volkswagen and General Motors, and won an order for smart B pillar cover assembly from a Chinese OEM, making it one of the few suppliers in the world to complete the development of the entire smart pillar assembly independently. The Group successfully secured orders for intelligent tailgates from Nissan and XPeng, achieving the progress of the business from one to many. During the Review Year, the Group continued to increase its market share in body and chassis components. In addition to securing orders for MEB platform of Volkswagen, the Group also tapped into business with Changan Automobile and Chrysler in North America. At the same time, the Group made continuous efforts on innovation with a breakthrough in the electric side door system and secured relevant orders from a Chinese OEM. During the Review Year, the Group also continued to increase its customer coverage and penetration in traditional products. While endeavoring in securing orders of wide range of products from BYD, the Group was also admitted to the supplier system of NEV start-ups such as Leapmotor, HOZON and JiDU. The Group was awarded the roof rack business by Honda in Japan for the first time, representing a breakthrough of Honda's stronghold in Japanese market. In terms of aluminium trims, the Group secured exclusive orders for aluminium trims of Mercedes-Benz C-class electric vehicles, remaining as Mercedes-Benz's dominant supplier of aluminium trim and roof rack business in North America. The Group won another order from a premium American NEV brand, further increasing the market share of the Group's aluminium trims. In addition, the Group obtained orders for interior decorative parts from Beijing Hyundai for the first time during the Review Year. The Group's diversified product portfolio and expanding customer coverage will strongly support the long-term sustainable growth of the Group's performance.

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. Meanwhile, given the global political, economic, and environmental factors, customer demand, and internal development of the Group, amongst others, the Group continued to enhance its "GLOCAL" (global + local) operation and management strategy. This is achieved by ensuring all of the best practices and competitive advantages in individual countries the Group operates in are implemented. Also, by building "major hubs" in regions around the world and extending satellite factories around the hubs, the Group is able to achieve the parallel development of synergy in global production capacity and independent regional operations. As at 31 December 2022, with mass production of the Group's new production lines at various locations globally, the Group continued to improve existing products and expand production capacity. In particular, as for the European region, the Group's several battery-housing projects in the plants located in Serbia and the Czech Republic successfully kicked off for mass production, ramped up and met customers' requirements, during which the Group has dispatched a number of experienced staff to Serbia and the Czech Republic to provide technical support. During the Review Year, the Group signed a memorandum of understanding with Renault with the intention to set up a joint venture in France, which will supply battery housings for multiple electric vehicle models of Renault. Meanwhile, the Group has commenced the construction of infrastructure for the battery housing plant in Poland. In North America, the Group secured various orders for battery housings during the Review Year, and planned to set up an operational organisation structure of battery housing there to replicate the successful experience of the Serbian battery housing plant in terms of construction and mass production. During the Review Year, the Group optimised its supply chain planning for the US plant to enhance profitability and expanded the production capacity of the aluminium product plant in Mexico to meet the growing demand in order delivery. Furthermore, to ensure the full integration of the Group's dispatched employees with overseas local employees, the Group has taken various measures to enhance communication between employees with different nationalities. Foreign executives are encouraged to have more frequent and direct exchanges with the Group's management on the operation and management of overseas factories and the risks and opportunities of the Group's development at regular meetings of the Group's operations. With its increasingly global presence, the Group is able to meet the demands for proximal supplies from its worldwide customers and further reinforce and consolidate the global competitiveness of its core products.

During the Review Year, the Group entered into agreements with Zhejiang Sanhua Intelligent Controls Co., Ltd. and Magna International Inc. respectively to form joint venture companies in order to better pursue its business expansion and provide better services for customers. Please refer to the announcements dated 6 April 2022 and 8 September 2022 of the Company for details.

During the Review Year, the global automobile industry was confronted with multiple challenges due to impacts brought by the Russia-Ukraine war and international geopolitical developments, amongst other factors. Meanwhile, the global pandemic continued to disrupt normal operation of the automobile industry. Coupled with the short-term lockdown policy implemented as a result of the pandemic outbreak in many parts of China, the supply chain had been hard dampened. In response to the impact of the Russia-Ukraine war, the Group has set up a contingency team comprising logistics, sales, supply chain planning, production management and delivery teams to hold regular meetings for information exchange about unusual information from time to time and to monitor the extent of the impact on customers in a timely manner so as to allow for flexible adjustment of production plans and to ensure operational efficiency. In response to the impact of the pandemic during the Review Year, the Group has remained vigilant at all times and conducted the implementation work in accordance with the pandemic prevention and control response plan and emergency plan, in order to achieve the normal delivery of products while ensuring compliance, health and safety. China's lockdown policy against the pandemic was largely loosened at the end of 2022. Although it had a certain impact on the supply chain and production schedule over short term, the Group responded proactively by taking temporary measures to maintain production and successfully completed its delivery tasks. Meanwhile, the Group also implemented control measures by streamlining its processes and enhancing efficiency. The Group had developed a blueprint for the full life cycle management of its assets and planned to adopt digital means to automatically identify idle production capacity and assets, thereby providing effective support for investment and production capacity management. The Group's rapid and effective responses had ensured timely delivery, premium quality products and effective cost control and were highly recognised by its customers.

Research and Development

R&D and innovation are important pillars 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 gradually rising trends of internet connectivity and shared mobility, the Group had swiftly and effectively responded to a series of ground-breaking innovations in the automotive and related industry to lay down the fundamental strategy of innovation-driven development, optimised the structure of R&D organisations, strengthened the self-initiated R&D and innovative research capability in respect of basic materials, products and technology, and continued to increase its investments in R&D. Through in-depth exchange with customers such as traditional OEMs, NEV start-ups and battery makers, the Group strived to firmly grasp the differences in product and technology requirements of various customers and the development trend; and through proactive self-innovation and cooperation with world- leading enterprises, to promote technical breakthrough of processing technology. The Group prospectively improved the R&D capability and management efficiency as a whole to further solidify its presence in core components for NEVs and promoted the integration of intelligent products and exterior decorative parts, thus consolidating its position as a core strategic partner to OEM customers.

The Group will continue to engage in innovative research and development and deployment, devote itself to the business development of products including battery housings, body and chassis components and intelligent exterior products, and contribute to the evolution of the automotive industry such as low carbon and intelligence. The Group has made tremendous progress in these fields, which lays a solid foundation for the Group's future sustainable development. For battery housings and body and chassis parts, the Group has been cultivating the battery housing business and honing its competitive advantage to become a system solution provider. The Group, with its full- range vertical integration capabilities, has become a preferred partner for premium global automotive OEMs. The Group's battery-housing solutions have been recognised by numerous customers. During the Review Year, the Group signed a memorandum of understanding with Renault with the intention to set up a joint venture factory in France, which will develop and provide battery housings for multiple electric vehicle models of Renault in the future. During the Review Year, the Group continued to win nomination from premium traditional OEMs and NEV start-ups, further consolidating the Group's leading position as one of the largest battery-housing suppliers in the world. The Group paid close attention to the development trend of battery-housing products and technology and conducted independent R&D to ensure its products and technology cater for market demands, while providing customers with better innovative solutions. The Group continued to carry out R&D and production of diversified battery-housing solutions from different perspectives, such as structure, battery adaptability, application and materials. Meanwhile, based on its battery housing techniques and processing technologies, the Group has been gradually tapping into complementary parts and successfully developed products, such as front and rear crash management systems, subframes and other die casting structural parts, and started to see order inflows, which would help the Group achieve integration of battery housings and chassis structure progressively.

As for intelligent exterior decorative products, the Group focused on the product R&D and expansion of intelligent front and rear modules and intelligent door systems to fully realise intelligent upgrade for exterior decorative products. 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 market penetration rate for several products has been increasing, including millimetre wave compatible radomes, LiDAR compatible radomes, intelligent illuminated grilles, etc. The Group has actively deployed in the field of intelligent door systems, including application scenarios such as intelligent access and automatic opening, with its self-developed solutions such as intelligent pillar cover with face recognition function, electric side door system and ultralight door obtaining technical recognition from several OEMs. During the Review Year, the Group won an order for smart B pillar cover assembly from a Chinese brand, making it one of the few suppliers in the world to complete the development of the entire assembly independently. In addition, the Group also secured a mass production order for electric side door system from a Chinese NEV brand.

Furthermore, the Group also attaches great importance to the technological R&D of new materials 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 particular, the Group successfully developed the Minal-S632 aluminium alloy with 320Mpa ultra-high yield strength and crushing property which has reached advanced level in the global market. As at 31 December 2022, the Group had over 50 core patents in terms of material formula and processing technology in relation to aluminium alloy, which have been widely applied in the battery housings and body and chassis structural parts of OEMs, such as BMW, Benz, Audi and Volkswagen, demonstrating the Group's comprehensive technological capability in both product and material as a leading market player in the Asia-Pacific region and even the world. Meanwhile, in response to the carbon neutrality target in various markets in the world, the Group developed its proprietary ECO-ALUMIN® S series of environment-friendly aluminium with recycled aluminium as raw material. The percentage of recycled waste used could be up to 80% with a carbon emission of less than 2.5KGCO_2e. In the meantime, the Group focused on R&D and innovation of polymer materials and completed the development of Eco OleCom® and Eco LonitBlend® series of environmentally friendly recycled materials, which have been certified by a number of OEMs for material technology and will be gradually applied to mass production orders in the future.

The Group attaches great importance to the protection, application and management of intellectual property rights. It has initiated a comprehensive deployment in patents for innovative products and technologies 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 Navigation" (浙江省專利導航). An invention patent was recommended by the 24th China Patent Award of the Science and Technology Department of the Ministry of Industry and Information Technology. Meanwhile, the Group also continued to improve its patent deployment in corporate, core product and technology, in order to enhance its brand influence. During the Review Year, 635 patent applications were newly filed for approval by the Group, among which 12 applications were related to overseas patents. The Group newly obtained 592 patent authorisations and 194 certificates of registration for trademarks.

Corporate Social Responsibility

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

During the Review Year, the Company established a sustainability committee to advise and assist the Board in identification, assessment and management of the sustainability of the Company and its subsidiaries in respect of environmental, social and governance issues. The Group kept deepening its engagement in EHS management based on its EHS system to achieve the goal of green manufacturing with intelligence and sustainable development, and gradually complete the construction of both energy system and carbon emission management system, so as to fulfil its corporate social responsibilities and gradually promote and develop a prominent sustainability management system for the Group.

During the Review Year, guided by the culture of "love — demanding and caring", the Group continued to focus on enhancing all staff members' understanding of the concept of overall wellness, and strived to thoroughly practice overall wellness from the perspectives of employees and their families (including spouses, children and parents). Amidst the global cross-cultural environment, the Group will continue to deepen the promotion of global cultural integration and enhance the potentials of employees worldwide, striving to pursue excellence of global teams and organisations.

During the Review Year, the Group continued to make strong efforts to promote enhancement of CSR on the part of its supply-chain partners. By formulating plans for the medium to long-term goals of carbon reduction of the suppliers, the Group increased utilization proportion of green energy and improved the efficiency of energy utilization. The Group also sped 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 in order to make contribution to the society through practical actions. During the Review Year, the Group supported 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 Minth Foundation, established by the Group, invested RMB3.734 million in public welfare, with a total of 160,000 hours of activities by participants; by 31 December 2022, over RMB40.297 million has been spent on charitable projects by the Minth Foundation. The Minth Foundation is committed to the Group's initial aspiration of public welfare and is actively engaged in services and initiatives for people's livelihood. During the Review Year, the Group was awarded the Strategic Partnership Donation Award by the Xin Hua Education Foundation.

Please refer to the 2022 Environmental, Social and Governance Report of the Company for more details.

FINANCIAL REVIEW

Results

During the Review Year, the Group's revenue was approximately RMB17,306,393,000, representing an increase of approximately 24.3% from approximately RMB13,919,269,000 in 2021. During the Review Year, although the global automobile market was affected by factors such as Russia-Ukraine war, pandemic resurgence and chip shortage, the Group's battery-housing business realized a significant year-on-year growth as the global sales of NEVs increased rapidly, coupled with the good performance in the sales of major vehicle models of the Group's overseas customers, the Group managed to achieve considerable revenue growth.

During the Review Year, the profit attributable to owners of the Company was approximately RMB1,500,584,000, representing an increase of approximately 0.3% from approximately RMB1,496,507,000 in 2021. After excluding the effect of the one-off gains arising from the disposal of subsidiaries and receipt of relocation payment for land and buildings, etc. in 2021, the profit attributable to owners of the Company would have increased by approximately 40.9% compared to 2021. This was mainly due to the increase in gross profit compared to 2021 which was mainly attributable to factors such as the revenue growth of the Group during the Review Year, while the Group strictly managing and controlling the growth rate of labor costs and other expenses, which enabled the Group to maintain a better level of profitability in general.

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	2022 RMB'000	2022 %	2021 RMB'000	2021 %
Domestic	**9,501,699**	**54.9**	8,201,506	58.9
Overseas	**7,804,694**	**45.1**	5,717,763	41.1
Total	**17,306,393**	**100.0**	13,919,269	100.0

Revenue from Overseas Markets

During the Review Year, the Group's revenue from overseas markets amounted to approximately RMB7,804,694,000, representing an increase of approximately 36.5% from approximately RMB5,717,763,000 in 2021. It accounted for approximately 45.1% of the total revenue of the Group in the Review Year, representing an increase when compared to approximately 41.1% in 2021.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB4,784,153,000, representing an increase of approximately 17.2% from approximately RMB4,083,774,000 in 2021. The gross profit margin for the Review Year was approximately 27.6%, representing a decrease of approximately 1.7% from approximately 29.3% in 2021. This was mainly due to factors such as changes in product structure (i.e., the growth of battery-housing, body and chassis components and modular product business), and the increasing percentage of revenue from certain overseas companies during their ramp-up period, etc. 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 proactively promoted supply chain integration and constantly adopted measures such as lean production and technology upgrade to continuously improve production efficiency and production yield, so as to partially offset the decrease in overall gross profit margin. In particular, the gross profit margin of the battery-housing products has recorded a significant improvement.

Investment Income

During the Review Year, investment income of the Group was approximately RMB286,410,000, representing an increase of approximately RMB1,411,000 from approximately RMB284,999,000 in 2021. 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 RMB315,084,000, representing an increase of approximately RMB90,070,000 from approximately RMB225,014,000 in 2021. It was mainly attributable to an increase in government grants related to income and profits from material sales.

Other Gains and Losses

During the Review Year, the Group's other gains and losses amounted to a net gain of approximately RMB6,278,000, representing a decrease of approximately RMB411,909,000 as compared to a net gain of approximately RMB418,187,000 in 2021. It was mainly attributable to the gains on disposal of subsidiaries and receipt of relocation payment for land and buildings, etc. by the Group in 2021 but no such gains during the Review Year.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses were approximately RMB868,369,000, representing an increase of approximately RMB123,938,000 from approximately RMB744,431,000 in 2021. It accounted for approximately 5.0% of the Group's revenue, representing a decrease of approximately 0.3% from approximately 5.3% in 2021. It was mainly attributable to the Group's increase in revenue as well as the strict control on distribution and selling expenses, resulting in a decrease in their percentage to the revenue during the Review Year.

Administrative Expenses

During the Review Year, the administrative expenses of the Group amounted to approximately RMB1,291,938,000, representing an increase of approximately RMB54,545,000 from approximately RMB1,237,393,000 in 2021. It accounted for approximately 7.5% of the Group's revenue, representing a decrease of approximately 1.4% from approximately 8.9% in 2021. This was mainly due to the Group's increase in revenue as well as the strict control on relevant expenses such as labour costs and the decrease in option expenses, resulting in a decrease in the administrative expenses as a percentage to the revenue during the Review Year.

Research Expenditure

During the Review Year, the research expenditure of the Group amounted to approximately RMB1,172,394,000, representing an increase of approximately RMB231,694,000 from approximately RMB940,700,000 in 2021. It accounted for approximately 6.8% of the Group's revenue, which was maintained at the same level as compared to 2021. It was mainly because the Group prospectively continued to step up effort in the R&D of innovative products including battery-housing, body and chassis components and intelligent exterior decorative parts during the Review Year due to the increasing customisation demands of OEM customers and consumers with the continuous promotion of the four disruptive trends in the automotive industry, while introducing senior R&D talents and strengthening technological breakthrough with a view to promoting long-term sustainable growth of the Group's performance with innovative R&D.

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 RMB30,573,000, representing an increase of approximately RMB11,369,000 from a net profit of approximately RMB19,204,000 in 2021, which was mainly attributable to the improvement in the profitability of one of the joint ventures, Hella Minth (Jiaxing) Automotive Parts Co., Ltd., during the Review Year.

Share of Results of Associates

During the Review Year, the Group's share of results of associates was a net loss of approximately RMB20,097,000, representing a decrease of approximately RMB23,101,000 from a net profit of approximately RMB3,004,000 in 2021, which was mainly due to the increase in loss of one of the associates during the Review Year.

Income Tax Expense

During the Review Year, the Group's income tax expense was approximately RMB248,708,000, representing a decrease of approximately RMB17,656,000 from approximately RMB266,364,000 in 2021.

During the Review Year, the effective tax rate was approximately 14.0%, representing a decrease of approximately 0.4% from approximately 14.4% in 2021.

Profits Attributable to Non-controlling Interests

During the Review Year, the Group's profits attributable to non-controlling interests were approximately RMB29,777,000, representing a decrease of approximately RMB53,164,000 from approximately RMB82,941,000 in 2021. It was mainly attributable to the decrease in net profit of non-wholly owned subsidiaries during the Review Year as compared to 2021.

Liquidity and Financial Resources

As of 31 December 2022, the Group's total amount of bank balances and cash and pledged bank deposits was approximately RMB5,275,654,000, representing a decrease of approximately RMB1,261,915,000 from approximately RMB6,537,569,000 as of 31 December 2021. As of 31 December 2022, the Group's low-cost borrowings in aggregate amounted to approximately RMB8,198,196,000, among which the equivalent of approximately RMB3,751,478,000, approximately RMB2,376,023,000, approximately RMB1,606,032,000, approximately RMB238,187,000, approximately RMB164,543,000, approximately RMB55,233,000, approximately RMB6,700,000 were denominated in Euro ("EUR"), RMB, US Dollar ("USD"), New Taiwan Dollar ("NTD"), Thai Baht, Great Britain Pound, Hong Kong Dollar ("HKD") respectively, representing an increase of approximately RMB1,054,606,000 as compared to approximately RMB7,143,590,000 as of 31 December 2021. It was mainly attributable to borrowings made by the Group considering the consolidated gains from exchange rates, interest rates and capital management.

During the Review Year, the net cash flow from the Group's operating activities was approximately RMB1,855,430,000, representing an increase of approximately RMB533,630,000 from approximately RMB1,321,800,000 in 2021, indicating a sound cash flow condition.

During the Review Year, the Group's trade receivables turnover days were approximately 76 days, which were approximately 4 days shorter than approximately 80 days in 2021. This was mainly due to the increase in the proportion of revenue from the Group's overseas customers who had shorter collection cycles during the Review Year, coupled with the Group's strengthening of collection control during the Review Year, the combining effects of which resulted in shortening of the Group's trade receivables turnover days.

During the Review Year, the Group's trade payables turnover days were approximately 78 days, decreased by approximately 3 days from approximately 81 days in 2021, which was mainly attributable to the increase in battery-housing business which had a shorter payment cycle during the Review Year, resulting in a decrease in the Group's trade payables turnover days.

During the Review Year, the Group's inventory turnover days were approximately 96 days, decreased by approximately 3 days from approximately 99 days in 2021, which was mainly attributable to a decrease in inventory days during the Review Year compared to 2021 as the Group had strengthened its inventory control while steadily advancing project development.

The Group's current ratio was approximately 1.2 as of 31 December 2022, which decreased by approximately 0.4 from approximately 1.6 as of 31 December 2021. As of 31 December 2022, the Group's gearing ratio was approximately 27.5% (31 December 2021: approximately 27.4%), which was a percentage based on 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 2022, 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	576,165

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 31 December 2022, the balance of the Group's bank borrowings was approximately RMB8,198,196,000, of which approximately RMB2,621,174,000 was bearing at fixed interest rates, and approximately RMB5,577,022,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality features. In addition, approximately RMB5,052,897,000 of the borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalents of approximately RMB3,751,478,000, approximately RMB1,294,719,000 and approximately RMB6,700,000 were denominated in EUR, USD 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 2022, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB413,410,000, of which approximately RMB184,657,000 was denominated in USD, approximately RMB178,016,000 was denominated in EUR, approximately RMB31,715,000 was denominated in Japanese Yen, approximately RMB13,086,000 was denominated in Mexico Peso, approximately RMB5,887,000 was denominated in HKD, and the remainder of approximately RMB49,000 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 is highly concerned about the foreign exchange risks, and would take the exchange rate expectations of relevant currencies into full consideration when deciding the billing currencies for relevant businesses. The Group controls and mitigates foreign exchange risks by closely monitoring the size of its assets and liabilities denominated in foreign currencies in day-to-day operations and by selecting local currencies as settlement currencies appropriately according to the Group's overseas strategic deployment to reduce the size of businesses denominated in foreign currencies. Meanwhile, the Group also uses forward exchange contracts, currency swaps, options, interest rate swaps and other financial derivative products to further prevent interest rate risks and foreign exchange risks.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group had no contingent liabilities (31 December 2021: Nil).

MORTGAGED ASSETS

As of 31 December 2022, the Group had borrowings of USD1,000,000 (equivalent to approximately RMB6,965,000) and RMB5,000,000, which were charged by land with book value of NTD120,000,000 (equivalent to approximately RMB27,276,000).

As of 31 December 2022, the Group had borrowings of approximately RMB798,971,000 and issued bills payables of approximately RMB290,403,000 due within 6 months, which were pledged by bills receivables with par value of approximately RMB192,478,000 and bank deposits of RMB900,000,000. The borrowings are to be settled in RMB (31 December 2021: the Group had borrowings of RMB322,481,000 and issued bills payables of approximately RMB207,954,000 due within 6 months, which were pledged by bills receivables with par value of approximately RMB114,389,000 and bank deposits of RMB904,000,000. The borrowings are 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 RMB3,414,270,000 (2021: approximately RMB3,159,650,000), which was attributable to the Group's further expansion of its R&D on innovative products and relevant technologies such as battery-housing, body and chassis components and intelligent exterior decorative parts, together with its product capacity layout in overseas markets during the Review Year. At the same time, the Group continued to exercise prudent control over capital expenditure in line with its asset-light strategy and exercised stringent control over the investments in fixed assets for its 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 2022, the Group had a total of 21,331 employees, up by 1,573 employees when compared to that as of 30 June 2022. The increase was mainly attributable to the continued development of NEV markets around the globe, the Group's continued efforts to strengthen its innovative R&D team, the gradual mass production and ramping-up of new projects in the Group's overseas factories as well as the steady and progressive implementation of the Group's overseas layout during the Review Year.

During the Review Year, guided by the culture of "love — demanding and caring", the Group continued to focus on enhancing all staff members' understanding of the concept of overall wellness, and strived to thoroughly practice overall wellness from the perspectives of employees and their families (including spouses, children and parents), which included the followings: (1) the Group continued to conduct "Overall Wellness Workshops" in China with a participation of over 1,500 person-times; it also launched the overall wellness activity "Love Tour Plan" for the first time in overseas regions to help overseas employees improve their understanding and practice of overall wellness; at the same time, the Group also conducted one-on-one care activity for employees in its global operations to inspire their self-awareness and growth, with around 2,000 employees participated and benefiting; (2) the Group continued to promote the practice and enhancement of family happiness of its employees, and organised several rounds of "Family Drawing Room" and "Couple's Relationship Camp" sessions, for around 1,000 employees and their spouses. Of which, the "Family Drawing Room" session has covered several operating regions of the Group, including China, North America, Thailand, Serbia and Japan; (3) the Group has continuously enhanced the family happiness of its employees, and has launched a number of projects for employees' children and their parents. More than 1,000 employees' children have participated in different forms of babysitting and childcare projects such as "Youth Summer Camp", "Childcare during Winter and Summer Vacation" and "Nursery Garden". The Group has also launched a series of senior caring projects which provide employees' parents with a platform for knowledge learning, companionship, and ability and happiness enhancement; and (4) with the continuous development of international business, the Group has launched all-round care for dispatched employees, including family care and children education support, employee career development planning, cross-cultural counseling and ability enhancement, etc. Looking ahead to 2023, amidst the global cross-cultural environment, the Group will continue to deepen the promotion of global cultural integration and enhance the potentials of employees worldwide, striving to pursue excellence of global teams and organisations.

Facing a double whammy of global geopolitical situation and the COVID-19 pandemic, the Group has adapted to the changes in the global business environment and industry development. During the Review Year, the Group promoted and implemented reform projects to enhance organisational efficiency within its BUs, finished the construction of the Shared Service Centre in its European operations, and comprehensively deepened the Group's global governance positioning and functions of each function of the headquarters and optimised the global matrix management model, strengthening its global business operation and management capabilities. Meanwhile, the Group has established a process monitoring organization and the Sustainability Committee under the Board with corresponding task forces, strengthening the construction of process-oriented organisation, while continuing to fulfill the Group's commitment in sustainability. The Group further promoted differentiated incentive initiatives for various units and groups to stimulate the effectiveness of units and employees and achieved good results. Looking ahead to 2023, with an aim to fully achieve its strategic goals, the Group will work both internally and externally to enhance organisational agility and the effectiveness of global process-oriented organisation, explore and put into practice innovative organisational models, further enhance the capabilities of regional shared organisations, and continue to blaze the path for the Group's organisational transformation, in order to empower the sustainable development of its global operations.

On the front of talent development, with the progression of the Group's global layout and digital transformation, as well as the continuous R&D and innovation of its products, technologies and processes, the Group focused on the iteration and development of a future, globalization and innovation-oriented talent development system, as well as the continuous upgrading of organisational competence, in order to support the implementation of its business strategies and maintain the sustainable momentum of its operations. During the Review Year, the Group expedited the development of its talent development system and organisational competence, including: (1) revolutionarily iterated the Group's talent development assessment system in terms of its definition, structure and operational mechanism, and established the qualifications of nearly 600 job titles, with new ideas, methodology and system of talent development to facilitate and guide the full cycle of employee capability development and value contribution; (2) optimised the Group's international talent profile based on its overseas operations in coordination with its talent recruitment function to realise the in-depth integration of international talent selection and cultivation, to select the key potential international talents both internally and externally, and to expedite the development of the Group's international talent pool with international talent training and international talent certification, so as to consolidate and strengthen the Group's international talent supply chain; (3) continued to conduct talent development programmes for managers across the Group, helping over 300 core managers to enhance their overall leadership and laying down a solid foundation for improving the capabilities of middle and junior level teams; and (4) elevated the value of employees' team competencies from basic, repetitive tasks to high-value business development and operational changes, which is expected to help achieve an all-round efficiency revolution and achieve a leap in the value of human resources. The Group focused on digital competency training and organised digital skills certification and innovation competitions to create an atmosphere of digital development for all staff, and was committed to upgrading the work of every employee in the Group into a potential engine of change. Looking ahead to 2023, the Group will further deepen its global talent management, upgrade its comprehensive operational talent development model and iterate on its global talent development model, so as to strengthen its strategic talent development and promote talent mobility and sharing to continue to contribute to the achievement of its operational excellence.

For details of the Group's Share Option Schemes, Share Award Scheme and remuneration policy, please refer to the Directors' Report.

FUTURE PROSPECTS AND STRATEGIES

During the Review Year, particularly in the first half of the year, the prolonged COVID-19 pandemic and the disruption to supply chain had significantly dampened the production and sales of automobiles in China. Starting from June, stimulated by such favourable factors as purchase tax incentives and OEM promotions, automobile sales have recovered rapidly and achieved a favorable growth. Although the growth of end- consumer market was sluggish in the fourth quarter of the year under the impacts of COVID-19, the Chinese automobile market achieved relatively stable and positive growth throughout the year, in particular, the sales of NEVs nearly doubled over the previous year and reached a penetration rate of 25.6%, outperforming other countries and regions around the world. During the Review Year, there was a broad spectrum of Chinese automobile brands which have successively launched their new generation of platform vehicles, witnessing remarkable growth in market penetration rate for their electrified, intelligent and high-end automobiles with a dominant leading position in the NEV market in China. Looking ahead to 2023, against the backdrop of boosting domestic demand in the post-pandemic era, ensuring automobile consumption may become the top priority of China. In addition, the penetration rate of NEVs is expected to rise rapidly given the needs of transformation throughout the automobile industry. According to the forecast of China Association of Automobile Manufacturers, the sales of passenger vehicles in China in 2023 are expected to be around 23.8 million units, representing a year-on-year growth of around 1.0%, among which the sales of NEVs is expected to be around 9.0 million units, with a penetration rate of around 38%.

During the Review Year, the global automobile market was in a slump due to the slowdown in global economic growth, the auto production disruption around the world and the reduced demand for automobile consumption arising from the continued pandemic and the Russia-Ukraine war. Worse still, Europe is beset with energy crisis, and various places in the world are confronted with inflation, supply chain disruption and other problems due to the above circumstances. However, following the easing of the global pandemic, the alleviation of energy crisis and the economic control measures starting to take effect, the automobile supply chain saw a gradual restoration and the industry demand is poised for a recovery. According to S&P Global Mobility's forecast, the sales of the global light vehicle market are expected to reach approximately 83.54 million units in 2023, representing a year-on-year increase of approximately 6.1%.

Under the backdrop of tightening policies on carbon emissions, automakers have speeded up their electrification transformation and promoted the product upgrade in electrification and intelligence. During the process of such upgrade, the competition among OEMs may be fiercer than ever. The Group's innovative R&D team, sales team and operational improvement team of each BU have formed a cross-functional team to actively explore the development directions of vehicle models, products and technology, with an aim to become best-positioned for the Group's future business development. Autonomous driving, internet connectivity of vehicles and AI technologies are leading profound structural changes in the automotive industry chain, with consumer's growing demands for customised and intelligent experiences from vehicles. It is expected that automakers and system integration suppliers will be entering closer and more interdependent partnership.

The Group will actively address the challenges brought by the changes in global political and economic situations and closely monitor the changes in the macro-environment of the industry to seize any opportunities arising from the full lifting of COVID-19 restrictions as well as any development opportunities in the global automobile industry, while devising a strategic layout in tandem with global policies on NEV related industries and the automobile industry's trends of light-weight, intelligence and electrification. The Group will continue to refine its R&D capabilities and production technique of, and hence enhance its global competitiveness in, traditional products. In the meantime, the Group will continue to delve into the field of innovation and strive to master world-class production and manufacturing technologies through independent innovation and cooperative R&D, achieving continuous product innovation and building world-leading competence to meet the challenges and opportunities brought by the tremendous changes in the automobile industry.

In terms of operational improvement and transformation, the Group will further optimise the strategic planning of all BUs and continue to enhance its operational capabilities, especially those of its overseas factories, and select model factories in different regions for management replication and cost benchmarking, effectively improving its profitability through the establishment of comprehensive competitive strengths in technology, cost, personnel efficiency and resource utilisation. In the meantime, the Group will continue to improve the global layout of its BUs, enhance its local supply capability and maximise the global replication or sharing of different factories' advantages in technologies, management, cost, resources and talent, thereby enhancing the Group's global competitiveness.

The Group will continue to carry out the replacement and upgrade of its global application system through digital transformation, where a standardised data system with Minth characteristics will be developed to integrate the business process and structure for research, production, supply, sales and services, thereby establishing a global operation and management platform to transform the Group's management from experience-based to information-based decision making, which in turn will support its globally- standardised operation and enduring operation excellence. The Group will also strive to track carbon footprint throughout its products' life cycle by in-depth application of next- generation digital technologies, in a bid to achieve carbon peaking and neutrality in its corporate ecology. The Group is also committed to, through digital transformation, building human-orientated factories characterised with high efficiency, energy conservation, eco-friendliness, operational safety and comfort, as well as establishing technical platforms with highly digitalised functions.

The Group will strive to balance and optimise its investment portfolio and value chain layout in the global market and strike excellence in operation ability, in order to better manage risks and respond to uncertainties of the macro-environment and achieve value positioning in a more flexible manner. In addition to its focus on the development potentials of Chinese market, where it swiftly responded to the changes throughout the development process of the market, the Group also has been vigorously developing new markets on a global basis, while ensuring that it has a relatively independent operating space and achieving mass production in each of its major market regions, thereby realising a dual-presence in global and regional markets, to protect the Group's stable development and reduce potential risks arising from changes in the external environment and geopolitical factors. The Group will enhance cooperation with regional governments to develop in harmony with the communities and actively fulfil its corporate social responsibility. In an era of both opportunities and challenges, the Group will adhere to aggressive but steadfast development strategies and offer more system integration solutions and customised products and services to its clients by upgrading and renovating its traditional products while developing new products. At the same time, with Factory of the Future as the starting point, the Group will comprehensively promote the planning and implementation of its digital transformation, rapidly enhancing its digital capability to strive for the leading position in the global auto parts industry.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Wei Ching Lien (魏清蓮) ("Ms. Wei"), aged 66, is an executive Director, Chairperson, Chief Executive Officer (appointed on 13 June 2022) and Chairperson of the Sustainability Committee 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, the ultimate controlling shareholder of the Company, and the mother of Ms. Chin Chien Ya (an executive Director) and Mr. William Chin (the Chief Strategy Officer). As at 31 December 2022, Mr. Chin Jong Hwa held 450,072,000 shares of the Company through his wholly-owned company, Minth Holdings Limited ("Minth Holdings"), which represented approximately 38.74% 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 Jong Hwa was interested. As at 31 December 2022, save as disclosed herein, Ms. Wei 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 34, is an executive Director of the Company. Ms. Chin, based in headquarter, is currently responsible for global strategic development of the Group. Prior to her current role, she was the President of Minth North America, responsible all operation management and business development in US, Canada, and Mexico. Ms. Chin graduated first in her class 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 learning and organizational change. Prior to joining the Group in August 2015, she was responsible for operations and marketing in a startup company in Taiwan, and subsequently worked in a public relations agency, specializing in providing corporate social responsibility campaigns and consulting services. Ms. Chin was appointed as a Director on 26 May 2016, and she is the daughter of Mr. Chin Jong Hwa (the ultimate controlling shareholder of the Company) and Ms. Wei (an executive Director and Chairperson of the Company). Besides, she is the sister of Mr. William Chin (the Chief Strategy Officer of the Company). As at 31 December 2022, 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.

Ye Guo Qiang (葉國強) ("Mr. Ye"), aged 43, is an executive Director of the Company and the Global R&D Senior 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. Mr. Ye was appointed as a Director on 31 May 2022. As at 31 December 2022, 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.

Independent Non-executive Directors

Wang Ching (王京) ("Dr. Wang"), aged 68, 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 was the executive director of Shanghai International Asset Management (HK) Co., Ltd. from 2007 to 2022, a licensed corporation registered with Hong Kong Securities and Futures Commission. He was also the executive director of Shanghai International Shanghai Growth Investment Limited from 2007 to 2022, an investment fund company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Dr. Wang currently 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 2022, 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.

Wu Tak Lung (吳德龍) ("Mr. Wu"), aged 57, 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 Chartered Governance Institute. 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, in the last three years, 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. 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 2022, 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 77, 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 2022, 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 49, 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 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 2022, save for her interest in 230,000 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 43, 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 Motor 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 2022, save for her interest in 38,000 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 57, 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 2022, 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.

William Chin (秦國峰) ("Mr. Chin"), aged 36, is the Chief Strategy Officer ("CSO") of the Group. Mr. Chin is in charge of the overall strategy definition of the Group, and its overall relationship with customers, government, investors, and other external stakeholders of the Group. Mr. Chin graduated from the University of Toronto with a Bachelor of Business Administration degree. Prior to working full time in the Group, Mr. Chin had experience in starting his own marketing design company in 2010 and working in a family office with a focus on real estate investments across multiple markets around the world in 2012. Since July 2017, Mr. Chin was appointed chairman of Shun On Electronic Co., Ltd., a company specializing in automotive electronics. Mr. Chin officially joined the Group and was appointed CSO of the Group on 1 July 2022. Mr. Chin is the son of Mr. Chin Jong Hwa (the ultimate controlling shareholder of the Company) and Ms. Wei (an executive Director and Chairperson of the Company). Besides, Mr. Chin is the brother of Ms. Chin Chien Ya, an executive Director of the Company. As at 31 December 2022, Mr. Chin has no interest in the Shares of the Company within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Company remains resolute in its application of the principles of good corporate governance (the "Principles") to the corporate governance of the Group. The Company regularly reviews its corporate governance policies to ensure that they remain updated and in compliance with the requirements with the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. In particular, the Company adopted new Terms of Reference for the Remuneration Committee on 31 January 2023, and reviewed/revised policies such as the Internal Control and Risk Management Policy, the Rules and Principles of Business and Moral Conducts and the Moral Conduct and Case Report Policy and Procedure on 18 April 2022.

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 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. During the period from 1 January 2022 to 31 May 2022, Mr. Chen, the then CEO, was 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. With effect from 31 May 2022, Mr. Chen ceased to be the CEO, and Ms. Wei was appointed as the CEO on 13 June 2022.

As provided in the code provision C.2.1, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. As announced on 13 June 2022, the Company has been in search for a new CEO following the resignation of the then CEO and, in the meantime, Ms. Wei (the executive Director and the chairperson of the Board) assumed the role of (and remained as at the date of this annual report) CEO. Taking into account Ms. Wei's indepth understanding of the Group's business and that major decisions are made in consultation with members of the Board and relevant Board committees, the Board considers that the deviation from code provision C.2.1 is appropriate in such circumstances and allows for more effective planning and execution of long-term business strategies and enhances efficiency in decision-making during the interim period prior to the next appointment of CEO.

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 2022, 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 sixteen times during the Review Year and the Directors' attendance is shown in the table on page 28 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 19 to page 20 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 2022, the Audit Committee comprises all INEDs, namely Mr. Wu, Dr. Wang and Professor Chen. As of 31 December 2022, 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 28 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, which shall take into consideration salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries, and implement the remuneration policy laid down by the Board;

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

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

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

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

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

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

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

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

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

(ix) to ensure remuneration levels are sufficient to attract and retain Directors to run the Company successfully without paying more than necessary;

(x) to engage such independent external professional advisors to assist and/or advise the Committee on issues as it considers necessary;

(xi) to review and approve matters relating to share schemes under Chapter 17 of the Listing Rules;

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

(xiii) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

As of 31 December 2022, 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 reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules, and the relevant Directors' attendance is shown in the table set out on page 28 of the annual report. During the Review Year, there was no material matters relating to the share schemes of the Company which required review or approval by the Remuneration Committee.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company 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 (the "Share Options") to qualified persons who have contributed or will contribute to the Group as a reward or incentive in accordance with the terms of the 2012 Share Option Scheme. The 2012 Share Option Scheme was terminated on 22 May 2022. On the date of the 2022 annual general meeting of the Company, i.e. 31 May 2022, the Company adopted a new share option scheme (the "2022 Share Option Scheme") for a term of 10 years with salient terms similar to those of the 2012 Share Option Scheme (collectively the "Share Option Schemes"). The Company also adopted a share award scheme on 28 July 2020 (the "Share Award Scheme").

Details of the amount of Directors' emoluments are set out in note 12 to the consolidated financial statements and details of the Share Option Schemes and Share Award Scheme are set out in the Directors' Report and note 38 to the consolidated financial statements.

NOMINATION COMMITTEE

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

(a) 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 2022, 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 three meetings 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 28 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.

SUSTAINABILITY COMMITTEE

The Company established a Sustainability Committee on 29 December 2022. The purpose of the Sustainability Committee is to advise and assist the Board in identifying, evaluating and managing the sustainability relating to environmental, social and governance issues of the Company and its subsidiaries.

As of 31 December 2022, the Sustainability Committee comprises five Directors namely Ms. Wei, Ms. Chin, Mr. Ye, Professor Chen and Dr. Wang. Ms. Wei was the Chairperson of the Sustainability Committee.

As at December 31, 2022 and up to now, the Company has two female directors. The Company is committed to maintaining the female representation on the Board. When considering new members for the Board, appointments will be made by considerations of objective criteria and due regard will be made to achieving and maintaining an appropriate balance in diversity, including in terms of gender, on the Board. Whilst the Board is conscious of achieving gender diversity on the Board when considering potential candidates, all appointments will be made on the basis of merit, taking into account the needs of the Group at the relevant time and the availability of suitable candidates.

Gender Diversity of Workforce

As at 31 December 2022, approximately 28.3% of the Group's employees were female. As at 31 December 2022, the Senior Management of the Group comprised approximately 50.0% female members, being the company secretary and the chief financial officer of the Company. The Board regularly assesses the Group's diversity profile of all levels of employees and considers the diversity policy to attract, retain and motivate employees from the widest possible pool of available talent. The Board considers that the gender ratio of the workforce of the Group, including the Senior Management, is appropriate for the operations of the Group and will strive to maintain this ratio. The Company is committed to maintaining the female representation on the Board as mentioned above.

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 at www.minthgroup.com.

Composition of the Board and the Directors' attendance record for the year ended 31 December 2022

	2022 annual general meeting ("AGM")	The Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Number of Meetings	1	16	2	1	3	0
Executive Directors						
Wei Ching Lien *(Chairperson and Chief Executive Officer (as appointed on 13 June 2022))*	1	16	N/A	N/A	N/A	0
Chin Chien Ya	0	14	N/A	N/A	N/A	0
Ye Guo Qiang *(appointed on 31 May 2022)*	N/A	9	N/A	N/A	N/A	0
Chen Bin Bo *(retired as an executive Director and resigned as the Chief Executive Officer on 31 May 2022)*	1	7	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Wang Ching	1	16	2	1	3	0
Wu Tak Lung	1	16	2	1	3	N/A
Chen Quan Shi	1	16	2	1	3	0

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: disciplinary powers and sanctions, ESG Reporting Guide, connected transactions and latest amendments to the Listing Rules. All Directors have provided the Company with their training records for the year.

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 and Chief Executive Officer (as appointed on 13 June 2022))*	✓	✓
Chin Chien Ya	✓	✓
Ye Guo Qiang *(appointed on 31 May 2022)*	✓	✓
Chen Bin Bo *(retired as an executive Director and resigned as the Chief Executive Officer on 31 May 2022)*	✓	✓
Independent Non-executive Directors		
Wang Ching	✓	✓
Wu Tak Lung	✓	✓
Chen Quan Shi	✓	✓

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	3,950
Non-audit services:	
Tax and legal advisory services	749
Total	4,699

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 annual 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.

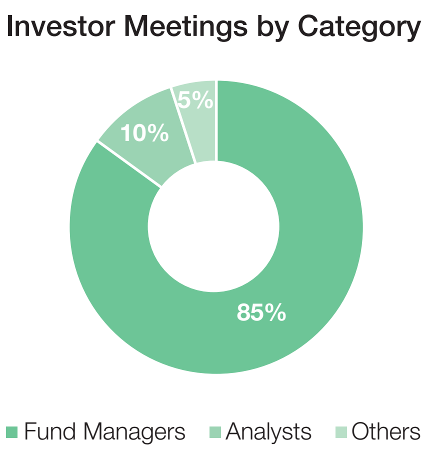
The risk management and internal control system of the Group aims to manage, but not completely eliminate, the risks which hinder the achievement of business objectives, which only provides reasonable assurance, while cannot guarantee that material false statements and damages will be fully avoidable.

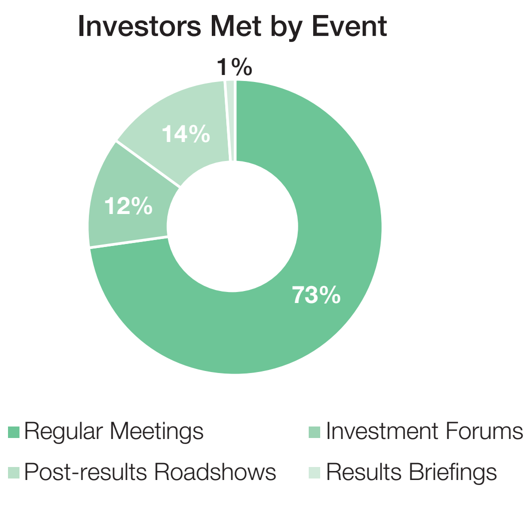
The Board considered that the Group's risk management and internal control systems maintained by the management are effective and adequate to address the financial, operational and compliance controls and risk management of the Group during the Review Year.

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 results briefings for the previous year and the interim period of the Review Year 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 15 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 newly launched overseas factories as well as the disruption caused by energy crisis in Europe, fluctuating exchange rate and interest rate, 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 China (Jiaxing, Ningbo etc.) and Mexico were still arranged during the Review Year.





IR CALENDAR 2022

Major Events	Dates	Online	Offline
BOCI — Corporate Day	6 January	✓	
UBS — 2022 Greater China Conference	11 January	✓	
2021 annual results announcement	22 March	✓	
Extraordinary General Meeting	13 April	✓	✓
JP Morgan — Auto and EV Supply Chain Investment Conference	28 April	✓	
Credit Suisse — China Auto Company Day	18 May	✓	
Morgan Stanley — China Summit	25 May	✓	
2022 Annual General Meeting	31 May	✓	✓
Deloitte — Climate and ESG factors for Asian-Pacific Conference	15 June	✓	
MSCI — Connection between ESG and China's Strategic Policy Shift Conference	22 June	✓	
Daiwa — Auto Conference	23 June	✓	
UBS — 2022 Asian Industrial Company Day	8 July	✓	
Daiwa — ESG Seminar	12 July	✓	
Goldman Sachs — Asian-Pacific IR Forum	19 July	✓	
2022 interim results announcement	23 August	✓	
Credit Suisse — China Investment Conference	1 November	✓	
BofA Securitites — 2022 China Investment Conference	4 November	✓	
Industrial Securities — 2023 China Capital Markets Strategies Conference	16 November	✓	
CITICS — 2023 Capital Markets Annual Conference	9 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. With lockdown policies and travel restrictions against the pandemic largely loosened, the Company encourages Shareholders to attend and vote at the forthcoming AGM physically, and discuss their concerned questions face to face with the Directors and management. 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.

The Company was recognized as an Honored Company by the *Institutional Investor* during its 2022 Asia (ex-Japan) Executive Team survey, and ranked among the top 3 companies in the Autos & Auto Parts sector in 4 categories, namely Best IR Team, Best ESG, Best IR Professional (Yi Lei Li) and Best IR Program. 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.

Having considered the implementation and effectiveness of multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders' Communication Policy has been properly implemented during the year and is effective.

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

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 51 to page 52 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 Corporate Governance Code (the "Corporate Governance Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Save as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company did not, at any time during the Review Year, comply with the Corporate Governance Code.

As provided for in the 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, Mr. Wu Tak Lung and Professor Chen Quan Shi, being the independent non-executive Directors, attended the 2022 annual general meeting of the Company through video conference.

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

Notwithstanding the fact that the roles of the Chairman and CEO are performed by the same individual, the Board is of the view that the Group has an effective management structure for its operations and sufficient checks and balances are in place. The Board will continue to review its corporate governance practices in order to enhance its corporate governance standard and to comply with regulatory requirements.

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 53 of the annual report.

DIVIDENDS

The Board has recommended the payment of a final dividend of HK$0.578 per share to shareholders whose names appear on the register of members of the Company on Thursday, 8 June 2023 and the proposed final dividend will be paid on or about Tuesday, 27 June 2023. 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 Wednesday, 31 May 2023.

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB3,414,270,000 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 15 to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

During the Review Year, the Company has issued 435,300 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 HKD10,381,905.

Since the adoption of the Share Award Scheme and up till 31 December 2022, the trustee of the Share Award Scheme of the Company (the "Trustee") has purchased a total of 11,520,000 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 has purchased a total of 3,000,000 Awarded Shares with a consideration of approximately HK$57,944,000.

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 56 of the annual report.

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB4,563 million as at 31 December 2022. 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 4.4% of the Group's revenue, and the five largest customers accounted for approximately 20.3% of the Group's revenue.

The purchases for the Review Year attributable to the Group's largest supplier and five largest suppliers were approximately 2.6% and approximately 7.0% 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 RMB131,000 (2021: approximately RMB114,000).

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 and Chief Executive Officer (as appointed on 13 June 2022))*
Chin Chien Ya
Ye Guo Qiang *(appointed on 31 May 2022)*
Chen Bin Bo *(retired as an executive Director and resigned as the Chief Executive Officer on 31 May 2022)*

Independent non-executive directors

Wang Ching
Wu Tak Lung
Chen Quan Shi

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

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 2022 is set out in note 12 to the consolidated financial statements.

The remuneration of senior management, by band, for the year ended 31 December 2022 is set out below:

	2022 No. of employees	2021 No. of employees
HKD1,000,001 to HKD1,500,000	**2**	0
HKD1,500,001 to HKD2,000,000	**0**	1
HKD2,000,001 to HKD2,500,000	**1**	1
HKD2,500,001 to HKD3,000,000	**1**	0
HKD3,000,001 to HKD3,500,000	**0**	1
HKD3,500,001 to HKD4,000,000	**0**	1

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 19 to 21 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 2022, 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 corporation (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 otherwise have to be notified to the Company and the Stock Exchange pursuant to Division 7 and Division 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") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("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 2022 (Note 1)
Wei Ching Lien	Company	Long position	Interest of spouse	450,072,000 (Note 2)	38.74%
Chin Chien Ya	Company	Long position	Beneficial owner	250,000 (Note 3)	0.02%
Ye Guo Qiang	Company	Long position	Beneficial owner	360,000 (Note 4)	0.03%
Chen Bin Bo	Company	Long position	Beneficial owner	1,000,000 (Note 5)	0.09%
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	200,000 (Note 3)	0.02%
Wu Tak Lung ("Mr. Wu")	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 1,161,835,799 Shares issued as at 31 December 2022.

Note 2: As at 31 December 2022, Minth Holdings was beneficially interested in 450,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin Jong Hwa 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 Jong Hwa, Ms. Wei is deemed to be interested in the 450,072,000 Shares in which Mr. Chin Jong Hwa is deemed to be interested.

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

Note 4: This figure represents the number of Share Options granted to Mr. Ye under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Ye will own 360,000 Shares. Mr. Ye was appointed as an executive Director of the Company with effect from 31 May 2022.

Note 5: This figure represents the number of Share Options granted to Mr. Chen under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Chen will own 1,000,000 Shares. Mr. Chen retired as an executive Director and resigned as CEO of the Company with effect from 31 May 2022.

Save as disclosed above, as at 31 December 2022, 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 2012 Share Option Scheme had expired on 22 May 2022. On the date of the 2022 annual general meeting of the Company, i.e. 31 May 2022, the Company adopted the 2022 Share Option Scheme for a term of 10 years with salient terms similar to those of the 2012 Share Option Scheme.

The purpose of the 2022 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, employees of the Group and service providers 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 2022 Share Option Scheme.

The 2022 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 2022 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 31 May 2022, the date when the Company adopted the 2022 Share Option Scheme, which were 116,183,579 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 2022 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 2022 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 2022 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 2022 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.

The total number of unexercised outstanding Share Options (i.e. the total number of Shares available for issue) under the 2012 Share Option Scheme is 38,503,400, which represents approximately 3.31% of the issued Shares as at the date of this annual report.

The total number of Shares available for issue under the 2022 Share Option Scheme is nil as at the date of this annual report.

The total number of Share Options available for grant under the scheme mandate of the 2022 Share Option Scheme as at 1 January 2022 and 31 December 2022 were nil and 116,183,579 respectively.

As at the date of the annual report, the number of Share Options that could still be granted under the 2022 Share Option Scheme was 116,183,579, representing approximately 10.00% of the 1,161,837,799 Shares in issue as at 21 March 2023, being the date of this annual report.

Details are as follows:

Name and category of participants	Number of Share Options (Note 1) Outstanding as at 1 January 2022	Granted during the Review Year	Exercised during the Review Year	Cancelled during the Review Year	Lapsed during the Review Year	Outstanding as at 31 December 2022	Date of grant (Note 5)	Exercise period (Note 6)	Exercise price of the Share Options (HKD) (Note 7)	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 (Note 2)	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 3)	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
Mr. Wu Tak Lung	100,000	–	–	–	–	100,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Mr. Ye Guo Qiang (Note 4)	110,000	–	–	–	–	110,000	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	250,000	–	–	–	–	250,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Subtotal	1,910,000	–	–	–	–	1,910,000				
Other participants (Note 8)										
Employee participants (in aggregate)	16,621,500	–	–	–	1,444,000	15,177,500	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	22,349,700	–	435,300	–	2,158,500	19,755,900	28-7-2020	1-7-2021 to 31-12-2025	23.85	36.38
Related entity participants (in aggregate)	100,000	–	–	–	–	100,000	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
Service providers (in aggregate)	930,000	–	–	–	–	930,000	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	630,000	–	–	–	–	630,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Subtotal	40,631,200	–	435,300	–	3,602,500	36,593,400				
Total	42,541,200	–	435,300	–	3,602,500	38,503,400				

Note 1: Numbers of Shares over which options granted under the 2012 Share Option Scheme are exercisable. No Share Options have been granted under the 2022 Share Option Scheme.

Note 2: Mr. Chen Bin Bo ("Mr. Chen") retired as an executive Director and resigned as CEO of the Company with effect from 31 May 2022.

Note 3: 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 4: Mr. Ye Guo Qiang ("Mr. Ye") was appointed as an executive Director of the Company with effect from 31 May 2022.

Note 5: 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 6: 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 7: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

Note 8: There are no (i) participant with Share Options granted and to be granted in excess of the 1% individual limit, and (2) related entity participant or service provider with Share Options granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue.

During the Review Year, the Grantees of the Share Option Schemes exercised 435,300 Share Options in accordance with the rules and terms of the 2012 Share Option Scheme, and 3,602,500 Share Options lapsed as a result of the resignations of grantees. For the fair value of the Share Options granted, please refer to note 38 to the consolidated financial statements.

Apart from the Share Option Schemes as disclosed above, no Share Option was granted, exercised, cancelled or lapsed during the Review Year. Particulars of the Company's Share Option Schemes are set out in note 38 to the consolidated financial statements.

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.

The total number of Awarded Shares available for grant under the scheme mandate of the Share Award Scheme as at 1 January 2022 and 31 December 2022 were 113,284,049 and 113,618,579 respectively.

The total number of Shares that may be issued in respect of Share Options and Awarded Shares granted under all schemes of the Company during the Review Year divided by the weighted average number of Shares in issue for the Review Year was approximately 3.31%.

SUMMARY OF THE SCHEME RULES

(1) Purposes and Objectives

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.

(2) Eligible Participants for the Scheme

The Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the Scheme as a Selected Participant. Participation in the Scheme is limited to Selected Participants only. The entitlement to the Awarded Shares and/or the Related Income shall be designated by the Board at its absolute discretion.

(3) Duration

Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

(4) Administration

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed (as the case may be). The Trustee shall hold the Shares and the income derived from the Trust Fund in accordance with the Scheme Rules and the terms of the Trust Deed.

(5) Scheme Limit

The Board shall not make any further award of Awarded Shares which will result in the aggregate number of Shares awarded by the Board under the Scheme exceeding ten per cent. of the issued share capital of the Company from time to time. Further, the maximum number of Shares which may be awarded to a Selected Participant under the Scheme shall not exceed one per cent. of the issued share capital of the Company from time to time.

(6) Operation

Pursuant to the Scheme Rules, the Company may from time to time,

(i) issue new Awarded Shares under the general mandate granted and/or renewed by the Shareholders at the annual general meeting of the Company and/or under specific authority granted by its Shareholders to the Trustee to be held on trust for the relevant Selected Participant; or

(ii) the Board may select the Selected Participant(s) and determine the Reference Amount for the purchase of the issued Shares for each of them, or otherwise determine from time to time a Reference Amount for the purchase of Shares, and notify the Trustee of its decision. Within such period as may be determined by the Board after receiving the Reference Amount, the Trustee shall apply the same towards the purchase (or subscription, as the case may be) of the maximum number of board lots of Shares at a price which falls within a range to be set by the Board. The Shares so purchased, the Related Income and any balance of the Reference Amount after completion of the purchase shall form part of the Trust Fund.

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 even though no Eligible Participants has yet been designated a Selected Participant, as a reserve for future awards to Selected Participants. The Board shall then cause such Reference Amount to be paid to the Trustee for acquisition of Shares for the purpose of the Awarded Shares under the Scheme on such terms and conditions as may be determined by the Board.

(7) Restrictions

No Award shall be made by the Board and no new Awarded Shares shall be issued under the Scheme and no instructions to acquire Shares shall be given to the Trustee under the Scheme where any director is in possession of unpublished price-sensitive information in relation to the Group or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

(8) Grant and Vesting

The Company shall notify each Selected Participant of the number of Awarded Shares granted to each Selected Participant by a Grant Notice which shall set out the respective entitlement of each Selected Participant and specify the additional conditions pursuant to which the Awarded Shares and/or the Related Income shall vest in each respective Selected Participant. The Trustee shall not hold any income of the Trust Fund upon trust for the Selected Participant, who are not entitled to any income or rights attached to or derived from the Awarded Shares (inclusive of any nil-paid rights, options or warrants derived from the Awarded Shares apart from the Related Income) from the date of the grant of the Award until the vesting of the Awarded Shares in the Selected Participant.

Subject to the Scheme Rules and the fulfilment of all vesting conditions as specified in the Grant Notice (such fulfilment shall be confirmed by the Board), the respective Awarded Shares and the Related Income held by the Trustee on behalf of a Selected Participant shall vest in such Selected Participant, and the Trustee shall cause such vested Awarded Shares and the Related Income to be transferred to, or to the order of, such Selected Participant in accordance with the procedure specified in the Scheme Rules.

Except in the circumstances as set out under (9) below, upon the vesting of the Awarded Shares, barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee,

(i) the Board shall send to the relevant Selected Participant a Vesting Notice and for purchase of Awarded Shares, together with such prescribed reply slip which require the Selected Participant to execute to effect the vesting and transfer of the Awarded Shares and the Related Income and,

(ii) subject to the receipt by the Trustee of (a) the reply slip prescribed in the Vesting Notice and duly signed by the Selected Participant within the period stipulated in the Vesting Notice, and (b) a confirmation from the Company that all vesting conditions having been fulfilled, the Trustee shall transfer the relevant Awarded Shares (and where applicable, together with the Related Income) to the relevant Selected Participant as soon as practicable after the

Vesting Date and in any event not later than such period after the Vesting Date as may be reasonably determined by the Board. The final decision in relation to such transfer shall be subject to the absolute discretion of the Board.

Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares and the Related Income referable to him pursuant to such Award.

(9) Disqualification of Selected Participants/Lapse of Award

In the event of a Total Lapse, all Awarded Shares and the Related Income which have not vested shall not vest on the relevant Vesting Date and shall become Returned Shares and the income of the Trust.

In the event of a Partial Lapse, subject to the absolute discretion of the Board, the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares and the Related Income which have not vested shall not vest on the relevant Vesting Date but shall become Returned Shares and income of the Trust.

In respect of a Selected Participant who retired, resigned or whose employment/engagement was terminated by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares and the Related Income of the relevant Selected Participant shall immediately lapse. All the Awarded Shares and the Related Income of the relevant Selected Participant shall become Returned Shares and income of the Trust.

In the event of the death of a Selected Participant at any time, the award of the Awarded Shares and the Related Income shall immediately lapse and all the Awarded Shares (or Reference Amount, as the case may be) and the Related Income of the relevant Selected Participant shall become Returned Shares and income of the Trust.

If there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares and the Related Income shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the Vesting Date. Subject to the receipt by the Trustee of duly executed reply slip to the Vesting Notice within 7 Business Days from the deemed Vesting Date, the Trustee shall transfer the Awarded Shares and the Related Income to the Selected Participant.

The Trustee shall hold the Returned Shares exclusively for the benefit of all or one or more of the Eligible Participants (excluding any Excluded Participant). The Board shall in its absolute discretion have the right to determine whether a proposed awardee is a Selected Participant at the time of award. When Returned Shares have been awarded, the Board shall notify the Trustee accordingly.

(10) Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust (if any) (including but not limited to the Awarded Shares, the Returned Shares, any bonus Shares and scrip Shares derived therefrom).

(11) Termination

(i) The Scheme shall terminate on the earlier of:

(a) on the 10th anniversary date of the Adoption Date; and

(b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant.

(ii) Upon termination of the Scheme,

(a) no further grant of Awarded Shares and the Related Income may be made under the Scheme, these rules of the Scheme shall remain in full force and effect in respect only of Awards which have been granted during the term of the Scheme and which remain unvested or which have vested but not yet been issued to a Selected Participant immediately prior to the termination of the Scheme;

(b) all the Awarded Shares and the Related Income of the Selected Participants granted under the Scheme shall become vested on the Selected Participants so referable on such date of termination save in respect of the Total Lapse or otherwise, subject to the receipt by the Trustee of the reply slip to the Vesting Notice prescribed by the Trustee and duly executed by the Selected Participant within the period stipulated by the Trustee;

(c) Returned Shares and such non-cash income remaining in the Trust Fund shall be sold by the Trustee, within such period after receiving notice of such termination of the Scheme as may be determined by the Board; and

(d) the Residual Cash for the Selected Participants, net proceeds of sale referred to in paragraph (ii)(b) above and such other funds remaining in the Trust Fund (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith.

(12) Alteration

The Scheme may be altered in any respect by a resolution of the Board provided that no such amendment shall operate to affect adversely any subsisting rights of any Selected Participant.

Details of the movement of the Awarded Shares during the Review Year and during the financial year ended 31 December 2021 are set out in the tables as follows:

	Number of Awarded Shares							
Name and category of participants	Outstanding as at 1 January 2022	Granted during the Review Year	Vested during the Review Year	Forfeited during the Review Year	Outstanding as at 31 December 2022	Date of grant (Note 1)	Vesting period (Note 2)	Grant price of the Awarded Shares (HKD)
Directors								
N/A	–	–	–	–	–	N/A	N/A	N/A
Participants with Awarded Shares in excess of 1% individual limit								
N/A	–	–	–	–	–	N/A	N/A	N/A
Related entity participants or service providers with Awarded Shares granted during the Review Year exceeding 0.1% of the total issued Shares								
N/A	–	–	–	–	–	N/A	N/A	N/A
Other employee participants (in aggregate)	2,856,000	–	–	291,000	2,565,000	29-3-2021	29-3-2024 to 29-3-2025	0
Other related entity participants (in aggregate)								
N/A	–	–	–	–	–	N/A	N/A	N/A
Other service providers (in aggregate)								
N/A	–	–	–	–	–	N/A	N/A	N/A
Other participants								
N/A	–	–	–	–	–	N/A	N/A	N/A
Total	2,856,000	–	–	291,000	2,565,000			

Name and category of participants	Number of Awarded Shares Outstanding as at 1 January 2021	Granted during 2021	Vested during 2021	Forfeited during 2021	Outstanding as at 31 December 2021	Date of grant (Note 1)	Vesting period (Note 2)	Grant price of the Awarded Shares (HKD)
Directors								
N/A	–	–	–	–	–	N/A	N/A	N/A
Participants with Awarded Shares in excess of 1% individual limit								
N/A	–	–	–	–	–	N/A	N/A	N/A
Related entity participants or service providers with Awarded Shares granted during the financial year ended 31 December 2021 exceeding 0.1% of the total issued Shares								
N/A	–	–	–	–	–	N/A	N/A	N/A
Other employee participants (in aggregate)								
	–	3,000,000	–	144,000	2,856,000	29-3-2021	29-3-2024 to 29-3-2025	0
Other related entity participants (in aggregate)								
N/A	–	–	–	–	–	N/A	N/A	N/A
Other service providers (in aggregate)								
N/A	–	–	–	–	–	N/A	N/A	N/A
Other participants								
N/A	–	–	–	–	–	N/A	N/A	N/A
Total	–	3,000,000	–	144,000	2,856,000			

Note 1: The closing price of the Shares immediately before the date on which the Awarded Shares were granted on 29 March 2021, i.e. on 26 March 2021 was HKD31.05.

Note 2: The Awarded Shares granted will vest over a four-year period, with each 50% of the Awarded Shares vesting on the third and fourth anniversary of the date of grant, respectively.

For more details of the Share Award Scheme, please refer to note 38 to the consolidated financial statements.

During the year ended 31 December 2022, there were no contributions forfeited by the Group on behalf its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 31 December 2022, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 to the Listing Rules.

EQUITY-LINKED AGREEMENTS

Other than the 2012 and 2022 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 2022, 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)	38.74%
Minth Holdings Limited ("Minth Holdings")	Beneficial owner	Long position	450,072,000 (Note 3)	38.74%
Mitsubishi UFJ Financial Group, Inc.	Interest of controlled corporations	Long position	80,871,980 (Note 4)	6.96%

Note 1: The percentage of the Company's issued share capital of 1,161,835,799 Shares as at 31 December 2022.

Note 2: As at 31 December 2022, Minth Holdings was beneficially interested in 450,072,000 Shares. Minth Holdings was wholly-owned by Mr. Chin Jong Hwa 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 2022, Minth Holdings, a company wholly-owned by Mr. Chin Jong Hwa, was beneficially interested in 450,072,000 Shares.

Note 4: As at 31 December 2022, 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.

Other than as disclosed above, as at 31 December 2022, 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

During the Review Year, the trustee of the Share Award Scheme has purchased a total of 3,000,000 shares of the Company on the Stock Exchange with a consideration of approximately HK$57,944,000 pursuant to the rules of the Share Award Scheme and the terms of the trust deed.

Save as disclosed above, 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 23 February 2022, the Group as purchaser entered into the Wuhan Camera Purchase Agreement, the Jiaxing Camera Purchase Agreement and the Guangzhou Camera Purchase Agreement with Jiaxing Shun Min Electronic Co., Ltd.* (嘉興淳敏電子有限公司) ("Jiaxing Shun Min") as supplier to purchase automobile camera devices, parts and accessories for the period from 23 February 2022 to 22 February 2025.

On 23 February 2022, the Company (through its indirect wholly-owned subsidiary Jiaxing Minsheng Automotive Parts Co., Ltd.* (嘉興敏勝汽車零部件有限公司)) as purchaser entered into the PCBA Purchase Agreement with Jiaxing Shun Min, as supplier to purchase printed circuit boards assembly for the period from 23 February 2022 to 22 February 2025.

On 23 February 2022, the Company (through its indirect wholly-owned subsidiary, Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零部件有限公司)) as purchaser entered into the Suppliers Agreement with Zhejiang Tianchong Vehicle Lamp Co., Ltd.* (浙江天翀車燈集團有限公司) as the assembly supplier and Jiaxing Shun Min as the tier 2 supplier for the assembly of printed circuit board parts for the period from 23 February 2022 to 22 February 2025.

Subsequently, the Group has received increased orders for certain of its products, which has resulted in increased orders for products supplied by Jiaxing Shun Min under the agreements stated above (the "Agreements"). On 29 December 2022, the Group revised the original annual caps for the Agreements for the annual year ending 22 February 2023, 22 February 2024 and 22 February 2025 respectively.

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

Further details of the Agreements are set out in the Company's announcements dated 23 February 2022 and 29 December 2022 respectively.

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 2022 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 Share Option Schemes as an incentive to Directors and eligible employees, details of the Share Option Schemes are set out on pages 37 to 39 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 on pages 39 to 43 of the annual report and note 38 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 latest practicable date prior to the issue of this 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

No significant events occurred after the reporting period which would have a material adverse impact on the final position of the Company.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

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 12 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, 21 March 2023

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 53 to 186, which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, 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 2022, the Group has recognised revenue of Renminbi ("RMB") 15,885,317,000 from its sales of automobile body parts, which accounted for 91.79% 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); and • Testing the sales of automobile body parts, on a sampling basis, by inspecting the relevant supporting documents on the completion of sales.

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
21 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Revenue	5	17,306,393	13,919,269
Cost of sales		(12,522,240)	(9,835,495)
Gross profit		4,784,153	4,083,774
Investment income	7	286,410	284,999
Other income	8	315,084	225,014
Impairment losses under expected credit loss model, net of reversal		(27,444)	(2,538)
Other gains and losses	9	6,278	418,187
Distribution and selling expenses		(868,369)	(744,431)
Administrative expenses		(1,291,938)	(1,237,393)
Research expenditure		(1,172,394)	(940,700)
Interest expenses		(263,187)	(263,308)
Share of results of joint ventures		30,573	19,204
Share of results of associates		(20,097)	3,004
Profit before tax		1,779,069	1,845,812
Income tax expense	10	(248,708)	(266,364)
Profit for the year	11	1,530,361	1,579,448
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Gain on remeasurement of defined benefit obligation		1,431	5,721
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		13,347	(33,471)
Fair value gain on debt instruments measured at fair value through other comprehensive income		242	244
Other comprehensive income (expense) for the year, net of income tax		15,020	(27,506)
Total comprehensive income for the year		1,545,381	1,551,942
Profit for the year attributable to:			
Owners of the Company		1,500,584	1,496,507
Non-controlling interests		29,777	82,941
		1,530,361	1,579,448
Total comprehensive income for the year attributable to:			
Owners of the Company		1,485,721	1,478,099
Non-controlling interests		59,660	73,843
		1,545,381	1,551,942
Earnings per share	14		
Basic		RMB1.304	RMB1.299
Diluted		RMB1.304	RMB1.292

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	15	13,435,289	11,623,394
Right-of-use assets	16	1,082,852	1,043,440
Goodwill	17	98,030	98,030
Other intangible assets	18	112,848	74,589
Interests in joint ventures	19	237,967	195,015
Interests in associates	20	155,913	122,601
Deferred tax assets	22	270,079	203,673
Prepayment for acquisition of property, plant and equipment		848,103	338,270
Derivative financial assets	27	6,053	34,093
Contract assets	25	867,992	754,655
Contract costs	25	133,687	164,177
Financial assets at fair value through profit or loss	26	28,269	—
Plan assets	39	2,212	2,065
		17,279,294	14,654,002
Current assets			
Inventories	23	3,633,134	2,960,843
Trade and other receivables	24	6,540,618	5,129,652
Contract assets	25	294,145	249,795
Derivative financial assets	27	87,241	2,144
Debt instruments at fair value through other comprehensive income	21	163,712	110,839
Pledged bank deposits	28	1,055,003	1,045,610
Bank balances and cash	28	4,220,651	5,491,959
		15,994,504	14,990,842
Current liabilities			
Trade and other payables	29	5,765,470	4,250,385
Tax liabilities		156,684	133,779
Borrowings	31	7,192,399	4,888,450
Lease liabilities	35	19,087	19,691
Contract liabilities	30	176,622	83,206
Derivative financial liabilities	27	3,638	1,933
		13,313,900	9,377,444
Net current assets		2,680,604	5,613,398
Total assets less current liabilities		19,959,898	20,267,400

At 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Capital and reserves			
Share capital	32	116,255	116,219
Share premium and reserves		16,801,496	15,906,753
Equity attributable to owners of the Company		16,917,751	16,022,972
Non-controlling interests	33	780,368	532,684
Total equity		17,698,119	16,555,656
Non-current liabilities			
Deferred tax liabilities	22	181,581	158,804
Borrowings	31	1,005,797	2,255,140
Lease liabilities	35	80,878	99,802
Retirement benefit obligation	39	2,749	5,358
Derivative financial liabilities	27	—	7,391
Deferred income	40	27,058	204,924
Other long-term liabilities	41	963,716	980,325
		2,261,779	3,711,744
		19,959,898	20,267,400

The consolidated financial statements on pages 53 to 186 were approved and authorised for issue by the board of directors (the "Board") on 21 March 2023 and are signed on its behalf by:

Wei Ching Lien	**Ye Guo Qiang**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	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 2022	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
Profit for the year	–	–	–	–	–	–	–	–	–	–	1,500,584	1,500,584	29,777	1,530,361
Fair value gain on debt instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	–	242	–	–	–	242	–	242
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	(16,536)	–	–	(16,536)	29,883	13,347
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	–	1,431	1,431	–	1,431
Total comprehensive income for the year	–	–	–	–	–	–	–	242	(16,536)	–	1,502,015	1,485,721	59,660	1,545,381
Recognition of equity-settled share-based payments (note 38(a)(b))	–	–	–	–	–	–	–	–	–	45,136	–	45,136	–	45,136
Transfer to other reserve for share option forfeited after the vesting date	–	–	–	–	17,488	–	–	–	–	(17,488)	–	–	–	–
Dividends recognised as distribution (note 13)	–	–	6,156	–	–	–	–	–	–	–	(621,768)	(615,612)	–	(615,612)
Capital contribution from non-controlling shareholders (note 33)	–	–	–	–	16,788	–	–	–	–	–	–	16,788	186,298	203,086
Recognition of equity-settled share-based payment in a subsidiary (note 38(c))	–	–	–	–	–	–	–	–	–	989	–	989	1,726	2,715
Treasury stock (note 38)	–	–	(46,731)	–	–	–	–	–	–	–	–	(46,731)	–	(46,731)
Exercise of share options	36	10,928	–	–	–	–	–	–	–	(2,476)	–	8,488	–	8,488
At 31 December 2022	116,255	4,148,705	(258,661)	276,199	72,693	1,073,376	430,651	(572)	(145,935)	266,411	10,938,629	16,917,751	780,368	17,698,119

For the year ended 31 December 2022

	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 38)	–	–	–	–	–	–	–	–	–	77,910	–	77,910	–	77,910
Derecognition upon disposal of a subsidiary (note 34)	–	–	–	–	–	–	–	–	–	–	–	–	(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 13)	–	–	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 33)	–	–	–	–	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

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

The other reserve of the Group consists of: (i) contributions from 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 2022

	2022 RMB'000	2021 RMB'000
Operating activities		
Profit before tax	1,779,069	1,845,812
Adjustments for:		
Finance costs	263,187	263,308
Interest income	(286,410)	(284,999)
Share of results of joint ventures	(30,573)	(19,204)
Share of results of associates	20,097	(3,004)
Depreciation of property, plant and equipment	1,038,397	846,652
Depreciation of right-of-use assets	45,612	46,379
Amortisation of other intangible assets	37,154	29,042
Share-based payment expense	47,851	77,910
Fair value changes of other financial assets at fair value through profit or loss ("FVTPL")	(7,783)	(53,788)
Fair value changes of derivative financial instruments	(67,276)	(52,343)
Losses on disposal of property, plant and equipment	26,386	44,117
Gain on land relocation	—	(258,066)
Gains on disposal of subsidiaries	—	(212,799)
Gain on disposal of an associate	—	(682)
Impairment loss, net of reversal		
— property, plant and equipment	58,863	3,318
— financial assets and other items under expected credit loss model	27,444	2,538
— inventories	46,934	(12,132)
Net foreign exchange gain	316,179	(91,346)
Operating cash flows before movements in working capital	3,315,131	2,170,713
Increase in inventories	(724,246)	(578,003)
Decrease in property under development	—	13,405
Increase in trade and other receivables	(1,500,994)	(44,565)
(Increase) decrease in debt instruments at FVTOCI	(52,873)	40,618
Increase in contract assets	(165,430)	(134,555)
Decrease in contract costs	30,490	6,617
Increase in trade and other payables	1,199,605	17,158
Increase (decrease) in contract liabilities	93,416	(14,116)
(Decrease) increase in deferred income	(69,859)	71,294
Cash generated from operations	2,125,240	1,548,566
Income taxes paid	(269,810)	(226,766)
Net cash from operating activities	1,855,430	1,321,800

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Investing activities		
Proceeds from redemption of other financial assets and derivative financial instruments	7,830,552	8,439,608
Interest received	186,351	181,333
Dividend received from a joint venture and an associate	5,000	3,000
Proceeds from disposal of property, plant and equipment	25,831	53,863
Proceeds from disposal of other intangible assets	1,270	3,818
Investment in other financial assets and derivative financial instruments	(7,818,236)	(7,930,081)
Purchases of property, plant and equipment	(3,340,099)	(3,142,149)
Acquisition of financial assets at FVTPL	(28,269)	—
Payments for right-of-use assets	(74,171)	(17,501)
Purchases of other intangible assets	(18,224)	(29,515)
Government subsidies received relating to the purchase of property, plant and equipment	123,159	253,113
Placement of pledged bank deposits	(830,120)	(811,247)
Withdrawal of pledged bank deposits	820,806	683,987
Net cash inflow arising on disposal of subsidiaries	150,000	106,244
Net cash inflow arising on disposal of an associate	—	7,334
Payments for investment in associates	(53,409)	(635)
Payments for investment in joint ventures	(17,379)	(35,000)
Repayment from an associate	—	6,000
Proceeds from land relocation	—	278,149
Net cash used in investing activities	(3,036,938)	(1,949,679)
Financing activities		
Repayments of borrowings	(26,907,069)	(21,559,356)
Repayments of lease liabilities	(27,481)	(10,340)
New borrowings raised	27,550,809	22,461,422
Dividends paid to owners of the Company	(615,612)	(550,121)
Dividends paid to non-controlling shareholders	(10,666)	(69,358)
Interest paid	(279,377)	(233,641)
Proceeds from exercise of share options	8,488	38,158
Payment on repurchase shares as treasury stock	(46,731)	—
Repayments of other long-term liabilities	—	(68,550)
Loan from related companies	30,000	40,000
Repayments to related companies	(30,143)	(102,800)
Capital contributions from non-controlling shareholders	203,086	223,721
Transaction cost attributable to issue of new shares	—	(19,900)
Net cash (used in) from financing activities (note 44)	(124,696)	149,235
Net decrease in cash and cash equivalents	(1,306,204)	(478,644)
Cash and cash equivalents at the beginning of the year	5,491,959	6,008,272
Effect of foreign exchange rate changes	34,896	(37,669)
Cash and cash equivalents at the end of the year	4,220,651	5,491,959
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	4,220,651	5,491,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 45.

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")

Amendments to HKFRSs that are mandatorily effective for the current year

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 Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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 HKAS 16 Property, Plant and Equipment — Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced, including costs of testing the related assets functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy, while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 January 2021. The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

2.2 Impacts on application of Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a contract

The Group has applied the amendments for the first time in the current year. The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37, the unavoidable costs under a contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

In accordance with the transitional provisions, the amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments in the current year has had no 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
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	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

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 the Group's annual reporting periods beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB99,272,000 and RMB99,965,000 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.

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

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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.

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

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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.

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.

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

3.2 Significant accounting policies (Continued)

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.

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.

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)

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.

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.

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 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.

Changes in the Group's interests in associates and joint ventures

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.

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.

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)

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.

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.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

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.

For the year ended 31 December 2022

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)

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.

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 recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

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.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its certain maintenance, repairing and technical consultation services. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

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

3.2 Significant accounting policies (Continued)

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.

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.

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)

Right-of-use assets (Continued)

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.

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.

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

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.

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 asset.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and

- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

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.

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)

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.

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. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. 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.

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

3.2 Significant accounting policies (Continued)

Foreign currencies (Continued)

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.

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. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other income".

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.

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

3.2 Significant accounting policies (Continued)

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.

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.

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

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax (Continued)

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.

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 by the same taxation authority on either:

(a) the same taxable entity; or

(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

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

3.2 Significant accounting policies (Continued)

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. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment 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).

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.

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)

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 Group reduces service cost in the period in which the related service is rendered.

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.

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

3.2 Significant accounting policies (Continued)

Employee benefits (Continued)

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.

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.

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

3.2 Significant accounting policies (Continued)

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, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of HKAS 2. 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.

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.

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

3.2 Significant accounting policies (Continued)

Property, plant and equipment (Continued)

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.

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.

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

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

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.

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.

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)

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.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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.

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

3.2 Significant accounting policies (Continued)

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.

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.

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

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.

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 receivables 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.

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)

(ii) Debt instruments receivables 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.

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, 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.

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

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.

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 receivables 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.

For the year ended 31 December 2022

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 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 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 43 and 24 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 2022, the carrying amount of the Group's property, plant and equipment was RMB13,435,289,000 (net of accumulated impairment loss of RMB79,405,000) (2021: carrying amount of the Group's property, plant and equipment was RMB11,623,394,000 (net of accumulated impairment loss of RMB20,542,000)).

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 2022, the carrying amount of inventories was RMB3,633,134,000 (net of allowance for inventories of RMB114,436,000) (2021: carrying amount of inventories was RMB2,960,843,000 (net of allowance for inventories of RMB101,140,000)).

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 43(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 2022, the fair values of financial assets at FVTPL, debt instruments at FVTOCI, derivative financial assets and derivative financial liabilities were estimated to be RMB28,269,000 (2021: Nil), RMB163,712,000 (2021:RMB110,839,000), RMB93,294,000 (2021: RMB36,237,000) and RMB3,638,000 (2021: RMB9,324,000), respectively.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2022		
	Automobile body parts RMB'000	Moulds RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	15,885,317	1,421,076	17,306,393
Geographical markets			
The PRC	8,630,081	871,618	9,501,699
Other countries	7,255,236	549,458	7,804,694
Total	15,885,317	1,421,076	17,306,393

	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

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:

	2022 Moulds RMB'000	2021 Moulds RMB'000
Within one year	**1,683,311**	1,464,199
More than one year but not more than two years	**1,722,562**	1,238,630
More than two years	**130,746**	402,269
	3,536,619	3,105,098

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 2022

	Aluminium RMB'000	Plastic RMB'000	Battery-housing RMB'000	Metal & Trim RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue	3,789,397	4,783,016	2,044,062	5,313,525	2,337,821	(961,428)	17,306,393
Segment profit	1,286,698	1,156,950	384,122	1,395,151	514,836	46,396	4,784,153
Investment income							286,410
Other unallocated income, gains and losses							293,918
Unallocated expenses							(3,332,701)
Interest expenses							(263,187)
Share of results of joint ventures							30,573
Share of results of associates							(20,097)
Profit before tax							1,779,069
Income tax expense							(248,708)
Profit for the year							1,530,361

6. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

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

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.

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

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

	2022 RMB'000	2021 RMB'000
The PRC	9,501,699	8,201,506
Other countries	7,804,694	5,717,763
	17,306,393	13,919,269

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

	2022 RMB'000	2021 RMB'000
The PRC	11,502,560	10,469,401
Other countries	5,470,121	3,944,770
	16,972,681	14,414,171

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

Information about major customer

No single customer contributed 10% or more to the Group's revenue for both 2022 and 2021.

7. INVESTMENT INCOME

	2022 RMB'000	2021 RMB'000
Interest on bank deposits	286,410	284,709
Interest on loan receivables	—	290
Total	286,410	284,999

8. OTHER INCOME

	2022 RMB'000	2021 RMB'000
Government grants (note i)	185,582	142,984
Service and consultation income (note ii)	17,952	25,444
Sales of scrap and raw materials (note iii)	49,888	5,364
Rental income, net of outgoings	27,290	17,993
Indemnity income	24,614	20,875
Others	9,758	12,354
Total	315,084	225,014

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 RMB15,452,000 (2021: RMB4,057,000).

(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 RMB300,871,000 (2021: RMB252,991,000).

9. OTHER GAINS AND LOSSES

	2022 RMB'000	2021 RMB'000
Net foreign exchange gains (losses)	34,111	(52,576)
Gains on fair value changes of derivative financial instruments	67,276	52,343
Gains on fair value changes of other financial assets at FVTPL	7,783	53,788
Impairment loss for property, plant and equipment (note i)	(58,863)	(3,318)
Impairment loss for inventories (note ii)	(11,291)	—
Gain on land relocation (note iii)	—	258,066
Losses on disposal of property, plant and equipment and other intangible assets	(26,386)	(44,117)
Gains on disposal of subsidiaries (note 34)	—	212,799
Gain on disposal of an associate	—	682
Provision of unpaid tax surcharges (note iv)	—	(17,632)
Extra staff costs arising from COVID-19 Pandemic (note v)	—	(34,836)
Others	(6,352)	(7,012)
Total	6,278	418,187

9. OTHER GAINS AND LOSSES (CONTINUED)

Notes:

(i) During the current year, the Group recognised an impairment loss of RMB58,863,000 of property, plant and equipment which is mainly composed of: (1) impairment loss amounting to RMB26,297,000 which is arising from the fire broken out in the production facility of the Company's wholly-owned subsidiary Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零部件有限公司) ("Jiaxing Minhui"); (2) impairment loss amounting to RMB12,389,000 on certain specialized equipment which are considered as useless since a third-party client decided to quit their business in China as a result of the latest change of its business development plan and (3) other miscellaneous impairment losses which are assessed and accrued on individual basis.

(ii) During the current year, the Group recognised an impairment loss of RMB11,291,000 of inventory which is mainly composed of: (1) impairment loss amounting to RMB6,969,000 which is arising from the fire broken out in the production facility of Jiaxing Minhui and (2) impairment loss amounting to RMB4,322,000 on certain specialized finished goods which are considered as useless when a third-party customer decided to quit their business in China as disclosed in note 9(i).

(iii) During the prior 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 was recognized after offsetting corresponding costs relevant to such relocation, while consideration of RMB71,194,000 was classified as deferred income in prior year since the conditions as stipulated in the agreement had not been fulfilled. However, all related conditions have been satisfied in the current year, and a gain of RMB71,194,000 has been recognised as a reduction of the corresponding cost incurred during the year ended 31 December 2022 as further detailed in note 40.

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

(v) During the prior 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 had 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 and recorded in other losses.

* The English names are for identification purposes only.

10. INCOME TAX EXPENSE

	2022 RMB'000	2021 RMB'000
Current tax:		
PRC Enterprise Income Tax	221,507	247,320
Other jurisdictions	75,351	43,857
	296,858	291,177
Over provision in prior years:		
PRC Enterprise Income Tax	(4,143)	(28,982)
Deferred tax:		
Current year (credit) charge (note 22)	(44,007)	4,169
	248,708	266,364

10. INCOME TAX EXPENSE (CONTINUED)

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.

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.

10. INCOME TAX EXPENSE (CONTINUED)

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:

	2022 RMB'000	2022 %	2021 RMB'000	2021 %
Profit before tax	**1,779,069**		1,845,812	
Tax at the applicable income tax rate of 25% (2021: 25%) (note i)	**444,767**	**25.0**	461,453	25.0
Tax effect of share of results of associates and joint ventures	**(2,619)**	**(0.1)**	(5,552)	(0.3)
Tax effect of expenses not deductible for tax purpose	**23,183**	**1.3**	22,869	1.2
Tax effect of income not taxable for tax purpose	**—**	**—**	(47,418)	(2.6)
Tax effect of tax losses not recognised	**47,365**	**2.7**	91,952	5.0
Tax effect of deductible temporary differences not recognised	**4,736**	**0.3**	5,950	0.3
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	**(94,494)**	**(5.3)**	(38,935)	(2.1)
Effect of tax concessions granted to the PRC subsidiaries	**(128,948)**	**(7.2)**	(160,457)	(8.5)
Withholding tax provision on the profits of the PRC subsidiaries (note ii)	**19,377**	**1.1**	35,837	1.9
Tax effect of different tax rates of subsidiaries	**22,733**	**1.3**	16,528	0.9
Deferred tax charged at different tax rates	**—**	**—**	901	—
Super deduction for research and development expenses	**(83,249)**	**(4.7)**	(87,782)	(4.8)
Over provision in respect of prior years	**(4,143)**	**(0.2)**	(28,982)	(1.6)
Tax expense and effective tax rate for the year	**248,708**	**14.0**	266,364	14.4

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. PROFIT FOR THE YEAR

	2022 RMB'000	2021 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration (note 12)	5,820	8,477
Other staff's salaries and allowances	3,234,103	2,932,169
Other staff's related welfares and benefits	250,892	237,928
Other staff's retirement benefits scheme contributions	185,242	155,201
Other staff's share-based payments	46,348	74,217
Total staff costs	3,722,405	3,407,992
Less: Staff costs included in research expenditure	(801,210)	(516,410)
	2,921,195	2,891,582
Remuneration of the Company's auditor	3,950	3,730
Depreciation of property, plant and equipment	1,038,397	846,652
Depreciation of right-of-use assets	45,612	46,379
Amortisation of other intangible assets	37,154	29,042
Amortisation of contract costs	30,890	26,798
Total depreciation and amortisation	1,152,053	948,871
Less: Depreciation and amortisation included in research expenditure	(32,355)	(35,312)
	1,119,698	913,559
Cost of inventories recognised	12,522,240	9,835,495
Write-down of inventories	40,701	12,819
Reversal of inventories provision	(5,058)	(43,477)
Impairment losses recognised on property, plant and equipment included in — other gains and losses	58,863	3,318
Rental income	(40,953)	(30,406)
Less: direct operating expense that generated rental income during the year	13,663	12,413
Research expenditure recognised as an expense and comprised:		
Staff costs	801,210	516,410
Cost of materials	282,611	280,946
Depreciation and amortisation expenses	32,355	35,312
Other operating costs	56,218	108,032
	1,172,394	940,700

12. 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
2022						
Executive directors:						
Ms. Wei	–	–	–	–	–	–
Ye Guo Qiang (Appointed on 31 May 2022)	–	743	470	324	7	1,544
Chen Bin Bo (Resigned on 31 May 2022)	–	1,030	–	727	18	1,775
Chin Chien Ya	–	1,121	371	194	88	1,774
	–	2,894	841	1,245	113	5,093

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. Ms. Wei is also the chief executive officer of the Company since May 2022. During the year ended 31 December 2022, Ms. Wei, waived all of her emoluments.

	Other emoluments					
	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Independent non-executive directors:						
Wang Ching	148	–	–	129	–	277
Wu Tak Lung	171	–	–	129	–	300
Chen Quan Shi	150	–	–	–	–	150
	469	–	–	258	–	727

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

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

12. 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
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	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.

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

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

(b) Employees' emoluments

During the years ended 31 December 2022 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 2022, of the five highest-paid individuals, three (2021: two) were directors whose emoluments are set out above. The emoluments of the remaining two(2021: 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
2022	**2,745**	**700**	**1,036**	**14**	**4,495**
2021	3,533	962	2,524	20	7,039

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:

	2022 No. of employees	2021 No. of employees
Hong Kong dollars ("HK$")		
HK$1,500,001 to HK$2,000,000	**3**	2
HK$2,000,001 to HK$2,500,000	**1**	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
HK$6,000,001 to HK$6,500,000	**—**	—
HK$7,000,001 to HK$7,500,000	**—**	—

13. DIVIDENDS

	2022 RMB'000	2021 RMB'000
Dividends recognised as distribution during the year:		
2021 Final — HK$0.630 (2020 final dividend — HK$0.572) per share	**621,768**	554,110

13. DIVIDENDS (CONTINUED)

At the annual general meeting held on 31 May 2022, a final dividend of HK$0.630 (2021: HK$0.572) per share totalling HK$731,957,000 (equivalent to RMB621,768,000) (2021: HK$663,406,000 (equivalent to RMB554,110,000)) in respect of the year ended 31 December 2021 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.578 per share totalling HK$671,951,000 (equivalent to RMB600,233,000) for the year ended 31 December 2022 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 2023.

14. 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:

	2022 RMB'000	2021 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	1,500,584	1,496,507

	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note)	1,151,000	1,151,646
Effect of dilutive potential ordinary shares:		
Options	–	6,259
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,151,000	1,157,905

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.

15. 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 2021	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
Exchange adjustments	8,500	38,219	6,492	1,444	2,045	144,675	50,040	251,415
Additions	27,256	817	129,254	5,823	2,930	274,536	2,548,220	2,988,836
Disposals	–	(1,788)	(35,617)	(4,527)	(2,052)	(118,842)	(1,123)	(163,949)
Reduction of government subsidies related to assets (note i)	–	(46,768)	(639)	–	(2)	(192,196)	–	(239,605)
Transfers	5,855	1,044,466	85,806	5,107	2,880	2,187,813	(3,331,927)	–
At 31 December 2022	189,752	4,676,068	874,944	101,388	39,464	10,057,856	2,961,242	18,900,714
DEPRECIATION AND IMPAIRMENT								
At 1 January 2021	–	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
Exchange adjustments	–	8,250	3,520	1,001	1,290	25,571	128	39,760
Provided for the year	–	185,818	84,780	8,617	3,512	755,670	–	1,038,397
Impairment loss recognised in profit or loss (note ii)	–	2,226	4,200	–	–	52,437	–	58,863
Eliminated on disposals	–	(864)	(20,887)	(4,527)	(1,913)	(84,027)	–	(112,218)
At 31 December 2022	–	1,128,747	484,697	66,680	25,739	3,756,489	3,073	5,465,425
CARRYING AMOUNT								
At 31 December 2022	189,752	3,543,636	393,932	34,708	13,725	6,301,367	2,958,169	13,435,289
At 31 December 2021	148,141	2,707,805	276,564	31,952	10,813	4,755,032	3,693,087	11,623,394

15. 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, Germany, Serbia and Poland, respectively.

The Group has not pledged freehold land and buildings to secure any general banking facilities granted to group entities as at 31 December 2022 and 2021.

Notes:

(i) The government subsidies of RMB239,605,000 have been treated as a deduction from the carrying amount of the relevant assets, among which amount of RMB118,650,000 is received during the year ended 31 December 2022 (2021: government subsidy of RMB144,039,000 towards the cost of construction of its buildings, plant and machinery).

(ii) As disclosed in Note 9, during the year ended 31 December 2022, due to a fire broke out in the production facility of Jiaxing Minhui and a third-party customer decided to quit their business in China, the Group recognised an impairment loss of RMB58,863,000 relating to buildings, furniture and equipment, plant and machinery (2021: an impairment loss of RMB3,318,000 relating to plant and machinery).

During the year ended 31 December 2022, no impairment was written off by the Group (2021: furniture and equipment, plant and machinery with a carrying amount of RMB17,767,000).

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	**Buildings** RMB'000	**Motor vehicles** RMB'000	**Total** RMB'000
As at 31 December 2022				
Carrying amount	983,580	98,462	810	1,082,852
As at 31 December 2021				
Carrying amount	934,312	108,368	760	1,043,440
For the year ended 31 December 2022				
Depreciation charge	(23,504)	(21,482)	(626)	(45,612)
For the year ended 31 December 2021				
Depreciation charge	(24,065)	(21,792)	(522)	(46,379)

16. RIGHT-OF-USE ASSETS (CONTINUED)

	2022 RMB'000	2021 RMB'000
Expense relating to short-term leases and leases of low-value assets	62,637	62,613
Total cash outflow for leases	164,289	90,454
Additions to right-of-use assets (note)	82,659	139,438

Note: During the year ended 31 December 2022, the Group recognised RMB74,171,000 right-of-use assets in respect of newly obtained land use right located in the PRC (2021: RMB17,501,000 and RMB121,136,000 right-of-use assets in respect of newly rental building located in the PRC and Czech, respectively). Meanwhile, the Group recognised RMB7,818,000 and RMB670,000 right-of-use assets in respect of newly obtained buildings and motor vehicles, respectively (2021: Nil). No right-of-use assets was derecognized during the year ended 31 December 2022 (2021: RMB5,591,000 right-of-use assets in respect of disposal a subsidiary).

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.

As at 31 December 2022, the Group has obtained the land use right certificates for all leasehold lands.

The Group regularly entered into short-term leases for machinery and equipment and motor vehicles. As at 31 December 2022 and 2021, 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 RMB99,965,000 are recognised with related right-of-use assets of RMB99,272,000 as at 31 December 2022 (2021: lease liabilities of RMB119,493,000 are recognised with related right-of-use assets of RMB109,128,000). 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 2022 and 2021, the Group has not entered into any new leases that are not yet commenced.

For the year ended 31 December 2022

17. GOODWILL

	2022 RMB'000	2021 RMB'000
Goodwill	98,030	98,030

The goodwill held by the Group as at 31 December 2022 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 2022, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (2021: 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 2022 and 2021, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(ii) PTI

As at 31 December 2022, the carrying amount of goodwill allocated to the cash-generating unit of moulding and extrusion manufacturing of PTI is RMB31,131,000 (2021: 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 2022 and 2021, the recoverable amount of the cash-generating unit is greater than the carrying amount.

17. GOODWILL (CONTINUED)

Impairment test on goodwill (Continued)

(iii) Jiaxing Dura

As at 31 December 2022, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Dura is RMB36,821,000 (2021: 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 2022 and 2021, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(iv) UATC

As at 31 December 2022, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of UATC is RMB14,277,000 (2021: 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 2022 and 2021, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(v) Guangzhou Tokai

As at 31 December 2022, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Guangzhou Tokai is RMB525,000 (2021: 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 2022 and 2021, the recoverable amount of the cash-generating unit is greater than the carrying amount.

18. OTHER INTANGIBLE ASSETS

	Emission rights RMB'000	Patent RMB'000	Software and others RMB'000	Total RMB'000
COST				
At 1 January 2021	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
Additions	1,001	—	75,026	76,027
Disposals	—	—	(51,455)	(51,455)
Exchange adjustments	—	—	2,196	2,196
At 31 December 2022	**13,023**	**4,677**	**308,217**	**325,917**
AMORTISATION				
At 1 January 2021	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
Charge for the year	585	114	36,455	37,154
Eliminated on disposals	—	—	(50,185)	(50,185)
Exchange adjustments	—	—	1,540	1,540
At 31 December 2022	**12,267**	**2,144**	**198,658**	**213,069**
CARRYING AMOUNT				
At 31 December 2022	**756**	**2,533**	**109,559**	**112,848**
At 31 December 2021	340	2,647	71,602	74,589

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.

19. INTERESTS IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000
Cost of unlisted investments in joint ventures	**181,334**	163,955
Exchange adjustments	**620**	620
Share of post-acquisition profits, net of dividends received	**56,013**	30,440
	237,967	195,015

19. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2022 and 2021, 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
		2022 %	2021 %	2022	2021	
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	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	40.00 (note i)	US$24,951,000	US$20,747,000	Manufacture and sale of soft automotive interior trim materials and provide relevant technical services
Hella Minth (JiaXing) Automotive Parts Co., Ltd.* ("Hella Minth") 敏實海拉(嘉興)汽車零部件有限公司	The PRC	50.00	50.00 (note ii)	RMB150,000,000	RMB144,000,000	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
Zhejiang Limin Aluminum Co.,Ltd* ("Zhejiang Limin") 浙江勵敏鋁業有限公司	The PRC	35.00 (note iii)	N/A	RMB10,000,000	N/A	Non-ferrous metal smelting, Steel rolling processing

* 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. During the current year, the share capital has been increased to USD24,951,000 and all of shareholders made capital injection proportionally.

(ii) During the current year, the share capital of Hella Minth has been increased to RMB150 million which is paid in full pursuant to shareholder agreement, and both shareholders made capital injection proportionally.

(iii) Zhejiang Limin was established by the Group and an independent third party during the current year. Pursuant to the shareholder agreement, unanimous consent from both shareholders is required to direct the relevant activities of Zhejiang Limin.

19. 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

	2022 RMB'000	2021 RMB'000
Current assets	73,659	122,545
Non-current assets	30,020	19,661
Current liabilities	38,127	68,390
Non-current liabilities	115	81
The above amounts of assets and liabilities include the following: Cash and cash equivalents	26,853	70,774

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	192,110	236,408
Profit for the year	1,702	9,295
Dividend declared from the joint venture to the Group	5,000	—
The above profit for the year include the following: Depreciation and amortisation	2,353	2,324
Interest income	522	701
Income tax expense	461	1,972

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

	2022 RMB'000	2021 RMB'000
Net assets of Wuhan Minth Nojima	65,437	73,735
Proportion of the Group's ownership interest in Wuhan Minth Nojima	50%	50%
Carrying amount of the Group's interest in Wuhan Minth Nojima	32,719	36,868

19. INTERESTS IN JOINT VENTURES (CONTINUED)

(b) HaMinGi

	2022 RMB'000	2021 RMB'000
Current assets	196,716	172,633
Non-current assets	114,307	61,605
Current liabilities	85,082	70,637
Non-Current liabilities	32	—
The above amounts of assets and liabilities include the following: Cash and cash equivalents	119,315	30,840

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	126,151	121,279
Profit for the year	35,112	38,527
The above profit for the year include the following: Depreciation and amortisation	8,776	7,517
Interest income	2,948	245
Income tax expense	4,352	5,559

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

	2022 RMB'000	2021 RMB'000
Net assets of HaMinGi	225,909	163,601
Proportion of the Group's ownership interest in HaMinGi	40%	40%
Carrying amount of the Group's interest in HaMinGi	90,364	65,440

19. INTERESTS IN JOINT VENTURES (CONTINUED)

(c) Hella Minth

	2022 RMB'000	2021 RMB'000
Current assets	109,018	81,702
Non-current assets	201,542	169,371
Current liabilities	109,799	76,793
Non-Current liabilities	—	21,601
The above amounts of assets and liabilities include the following: Cash and cash equivalents	13,601	6,108

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	158,290	80,182
Profit for the year	42,082	6,144
The above profit for the year include the following: Depreciation and amortisation	12,229	6,757
Interest income	290	808
Income tax expense	6,844	—

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

	2022 RMB'000	2021 RMB'000
Net assets of Hella Minth	200,761	152,679
Proportion of the Group's ownership interest in Hella Minth	50%	50%
Carrying amount of the Group's interest in Hella Minth	100,381	76,340

19. INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not material

	2022 RMB'000	2021 RMB'000
The Group's share of loss	(5,364)	(3,927)
Aggregate carrying amount of the Group's interests in these joint ventures	14,503	16,367

20. INTERESTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Cost of unlisted investments in associates	260,794	207,385
Exchange adjustments	(289)	(289)
Share of post-acquisition losses, net of dividends received	(46,202)	(26,105)
Impairment (note i)	(58,390)	(58,390)
	155,913	122,601

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.

20. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 December 2022 and 2021, the Group had interests in the following associates:

Name of entities	Country of Incorporation and operation	Attributable equity interest of the Group		Share capital		Principal activities
		2022 %	2021 %	2022	2021	
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	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
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 ii)	10.00	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 iii)	12.69	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	40.00	RMB8,211,667	RMB8,211,667	Manufacturing and sales of metal materials and automobile body parts
Speed Vision Inception Co., Ltd. ("Speed Vision")* 敏視啟源(上海)智能科技有限公司	The PRC	35.00 (note iv)	N/A	RMB10,000,000	N/A	Science and technology promotion and application service
Zhejiang Sanhua Minshi Auto Parts Co., Ltd. ("Sanhua Minshi")* 浙江三花敏實汽車零部件有限公司	The PRC	49.00 (note v)	N/A	RMB100,000,000	N/A	Manufacture and sales of automobiles parts
Taiwan Businessmen Cross. Strait Industry Private Fund Management (Xiamen) Co., Ltd. ("Cross Strait Management")* 台商海峽兩岸產業私募基金管理(廈門)有限公司	The PRC	5.45 (note vi)	N/A	RMB5,147,061	N/A	Fund investment and management

* The English names are for identification purposes only.

20. INTERESTS IN ASSOCIATES (CONTINUED)

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.

(ii) 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.

(iii) 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.

(iv) During the year ended 31 December 2022, Minth Investments Co., Ltd.* (敏實投資有限公司), a wholly-owned subsidiary of the Group participated in the establishment of Speed Vision, which subscribes 35% of the equity shares. The board of directors of Speed Vision consists of 5 directors, of which two are appointed by Minth Investments Co., Ltd., and therefore the Company has significant influence over Speed Vision.

(v) During the year ended 31 December 2022, Minth Automotive Technology Research & Development Co., Ltd.* (敏實汽車技術研發有限公司), a wholly-owned subsidiary of the Group participated in the establishment of Sanhua Minshi, which subscribes 49% of the equity shares. The Company is of the opinion that the Group has significant influence over Sanhua Minshi by taking all the rights and decision powers pursuant to the shareholders agreement into consideration.

(vi) During the year ended 31 December 2022, Cheerplan China, a wholly-owned subsidiary of the Group participated in the establishment of Cross Strait Management. The board of directors of Cross Strait Management consists of 7 directors, of which one is appointed by Cheerplan China. The company is of the opinion that the Group has significant influence over Cross Strait Management.

* The English names are for identification purposes only.

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

	2022 RMB'000	2021 RMB'000
Current assets	**197,644**	205,163
Non-current assets	**1,368,732**	1,320,768
Current liabilities	**467,202**	307,715
Non-current liabilities	**613,949**	598,873

20. INTERESTS IN ASSOCIATES (CONTINUED)

(a) Jiangsu Min'an (Continued)

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	**2,418**	259
(Loss) profit for the year	**(134,118)**	19,169

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiangsu Min'an recognised in the consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Net assets of Jiangsu Min'an	**485,225**	619,343
Proportion of the Group's ownership interest in the Jiangsu Min'an	**12.69%**	12.69%
Carrying amount of the Group's interest in the Jiangsu Min'an	**61,575**	78,595

(b) Wuhan Sankei Minth

	2022 RMB'000	2021 RMB'000
Current assets	**103,629**	99,073
Non-current assets	**30,886**	34,351
Current liabilities	**24,791**	27,442
Non-Current liabilities	**8,653**	—

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	**74,545**	129,250
(Loss) profit for the year	**(4,910)**	3,324
Dividend declared from the associate to the Group	**—**	3,000

20. 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:

	2022 **RMB'000**	2021 RMB'000
Net assets of Wuhan Sankei Minth	**101,071**	105,982
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	**30,321**	31,795

Aggregate information of associates that are not individually material

	2022 **RMB'000**	2021 RMB'000
The Group's share of (loss) profit	**(1,604)**	426
Aggregate carrying amount of the Group's interests in these associates	**64,017**	12,211

21. DEBT INSTRUMENTS AT FVTOCI

	2022 **RMB'000**	2021 RMB'000
Bills receivables	**163,712**	110,839

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 2022 will mature within 6 months (2021: within 8 months).

Details of impairment assessment are set out in note 43.

For the year ended 31 December 2022

22. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

	2022 RMB'000	2021 RMB'000
Deferred tax assets	270,079	203,673
Deferred tax liabilities	(181,581)	(158,804)
	(88,498)	(44,869)

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 2021	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
Credit to profit or loss	2,827	2,945	3,328	36,718	19,475	20,861	–	86,154
Charge to other comprehensive income for the year	–	–	–	–	–	–	(378)	(378)
At 31 December 2022	4,966	15,137	6,022	110,137	108,350	44,211	4,470	293,293

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 2021	(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)
Credit (charge) to profit or loss	(28,598)	30	(13,579)	(42,147)
At 31 December 2022	(75,851)	(921)	(128,023)	(204,795)

22. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of RMB1,039,383,000 (2021: RMB1,158,838,000) available for offset against future profits. A deferred tax asset of RMB44,211,000 (2021: RMB23,350,000) has been recognised in respect of such losses. No deferred tax asset has been recognised in respect of the remaining RMB865,738,000 (2021: RMB1,058,703,000) due to the unpredictability of future profit streams.

	2022 RMB'000	2021 RMB'000
Tax loss expire in 2022	—	51,920
Tax loss expire in 2023	121,778	134,867
Tax loss expire in 2024	195,860	243,400
Tax loss expire in 2025	75,786	147,232
Tax loss expire in 2026	169,382	367,811
Tax loss expire in and after 2027	302,932	113,473
	865,738	1,058,703

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 2022, 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 RMB5,687 million (2021: RMB5,053 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 RMB73,513,000 (2021: RMB54,568,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

23. INVENTORIES

	2022 RMB'000	2021 RMB'000
Raw materials	1,522,772	1,255,663
Work in progress	613,270	618,369
Finished goods	1,497,092	1,086,811
	3,633,134	2,960,843

During the current year, allowance for inventories amounting to RMB35,643,000 (2021: net reversal of RMB30,658,000) has been recognised in cost of sales.

For the year ended 31 December 2022

24. TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables		
— associates	9,338	11,194
— joint ventures	34,883	23,292
— non-controlling shareholders of subsidiaries	6	—
— other related parties*	1,494	1,366
— third parties	4,627,445	3,182,607
Less: Allowance for credit losses	(30,325)	(13,688)
	4,642,841	3,204,771
Bills receivables**	2,043	51,197
Other receivables	97,198	95,081
Less: Allowance for credit losses	(1,476)	(1,476)
	95,722	93,605
	4,740,606	3,349,573
Prepayments to suppliers	943,812	882,000
Utilities and rental prepayments	45,326	37,728
Prepaid value-added tax recoverable and refundable	354,818	334,454
Consideration receivable for disposal of subsidiaries***	154,670	304,670
Interest receivable	301,386	201,327
Deferred issue costs	—	19,900
Total trade and other receivables	6,540,618	5,129,652

As at 1 January 2021, trade receivables from contracts with customers amounted to RMB3,302,430,000.

* 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 2022 will mature within 6 months (2021: within 6 months).

*** The consideration receivable for disposal of subsidiaries mainly come from a disposal of a subsidiary as disclosed in note 34. As at 31 December 2022, cash consideration of RMB150,000,000 was received, and as of the report date, the remaining part has also been settled subsequently.

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants a credit period of 60 days to 90 days (2021: 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:

	2022 RMB'000	2021 RMB'000
Age		
0 to 90 days	4,176,796	2,963,294
91 to 180 days	341,716	153,141
181 to 365 days	84,653	70,892
1 to 2 years	34,215	4,993
Over 2 years	5,461	12,451
	4,642,841	3,204,771

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate gross amount of RMB293,316,000 (2021: RMB110,356,000) which are past due as at the reporting date and assessed collectively based on provision matrix. Out of the past due balances, RMB49,690,000 (2021: RMB36,511,000) 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 2022 and 2021 are set out in note 43.

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 2022	340,086	–	314,512	15,230	23,728
At 31 December 2021	202,608	2	171,149	13,915	9,073

25. CONTRACT ASSETS AND CONTRACT COSTS

Contract assets

	2022 RMB'000	2021 RMB'000
Moulds development	1,169,880	1,004,450
Less: Allowance for credit losses	(7,743)	—
	1,162,137	1,004,450
Analysed for reporting purpose as:		
Current	294,145	249,795
Non-current	867,992	754,655
	1,162,137	1,004,450

As at 1 January 2021, contract assets amounted to RMB869,895,000.

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 assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.

Contract costs

	2022 RMB'000	2021 RMB'000
Incremental costs to obtain contracts	133,687	164,177

Note: Contract costs capitalised as at 31 December 2022 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 RMB30,890,000 (2021: RMB26,798,000). There was no impairment in relation to the costs capitalised during the year ended 31 December 2022 (2021: 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.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Unlisted equity investments	28,269	–

During the current year, the Group has made the following equity investments:

(i) In August 2022, the Group made an equity investment in Canatu Oy with an amount of EUR3,000,000 (equivalent to RMB20,504,000), accounting for 2.34% of the total equity interests. Canatu Oy is an unlisted company established in Finland which is primarily engaged in producing and sales of nano-material.

(ii) In July 2022, the Group entered into a limited partnership agreement with other partners in respect of the establishment of Taiwan Businessmen Cross Strait Industry Private Fund.* (台商海峽兩岸產業投資基金(廈門)合夥企業(有限合夥)) ("Taiwan Businessmen Fund"). Pursuant to the limited partnership agreement, the Group is committed to contributing RMB40,000,000, accounting for approximately 5.44% of the total capital commitment to Taiwan Businessmen Fund. As at 31 December 2022, the Group has contributed RMB6,000,000 to Taiwan Businessmen Fund.

* The English name is for identification purposes only.

In the opinion of the directors of the Company, the fair value of such equity investments at December 31, 2022 approximated those investment cost, and the fair value change of the equity investments are insignificant since the initial recognition.

Details of the fair value measurement of the financial assets at FVTPL are set out in Note 43(c).

Financial assets at FVTPL that are denominated in currencies other than the functional currency of the respective group entity are set out below:

Original currencies	**EUR** RMB'000
At 31 December 2022	22,269

For the year ended 31 December 2022

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2022 RMB'000	2021 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	10,030	1,799
Foreign currency structural option contracts (b)	358	345
Cross-currency swap contracts (c)	69,621	34,014
Interest rate swap contracts (d)	13,285	79
	93,294	36,237
Derivative financial liabilities		
Foreign exchange forward contracts (a)	3,622	800
Foreign currency structural option contracts (b)	16	1,133
Interest rate swap contracts (d)	—	7,391
	3,638	9,324

	2022 RMB'000	2021 RMB'000
Analysed for reporting purpose as:		
Current assets	87,241	2,144
Non-current assets	6,053	34,093
	93,294	36,237
Current liabilities	3,638	1,933
Non-current liabilities	—	7,391
	3,638	9,324

27. 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 2022

Notional amount	Maturity dates	Exchange rates
Sell US$22,000,000 Buy RMB159,084,740	12 January 2023 to 21 February 2023	US$1: RMB7.1538 to US$1: RMB7.3164
Sell EUR17,500,000 Buy RMB127,380,821	16 January 2023 to 30 March 2023	EUR1: RMB7.0000 to EUR1: RMB7.4855
Sell US$9,700,000 Buy JPY1,319,117,107	12 January 2023 to 7 June 2023	US$1: JPY126.06 to US$1: JPY149.42
Sell EUR1,000,000 Buy JPY146,688,020	12 January 2023	EUR1: JPY146.61 to EUR1: JPY146.77
Sell EUR2,000,000 Buy US$2,127,100	21 February 2023 to 23 February 2023	EUR1: US$1.0519 to EUR1: US$1.0752

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

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Foreign currency structural option contracts

31 December 2022

As of 31 December 2022, the Group had the following outstanding structural option contracts:

A structural option contract begins on 13 October 2022 with settlement date at 31 January 2023 regarding US$ against CNY:

At each valuation date:

(i) if the US$ to CNY reference rate (the "Reference Rate"), as defined in the agreement, is below 7.1100 (the "Fade Rate"), settlement is calculated based on the Fade Rate times a national amount of USD2,000,000, settled in CNY equivalent;

(ii) if the Reference Rate is equal to or between the Fade Rate and 7.2000 (the "Strike Rate"), there would have no settlements;

(iii) if the US$ to CNY Reference rate is greater than the Strike Rate, settlement is calculated based on the Strike Rate times a notional amount of US$2,000,000, settled in CNY equivalent.

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:

(iv) 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;

(v) 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

(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 EUR2,000,000, settled in CNY equivalent.

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Cross-currency swap contracts

Major terms of the contracts outstanding at 31 December 2022 and 31 December 2021 are as follows:

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

31 December 2022

Major terms of the contracts outstanding at 31 December 2022 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$10,000,000	03/03/2023	Interest from US$-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
US$10,000,000	26/07/2024	Interest from US$-Secured Overnight Financing Rate to fixed rate 2.5000% on a quarterly basis
EUR10,000,000	04/08/2025	Interest from EUR inter-Bank Offered Rate to fixed rate 1.2000% on a quarterly basis

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(d) Interest rate swap contracts (Continued)

31 December 2021

Major terms of the contracts outstanding at 31 December 2021 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 43(c).

28. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from 0.00% to 4.52% (2021: 0.00% to 4.52%) per annum. The pledged bank deposits carry interest at fixed interest rates which range from 0.50% to 4.25% (2021: 1.50% to 4.25%) per annum.

As at 31 December 2022 and 2021, 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.

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 mainly set out below:

Original currencies	US$	EUR	HK$	JPY	MXN
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022	**184,657**	**178,016**	**5,887**	**31,715**	**13,086**
At 31 December 2021	148,813	398,797	10,551	34,527	2,501

29. TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables		
— associates	12,994	55,832
— joint ventures	45,382	37,455
— non-controlling shareholders of subsidiaries	120	1,473
— other related parties*	8,988	9,455
— third parties	3,088,314	2,191,110
	3,155,798	2,295,325
Bills payables	385,796	207,954
Other payables		
— associates	36	528
— joint ventures	1,095	87
— non-controlling shareholders of subsidiaries	2,104	2,259
— other related parties*	7,147	5,069
	10,382	7,943
	3,551,976	2,511,222
Payroll and welfare payables	552,718	514,616
Consideration payable of acquisition of property, plant and equipment	655,910	448,868
Technology support services fees payable	25,479	28,344
Freight and utilities payable	70,253	85,393
Other tax payable	111,132	92,031
Deposits received	14,926	13,670
Provision (note)	57,656	50,232
Dividend payables	21,333	31,999
Others	704,087	474,010
Total trade and other payables	5,765,470	4,250,385

* The companies are those in which Mr. Chin and his family have control.

Note: During the year of 2020, a subsidiary of the Company located in Mexico received the notice of penalty of PM161,195,000 (equivalent to RMB57,656,000) (2021: equivalent to RMB50,232,000) from the local customs in relation to alleged violation of certain local regulations. The Group has submitted an administrative appeal which had been 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 2022.

29. TRADE AND OTHER PAYABLES (CONTINUED)

The average credit period on purchases of goods is 30 days to 90 days (2021: 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:

	2022 RMB'000	2021 RMB'000
Age		
0 to 90 days	2,493,679	1,981,573
91 to 180 days	410,930	169,133
181 to 365 days	177,441	98,709
1 to 2 years	63,743	33,179
Over 2 years	10,005	12,731
	3,155,798	2,295,325

Bills payables held by the Group as at 31 December 2022 will mature within 6 months (2021: 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 2022	22,079	45,693	240,625	7,988	192,713
At 31 December 2021	29,770	55,029	39,656	7,937	101,651

30. CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Sales of automobile body parts	31,726	28,225
Sales of moulds	144,896	54,981
	176,622	83,206

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.

	2022 RMB'000	2021 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	79,570	85,720

31. BORROWINGS

	2022 RMB'000	2021 RMB'000
Secured (note)	**810,936**	322,481
Unsecured	**7,387,260**	6,821,109
	8,198,196	7,143,590
Fixed-rate borrowings	**2,621,174**	2,431,476
Variable-rate borrowings	**5,577,022**	4,712,114
	8,198,196	7,143,590
Carrying amount repayable:		
Within one year	**7,192,399**	4,888,450
Within a period of more than two years but not exceeding five years	**1,005,797**	2,255,140
	8,198,196	7,143,590

Note: As at 31 December 2022 and 2021, the balance was secured by pledged bank deposits, bills receivables and freehold land of the Group.

The Group has variable-rate borrowings which carry interest at the LIBOR. 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:

	2022	2021
Effective interest rate:		
Fixed-rate borrowings	**1.21% to 5.85%**	2.83% to 4.35%
Variable-rate borrowings	**0.53% to 5.26%**	0.07% to 4.85%

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 2022	**1,294,719**	**6,700**	**3,751,478**
At 31 December 2021	2,288,880	139,483	2,034,566

For the year ended 31 December 2022

32. SHARE CAPITAL

	Number of shares		Share capital	
	2022 '000	2021 '000	**2022 HK$'000**	2021 HK$'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	
	2022 '000	2021 '000	**2022 RMB'000**	2021 RMB'000
Issued and fully paid				
At beginning of year	**1,161,401**	1,159,656	**116,219**	116,069
Exercise of share options under the Company's employee share option scheme (note 38(a))	**435**	1,745	**36**	150
At end of year	**1,161,836**	1,161,401	**116,255**	116,219

33. NON-CONTROLLING INTERESTS

	2022 RMB'000	2021 RMB'000
Balance at beginning of year	**532,684**	368,891
Share of total comprehensive income for the year	**59,660**	73,843
Capital contribution from non-controlling shareholders	**186,298**	192,799
Recognition of equity-settled Share-based payment in a subsidiary (note 38(c))	**1,726**	—
Derecognition upon disposal of a subsidiary	**—**	(1,492)
Dividends declared to non-controlling shareholders during the year	**—**	(101,357)
Balance at end of year	**780,368**	532,684

33. NON-CONTROLLING INTERESTS (CONTINUED)

As at 31 December 2022 and 2021, 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	
		31/12/2022 %	31/12/2021 %	2022 RMB'000	2021 RMB'000	31/12/2022 RMB'000	31/12/2021 RMB'000
Guangzhou Minhui Automobile Parts Co.,Ltd. ("Guangzhou Minhui")	the PRC as a foreign equity joint venture enterprise	30.00	30.00	7,894	9,709	52,561	44,667
Guangzhou Tokai	the PRC as a foreign equity joint venture enterprise	50.00	50.00	31,503	32,427	115,914	84,411
Wuhan Tokai Minth Automotive Parts Co.,Ltd.	the PRC as a foreign equity joint venture enterprise	50.00	50.00	19,785	30,221	144,113	124,328
UATC (note i)	Taiwan	63.55	61.00	(28,709)	10,370	384,631	254,449
Tianjin Tokai Minth Automotive Parts Co. Ltd. (note ii)	the PRC as a foreign equity joint venture enterprise	50.00	NA	(564)	NA	27,236	NA
Jiaxing Toei Minth Automotive Parts Co., Ltd. (note iii)	the PRC as a foreign equity joint venture enterprise	50.00	NA	(3,012)	NA	23,227	NA
Individually immaterial subsidiaries with non-controlling interests						32,686	24,829
						780,368	532,684

Note:

(i) The Group and Mr. Chin used to hold 39.00% and 9.36% equity share respectively on UATC which is listed on Taipei Exchange (GreTai Securities Market).

In October 2022, UATC launched a public placement for 20,000,000 new issued ordinary shares with a subscription price of New Taiwan Dollar ("NTD") 42 per share, under which 4,500,000 shares and 750,000 shares were subscribed by the Group and Mr. Chin, respectively. Upon completion of the above offering, the equity shares held by the Group and Mr. Chin was diluted to 36.45% and 8.41%, respectively.

The Directors assessed whether the Group has control over UATC based on whether the Group has the practical ability direct the relevant activities of UATC unilaterally. In making the judgement, the Directors has taken into consideration the Group's absolute size of holding in UATC versus the relative size of and dispersion of the shareholdings owned by the other shareholders and the right possessed by the Group 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.

(ii) During the current year, Cheerplan China entered into a cooperation agreement with Tokai Kogyo Co., Ltd. ("Tokai Kogyo"), pursuant to which Cheerplan China and Tokai Kogyo agreed to set up Tianjin Tokai Minth Automotive Parts Co., Ltd.* (天津東海敏實汽車零部件有限公司) ("Tianjin Tokai Minth"),with the registered capital of USD7,740,000 and each party hold 50% of the equity interest in Tianjin Tokai Minth. According to the cooperation agreement, Cheerplan China has the right to approve the major matter of Tianjin Tokai Minth alone on the Shareholders' Meeting, and appoint a majority of directors of the board of Tianjin Tokai Minth, upon which Tianjin Tokai Minth would be a 50% owned subsidiary of the Company. As at 31 December 2022, Tianjin Tokai Minth has received the capital contribution of USD7,740,000 (equivalent to approximately RMB55,600,000) from Tokai Kogyo and Cheerplan China, in which amount of USD 3,870,000 (equivalent to approximately RMB27,800,000) was contributed from Tokai Kogyo.

(iii) During the current year, Jiaxing Sinoone Investments Co., Ltd.* (嘉興司諾投資有限公司) ("Jiaxing Sinoone"), a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Tokai Kogyo, pursuant to which Jiaxing Sinoone and Tokai Kogyo agree to set up Jiaxing Toei Minth Automotive Parts Co., Ltd.* (嘉興東榮敏實汽車零部件有限公司) ("Jiaxing Toei"), with the registered capital of USD24,000,000 and each party hold 50% of the equity interest in Jiaxing Toei. According to the cooperation agreement, Jiaxing Sinoone has the right to approve the major matter of Jiaxing Toei alone on the Shareholders' Meeting, and appoint a majority of directors of the board of Jiaxing Toei, upon which Jiaxing Toei would be a 50% owned subsidiary of the Company. As at 31 December 2022, Jiaxing Toei has received the initial capital contribution of USD8,000,000 (equivalent to approximately RMB52,478,000) from Tokai Kogyo and Jiaxing Sinoone, in which amount of USD4,000,000 (equivalent to approximately RMB26,239,000) was contributed from Tokai Kogyo.

* The English names are for identification purposes only.

33. NON-CONTROLLING INTERESTS (CONTINUED)

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

(i) Guangzhou Minhui

	2022 RMB'000	2021 RMB'000
Current assets	**253,214**	246,999
Non-current assets	**166,104**	203,394
Current liabilities	**237,659**	293,509
Non-current liabilities	**–**	1
Equity attributable to owners of the Company	**129,098**	112,216
Non-controlling interests	**52,561**	44,667

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	**472,258**	580,671
Expenses	**445,944**	548,306
Profit for the year	**26,314**	32,365
Profit attributable to owners of the Company	**18,420**	22,656
Profit attributable to non-controlling interests	**7,894**	9,709
Dividends declared to non-controlling shareholders	**–**	31,999
Net cash inflow (outflow) from operating activities	**32,370**	(20,401)
Net cash (outflow) inflow from investing activities	**(21,466)**	42,706
Net cash outflow from financing activities	**(10,666)**	(24,888)
Net cash inflow (outflow)	**238**	(2,583)

33. NON-CONTROLLING INTERESTS (CONTINUED)

(ii) Guangzhou Tokai

	2022 RMB'000	2021 RMB'000
Current assets	241,500	201,658
Non-current assets	90,412	65,150
Current liabilities	99,866	97,986
Non-current liabilities	218	—
Equity attributable to owners of the Company	115,914	84,411
Non-controlling interests	115,914	84,411

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	359,763	303,956
Expenses	296,757	239,102
Profit for the year	63,006	64,854
Profit attributable to owners of the Company	31,503	32,427
Profit attributable to non-controlling interests	31,503	32,427
Dividends paid to non-controlling shareholders	—	28,437
Net cash inflow from operating activities	75,039	131,803
Net cash outflow from investing activities	(40,768)	(10,515)
Net cash outflow from financing activities	—	—
Net cash inflow	34,271	121,288

33. NON-CONTROLLING INTERESTS (CONTINUED)

(iii) Wuhan Tokai Minth Automotive Parts Co., Ltd.

	2022 RMB'000	2021 RMB'000
Current assets	241,589	239,006
Non-current assets	152,403	148,289
Current liabilities	104,195	137,265
Non-current liabilities	197	–
Equity attributable to owners of the Company	145,487	125,702
Non-controlling interests	144,113	124,328

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	434,945	441,846
Expenses	395,375	381,404
Profit for the year	39,570	60,442
Profit attributable to owners of the Company	19,785	30,221
Profit attributable to non-controlling interests	19,785	30,221
Dividends paid to non-controlling shareholders	–	40,922
Net cash inflow from operating activities	17,699	56,987
Net cash outflow from investing activities	(14,926)	(33,896)
Net cash (outflow) inflow from financing activities	(50,366)	55
Net cash (outflow) inflow	(47,593)	23,146

33. NON-CONTROLLING INTERESTS (CONTINUED)

(iv) UATC and UATC's subsidiaries

	2022 RMB'000	2021 RMB'000
Current assets	**721,924**	622,104
Non-current assets	**630,525**	110,067
Current liabilities	**536,997**	291,285
Non-current liabilities	**213,902**	22,903
Equity attributable to owners of the Company	**216,263**	162,680
Non-controlling interests of UATC	**384,631**	254,449
Non-controlling interests of UATC's subsidiaries	**656**	854

For the year ended 31 December 2022

33. NON-CONTROLLING INTERESTS (CONTINUED)

(iv) UATC and UATC's subsidiaries (Continued)

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000
Revenue	524,883	313,219
Expenses	572,135	295,315
(Loss) profit for the year	(47,252)	17,904
(Loss) profit attributable to owners of the Company	(18,536)	7,289
(Loss) profit attributable to non-controlling interests of UATC	(28,709)	10,370
(Loss) profit attributable to non-controlling interests of UATC's subsidiaries	(7)	245
(Loss) profit for the year	(47,252)	17,904
Other comprehensive income (expense) attributable to owners of the Company	5,403	(7,281)
Other comprehensive income (expense) attributable to non-controlling interests of UATC	24,523	(4,064)
Other comprehensive income (expense) attributable to non-controlling interests of UATC's subsidiaries	191	(244)
Other comprehensive income (expense) for the year	30,117	(11,589)
Total comprehensive (expense) income attributable to owners of the Company	(13,133)	8
Total comprehensive (expense) income attributable to non-controlling interests of UATC	(4,186)	6,306
Total comprehensive income attributable to non-controlling interests of UATC's subsidiaries	184	1
Total comprehensive (expense) income for the year	(17,135)	6,315
Net cash (outflow) inflow from operating activities	(700,682)	2,739
Net cash outflow from investing activities	(2,333,815)	(25,098)
Net cash inflow from financing activities	1,876,282	388,569
Net cash (outflow) inflow	(1,158,215)	366,210

34. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2022, no subsidiary was disposed by the Group.

During the year ended 31 December 2021, the Group 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 would be settled by stages according to the schedule as stated in the agreement. The disposal was 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

34. 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

Note: Pursuant to the equity transfer agreement, as of the report date, the deferred consideration of RMB300,000,000 has been settled in cash.

35. LEASE LIABILITIES

	2022 RMB'000	2021 RMB'000
Lease liabilities payable:		
Within one year	19,087	19,691
Within a period of more than one year but not more than two years	18,161	17,729
Within a period of more than two years but not more than five years	52,178	64,769
Within a period of more than five years	10,539	17,304
	99,965	119,493
Less: Amount due for settlement within 12 months shown under current liabilities	(19,087)	(19,691)
Amount due for settlement after 12 months shown under non-current liabilities	80,878	99,802

The weighted average incremental borrowing rates applied to lease liabilities range from 1.30% to 3.92% (2021: 1.30% to 4.57%) per annum.

36. 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 RMB40,953,000 (2021: RMB30,405,000).

Undiscounted lease payments receivable on leases are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	20,348	20,619
In the second to fifth year inclusive	85,843	89,885
After five years	45,708	76,534
	151,899	187,038

37. COMMITMENTS

	2022 RMB'000	2021 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisitions of property, plant and equipment	576,165	732,528

38. SHARE-BASED PAYMENT TRANSACTIONS

(a) 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"). The 2012 Share Option Scheme was expired in May 2022. During the year of 2022 one new share option scheme has been adopted pursuant to a resolution which was approved in the annual general meeting held on 31 May 2022 and will be valid for 10 years from the date of its adoption (the "2022 Share Option Scheme").

The Group has granted a series of share options in 2008, 2011, 2012, 2014, 2015, 2018 and 2020 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.

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

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.

At 31 December 2022, the total number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 38,503,400 (2021: 42,541,200), representing 3.31% (2021: 3.66%) 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**	**Fair value at grant date**
					HK$	HK$
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 2018 and 2020, the tranche A, B and C are granted to Directors, while the tranche E, F and G are granted to employees.

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(a) 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 2022 and 2021:

Year ended 31 December 2022:

Option type	Outstanding at 01/01/2022	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2022
2018-A	2,756,450	–	–	(264,000)	2,492,450
2018-B	2,756,450	–	–	(264,000)	2,492,450
2018-C	3,821,600	–	–	(352,000)	3,469,600
2018-E	2,572,500	–	–	(169,200)	2,403,300
2018-F	2,572,500	–	–	(169,200)	2,403,300
2018-G	3,482,000	–	–	(225,600)	3,256,400
2020-A	3,307,200	–	(196,000)	(300,600)	2,810,600
2020-B	3,955,200	–	–	(300,600)	3,654,600
2020-C	5,273,600	–	–	(400,800)	4,872,800
2020-E	2,946,361	–	(239,300)	(346,950)	2,360,111
2020-F	3,898,860	–	–	(346,950)	3,551,910
2020-G	5,198,479	–	–	(462,600)	4,735,880
	42,541,200	–	(435,300)	(3,602,500)	38,503,400
Exercisable at the end of the year					28,894,720
Weighted average exercise price	HK$29.66	–	HK$23.85	HK$29.36	HK$29.75

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(a) Equity-settled share option scheme (Continued)

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

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$36.60 (2021: HK$36.37).

The Group recognised the total expense of RMB32,595,000 (2021: RMB68,403,000) for the year ended 31 December 2022 in relation to share options granted by the Company.

(b) Restricted shares of the Company

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.

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(b) Restricted shares of the Company (Continued)

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). In March 2022, the Group has purchased additional 3,000,000 issued ordinary shares from the market through the trustee, the consideration for which amounted to approximately HK$57,944,000 (equivalent to approximately RMB46,731,000). 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 2022	2,856,000
Granted during the year	–
Exercised during the year	–
Forfeited during the year	(291,000)
Outstanding as at 31 December 2022	2,565,000

The Group recognised the total expenses of RMB12,541,000 (2021: RMB9,507,000) for the year ended 31 December 2022 in relation to restricted share units stated above.

(c) Restricted shares of UATC

UATC, a subsidiary of the Group announced a share award scheme (the "UATC Scheme") on 8 June 2022, of which the purpose is to recognise the contributions by corresponding eligible participants (the "UATC Scheme Participants") and to provide them with incentives in order to retain them for the continual operation and development of UATC.

Pursuant to the UATC Scheme, UATC shall issue new 1,500,000 ordinary shares with nominal value of NTD10. The Board of UATC Directors shall select the UATC Scheme Participants and determine the number of shares to be awarded (the "UATC Restricted Shares"). On 20 September 2022, the Board of UATC resolved to issue 1,500,000 new shares and approve the grant of corresponding shares to the UATC Scheme participants at the grant price of zero per Restricted Share, and vest over a Three-year period that 30%, 30% and 40% of the awards vesting on the first, second and third anniversary of the grant date, respectively.

38. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(c) Restricted shares of UATC (Continued)

The fair value of Restricted Shares with service conditions or performance 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 UATC's Restricted Shares activity for the current period:

	Number of Restricted Stocks
Outstanding as at 1 January 2022	–
Granted during the year	1,500,000
Exercised during the year	–
Forfeited during the year (note)	(94,000)
Outstanding as at 31 December 2022	1,406,000

Note: As at 31 December 2022, certain employees left UATC after the restricted shares granted.

UATC recognised the total expenses of RMB2,715,000 (2021: nil) for the year ended 31 December 2022 in relation to restricted share units granted.

39. RETIREMENT BENEFITS SCHEME

Defined contribution plans

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

The total cost charged to profit or loss of RMB185,355,000 (2021: RMB155,343,000) 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 2022 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.

39. RETIREMENT BENEFITS SCHEME (CONTINUED)

Defined contribution plans (Continued)

(a) PTI (Continued)

The total cost charged to profit or loss for the year ended 31 December 2022 is RMB1,450,000 (2021: RMB520,000), representing the net interest on the net defined benefit liability.

The actuarial valuation showed that the market value of plan assets was RMB41,624,000 (2021: RMB48,501,000) and that the actuarial value of these assets represented 93.80% (2021: 90.05%) of the benefits that had accrued to members. The shortfall of RMB2,749,000 (2021: RMB5,358,000) is to be cleared by the contributions to be made by the Group in the future years.

	2022 RMB'000	2021 RMB'000
Present value of funded defined benefit obligations	**44,373**	53,859
Fair value of plan assets	**(41,624)**	(48,501)
Funded status and net liability arising from defined benefit obligation	**2,749**	5,358

(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 total cost charged to profit or loss for the year ended 31 December 2022 is RMB15,000 (2021: RMB9,000), 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 RMB2,212,000 (2021: RMB2,065,000) 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:

	2022 RMB'000	2021 RMB'000
Present value of funded defined benefit obligations	**–**	–
Fair value of plan assets	**2,212**	2,065
Funded status and net asset arising from defined benefit obligation	**2,212**	2,065

40. DEFERRED INCOME

	2022 RMB'000	2021 RMB'000
Government grants received — non-current liabilities	27,058	204,924

During the current year, government grant in relation to resettlement cost amounting to RMB71,194,000 has been recognised in profit or loss since it fulfils the conditions stipulated in the agreement; while government grant amounting to RMB108,656,000 has been recognised as a deduction from the carrying amount of the relevant assets as disclosed in Note 15, and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

41. 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 2022, the carrying amount of this long-term liability together with the interest payable is RMB107,816,000 (31 December 2021: RMB103,025,000).

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 together with interest calculated based on the market interest rate, no later than the expiry of the operation period of Jiaxing Partnership. The interest could be recognised as a reduction of interest expenses incurred under the terms of the agreement when certain conditions are fulfilled during the operation period of Jiaxing Partnership. During the year ended 31 December 2022, the Group has met certain conditions stipulated in the agreement under which corresponding government subsidies have been recognised as a reduction of interest expenses incurred. The Group treats the capital contribution by the local government funds together with interest payable as a long-term liability and measures corresponding interest payable on its best estimate. As at 31 December 2022, the carrying amount of this long-term liability together with the interest payable is RMB855,900,000 (31 December 2021: RMB877,300,000).

* The English names are for identification purposes only.

42. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Saved as disclosed in the Directors' report, the transactions below 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	2022 RMB'000	2021 RMB'000
A joint venture, in which the Company has a 50% equity interest	Sales of finished goods	38,873	50,140
	Purchases of finished goods/semi-finished goods	27,731	34,441
	Consulting services income	–	1,394
	Property rentals income	2,518	2,392
	Purchases of property, plant and equipment	13	–
	Other expense	4	135
A joint venture, in which the Company has a 50% equity interest	Consulting services income	8,046	5,100
	Proceeds from disposal of property, plant and equipment	–	33
	Purchases of finished goods/semi-finished goods	127,239	70,099
	Purchase of fixed assets	5	–
	Consulting services charges	–	1,830
	Sales of finished goods	3,856	8,592
	Sales of raw materials	106	437
	Other expense	965	45
	Property rentals income	1,944	1,997
	Utilities income	6,202	4,915
A joint venture, in which the Company has a 40% equity interest	Utilities income	2,251	1,286
	Property rentals income	3,800	2,370
	Consulting services income	125	92
	Sales of raw material	6	–
	Proceeds from disposal of property, plant and equipment	9	–
	Sales of finished goods	60	52
A joint venture, in which the Company has a 35% equity interest	Utilities income	200	NA
	Purchases of raw materials/semi-finished goods	42,895	NA

42. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

Relationship with related/connected party	Nature of transactions	2022 RMB'000	2021 RMB'000
An associate, in which the Company has a 35% equity interest	Property rentals income	24	26
	Utilities income	12	12
An associate, in which the Company has a 10% equity interest	Purchases of finished goods/ semi-finished goods	24,247	29,658
An associate, in which the Company has a 30% equity interest	Sales of finished goods/raw materials	5,480	9,768
	Purchases of raw materials	5,917	8,509
	Property rentals income	2,575	2,571
	Utilities income	612	613
An associate in 2021, in which the Company has 30% equity interest (note)	Sales of finished goods	NA	1,690
	Sales of raw materials	NA	144
	Utilities income	NA	209
	Purchases of finished goods/ semi-finished goods	NA	74,810
An associate, in which the Company has a 40% equity interest	Purchases of finished goods/ semi-finished goods	12,499	11,259
	Property rentals income	7	–
	Sales of finished goods	135	–
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	169	641
	Purchases of raw materials and moulds	5,022	8,373
	Purchases of finished moulds/semi-finished moulds	101	–
	Other expense	380	3
	Property rentals payment	–	314
	Technology support services charges	5,274	9,311
	Purchases of intangible assets	275	783

42. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

Relationship with related/connected party	Nature of transactions	2022 RMB'000	2021 RMB'000
Companies in which Mr. Chin and his family have control	Sales of raw materials	1	20
	Sales of moulds	325	2,350
	Purchases of finished goods	2,184	193
	Purchases of raw materials/semi-finished goods	83,993	115,186
	Technology support services charges	134	567
	Property rentals income	–	1,024
	Property rentals payment	5,626	6,688
	Other expense	5,687	16,532
	Purchases of fixed assets	5,032	74
	Utilities Income	3,696	1,725
	Purchases of property, plant and equipment	–	427

Note: An associate was no longer the related party of the Group since October 14, 2021. The transactions for the previous year disclosed above represented the transactions between January 1, 2021 and October 14, 2021.

Financial guarantees provided to related party

As at 31 December 2022, no financial guarantee was provided by the Group to bank in respect of banking facilities of its related parties.

As at 31 December 2021, the Group provided total financial guarantees with maximum amount of RMB30,000,000 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:

	2022 RMB'000	2021 RMB'000
Short-term benefits	8,726	9,158
Post-employment benefits	135	142
Share-based payments	2,694	6,217
	11,555	15,517

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

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 RMB'000	2021 RMB'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	10,472,316	10,393,139
Derivative financial assets	93,294	36,237
Financial assets at FVTPL	28,269	—
Debt instruments at FVTOCI	163,712	110,839
Financial liabilities:		
Amortised cost	14,242,199	11,735,654
Derivative financial liabilities	3,638	9,324

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, pledged bank deposits, debt instruments at FVTOCI, derivative financial assets/liabilities, financial assets at FVTPL, 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.

43. FINANCIAL INSTRUMENTS (CONTINUED)

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

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	
	2022 RMB'000	2021 RMB'000	**2022 RMB'000**	2021 RMB'000
US$	**1,316,798**	2,318,650	**524,743**	351,421
EUR	**3,992,103**	2,074,222	**514,797**	569,946
JPY	**45,693**	55,029	**31,715**	34,529
HK$	**14,688**	147,420	**21,117**	24,466
MXN	**192,713**	101,651	**36,814**	11,574
	5,561,995	4,696,972	**1,129,186**	991,936

The Group also entered into certain foreign exchange forward contracts and structural option contracts to mitigate its foreign currency exposure.

43. 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% (2021: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2021: 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% (2021: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% (2021: 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% (2021: 5%) increase and decrease in US$ against the relevant foreign currencies. 5% (2021: 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% (2021: 5%) change in foreign currency rates.

	2022 RMB'000	2021 RMB'000
If RMB strengthens against US$	35,975	88,151
If RMB weakens against US$	(35,975)	(88,151)
If RMB strengthens against EUR	136,837	59,024
If RMB weakens against EUR	(136,837)	(59,024)
If RMB strengthens against JPY	511	800
If RMB weakens against JPY	(511)	(800)
If RMB strengthens against HK$	379	5,276
If RMB weakens against HK$	(379)	(5,276)
If US$ strengthens against EUR	49	(23)
If US$ weakens against EUR	(49)	23
If US$ strengthens against MXN	6,718	4,071
If US$ weakens against MXN	(6,718)	(4,071)
If US$ strengthens against JPY	34	63
If US$ weakens against JPY	(34)	(63)

43. 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 28 and 31). 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 (2021: 50 basis point) increase or decrease in interest rates on variable-rate bank balances and a 50 basis point (2021: 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 (2021: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would have increased/decreased by RMB8,224,000 (2021: increased/decreased by RMB10,471,000). If interest rates on variable-rate borrowings had been 50 basis point (2021: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would have decreased/increased by RMB23,987,000 (2021: decreased/increased by RMB22,519,000). 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.

43. 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.

43. 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 2022, the Group's ten largest customers accounted for 32% (2021: 36%) of the total trade receivables.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 63% (2021: 72%) of the total trade receivables as at 31 December 2022.

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	2022 Gross carrying amount RMB'000	2021 Gross carrying amount RMB'000
Debt instruments at FVTOCI	21	N/A	12-month ECL	163,712	110,839
Financial assets at amortised costs					
Pledged bank deposits	28	N/A	12-month ECL	1,055,003	1,045,610
Bank balances and cash	28	N/A	12-month ECL	4,220,651	5,491,959
Bills receivables	24	(note i)	12-month ECL	2,043	51,197
Other receivables	24	(note i)	12-month ECL	551,778	599,602
			Lifetime ECL (credit-impaired)	1,476	1,476
				553,254	601,078
Trade receivables	24	(note ii)	Lifetime ECL (not credit-impaired)	4,601,935	3,178,045
			Lifetime ECL (credit-impaired)	71,231	40,414
				4,673,166	3,218,459
Other items					
Contract assets	25	(note ii)	Lifetime ECL (not credit-impaired)	1,162,137	1,004,450
			Lifetime ECL (credit-impaired)	7,743	–

43. 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.

2022

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Other receivables	1,476	551,778	553,254
Bills receivables	—	2,043	2,043
	1,476	553,821	555,297

2021

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Other receivables	1,476	599,602	601,078
Bills receivables	—	51,197	51,197
	1,476	650,799	652,275

43. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Notes: (Continued)

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.

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 2022 and 2021 within lifetime ECL.

2022	**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	0.11%	5,116	3,468,101	1,162,137	4,630,238
Customer Group B	0.34%	3,033	882,889	—	882,889
Customer Group C	0.21%	635	300,635	—	300,635

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

During the year ended 31 December 2022, trade receivables amounting to RMB21,541,000 (2021: RMB3,903,000) and contract assets amounting to RMB7,743,000 (2021: Nil) with high credit risk are assessed for ECL individually.

43. 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 2021	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
Impairment losses recognised	**1,617**	**20,022**	**21,639**
Impairment losses reversed	**(1,122)**	**(816)**	**(1,938)**
Transfer to credit-impaired	**(2,583)**	**2,583**	**—**
Write-offs	**—**	**(3,064)**	**(3,064)**
As at 31 December 2022	**2,792**	**27,533**	**30,325**

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.

43. 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 2021	—	—	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
Impairment losses recognised	—	—	—	—
Impairment losses reversed	—	—	—	—
Transfer to credit-impaired	—	—	—	—
Transfer to lifetime ECL	—	—	—	—
Write-offs	—	—	—	—
As at 31 December 2022	**—**	**—**	**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.

43. 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
2022							
Non-derivative financial Liabilities							
Trade and other payables	–	5,015,329	64,892	66	–	5,080,287	5,080,287
Lease liabilities	2.17	8,025	4,979	7,387	87,181	107,572	99,965
Borrowings	2.81	5,328,743	517,468	1,369,845	1,089,069	8,305,125	8,198,196
Other long-term liabilities	2.12	–	–	–	1,014,685	1,014,685	963,716
		10,352,097	587,339	1,377,298	2,190,935	14,507,669	14,342,164
Derivative-net settlement							
Structural option contracts							
– inflow		(358)	–	–	–	(358)	(358)
– outflow		16	–	–	–	16	16
Cross-currency swap contracts							
– inflow		–	–	(69,621)	–	(69,621)	(69,621)
Interest rate swap contracts							
– inflow		(7,232)	–	–	(6,053)	(13,285)	(13,285)
		(7,574)	–	(69,621)	(6,053)	(83,248)	(83,248)
Derivative-gross settlement							
Foreign currency forward contracts							
– inflow		(998,614)	(670,200)	–	–	(1,668,814)	(10,030)
– outflow		991,154	671,252	–	–	1,662,406	3,622
		(7,460)	1,052	–	–	(6,408)	(6,408)

43. 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
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)

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.

43. FINANCIAL INSTRUMENTS (CONTINUED)

(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.

	Financial assets/financial liabilities	**Fair value as at**		**Fair value hierarchy**	**Basis of fair value measurement/ valuation technique(s) and key input(s)**
		31/12/2022	31/12/2021		
1)	Foreign exchange forward contracts	**Assets – RMB10,030,000 Liabilities – RMB3,622,000**	Assets – RMB1,799,000 Liabilities – RMB800,000	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 – RMB13,285,000**	Assets – RMB79,000 Liabilities – RMB7,391,000	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 – RMB163,712,000**	Assets – RMB110,839,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.

43. 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		Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
		31/12/2022	31/12/2021		
4)	Cross-currency swap contracts	Assets – RMB69,621,000	Assets – RMB34,014,000	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 – RMB358,000 Liabilities – RMB16,000	Assets – RMB345,000 Liabilities – RMB1,133,000	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)	Financial assets at FVTPL	Assets – RMB28,269,000	N/A	Level 3	Recent transaction price

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

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

43. 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:

	Assets		Liabilities
	Foreign currency structural option contracts RMB'000	**Financial assets at FVTPL** RMB'000	**Foreign currency structural option contracts** RMB'000
Balance as at 1 January 2021	407	—	(700)
Fair value changes	345	—	(1,133)
Settlements	(407)	—	700
Balance as at 31 December 2021	345	—	(1,133)
Addition	—	26,504	—
Fair value changes	358	—	(16)
Settlements	(345)	—	1,133
Exchange adjustments	—	1,765	—
Balance as at 31 December 2022	**358**	**28,269**	**(16)**

Of the total gains or losses for the year included in profit or loss, gain of RMB342,000 (2021: loss of RMB788,000) 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.

44. 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 35)	Borrowings RMB'000 (note 31)	Other long-term liabilities RMB'000 (note 41)	Dividend payable RMB'000 (note 29)	Dividend payable to non-controlling interests RMB'000 (note 29)	Payables to joint ventures RMB'000 (note 29)	Interest payable RMB'000 (note 29)	Deferred issue costs RMB'000 (note 24)	Total RMB'000
As at 1 January 2022	119,493	7,143,590	980,325	–	31,999	–	–	(19,900)	8,255,507
Financing cash flows	(27,481)	643,740	–	(615,612)	(10,666)	(143)	(279,377)	–	(289,539)
Non-cash changes:									
Net foreign exchange gains	(1,703)	316,179	–	–	–	–	–	–	314,476
Interest expenses	1,168	–	(17,501)	–	–	143	279,377	–	263,187
Dividends recognised as distribution	–	–	–	615,612	–	–	–	–	615,612
Amortization of deferred income	–	–	3,860	–	–	–	–	–	3,860
Transfer to property, plant and equipment	–	–	(2,968)	–	–	–	–	–	(2,968)
Exchange differences arising on translation of foreign operation	–	105,940	–	–	–	–	–	–	105,940
Lease liabilities arising on the new lease agreements	8,488	–	–	–	–	–	–	–	8,488
Settlement of borrowing on maturity of discounted bills	–	(11,253)	–	–	–	–	–	–	(11,253)
Amortization of deferred issue cost	–	–	–	–	–	–	–	19,900	19,900
At 31 December 2022	99,965	8,198,196	963,716	–	21,333	–	–	–	9,283,210

	Lease liabilities RMB'000 (note 35)	Borrowings RMB'000 (note 31)	Other long-term liabilities RMB'000 (note 41)	Dividend payable RMB'000 (note 29)	Dividend payable to non-controlling interests RMB'000 (note 29)	Payables to joint ventures RMB'000 (note 29)	Interest payable RMB'000 (note 29)	Deferred issue costs RMB'000 (note 24)	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
Amortization of 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

For the year ended 31 December 2022

45. SUBSIDIARIES

Details of the Company's material subsidiaries as at 31 December 2022 and 2021 are as follows:

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group		Issued capital/ registered capital	Principal activities
		2022	2021		
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
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
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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2022	2021	Issued capital/ registered capital	Principal activities
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$536,620,000	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.)* (note iii)	the PRC as a WOFE	NA	100%	CNY115,750,000	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$164,400,000	Manufacture and sales of automobile body parts
Cheerplan China	the PRC as a WOFE	100%	100%	US$692,050,000	Investment holding
Minth North America, Inc.	the USA	100%	100%	US$15,940,000	Research and marketing development
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$1,500,000	Design, manufacture, development and sales of automobile body parts

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group		Issued capital/ registered capital	Principal activities
		2022	2021		
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
煙台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
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.)*	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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2022	2021	Issued capital/ registered capital	Principal activities
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$514,500,000	Investment holding
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
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
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%	RMB257,631,200	Manufacture and sales of automobile body parts

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2022	2021	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$2,000,000,000	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) (note 33)	Taiwan	36.45%	39%	NTD1,500,000,000	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%	NTD120,000,000	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
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)	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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2022	2021	Issued capital/ registered capital	Principal activities
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
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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2022	2021	Issued capital/ registered capital	Principal activities
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
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%	Macau Pataca 100,000	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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2022	Attributable equity interest of the Group 2021	Issued capital/ registered capital	Principal activities
清遠敏瑞汽車零部件有限公司 (Qingyuan Minrui Automotive Parts Co.,Ltd.)*	the PRC as a WOFE	100%	100%	US$2,800,000	Manufacture and sales of automobile body parts
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%	100%	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)*	Serbia	100%	100%	RSD11,800,000	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	Serbia	100%	100%	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.)*	the PRC as a WOFE	100%	100%	RMB30,000,000	Trading
敏向科技(上海)有限公司 (Minxiang Technology (Shanghai) Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB100,000,000	Research and development, design automobile part
天津敏實汽車零部件有限公司 (Tianjin Minth Automobile Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	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.)*	the PRC as a WOFE	100%	100%	US$30,000,000	Manufacture and sales of automobile body parts
嘉興東榮敏實汽車零部件有限公司 (Jiaxing Toei Minth Automotive Parts Co., Ltd.)* (note i)	the PRC as a foreign equity joint venture enterprise	50%	NA	US$24,000,000	Manufacture and sales of automobile body parts
寧波敏華汽車零部件有限公司 (Ningbo Minhua Auto Parts Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	US$30,000,000	Manufacture and sales of automobile body parts

For the year ended 31 December 2022

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of Incorporation/ registration/operations	Attributable equity interest of the Group 2022	2021	Issued capital/ registered capital	Principal activities
浙江敏雲數字科技有限公司 (Zhejiang MinCloud Technology Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	RMB30,000,000	Internet information service
天津東海敏實汽車零部件有限公司 (Tianjin Tokai Minth Automotive Parts Co. Ltd.)* (note i)	the PRC as a foreign equity joint venture enterprise	50%	NA	US$7,740,000	Manufacture and sales of automobile body parts
江蘇敏興汽車科技有限公司 (Jiangsu Minxing Automobile Technology Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	US$5,000,000	Manufacture and sales of automobile body parts
嘉興敏秀控股有限公司 (Jiaxing Minxiu Holding Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	US$100,000,000	Investment holding
敏捷智慧能源科技(紹興)有限公司 (Minjie Intelligence Energy Technology (Shaoxing) Co., Ltd.)* (note ii)	the PRC as a WOFE	100%	NA	US$100,000,000	Research and development, design automobile part
Mignen Fr. S.A.S. (note ii)	France	100%	NA	EUR1,000	Manufacture and sales of automobile body parts
Mignen sp z.o.o (note ii)	Poland	100%	NA	PLN500,000	Manufacture and sales of automobile body parts

* The English names are for identification purposes only.

Notes:

(i) Non wholly-owned Company Jiaxing Toei Minth Automotive. Parts Co., Ltd.* (嘉興東榮敏實汽車零部件有限公司) and Tianjin Tokai Minth Automotive Parts Co. Ltd.* (天津東海敏實汽車零部件有限公司), have been established by the Group during the current year.

(ii) Wholly-owned Company Ningbo Minhua Auto Parts Co., Ltd.* (寧波敏華汽車零部件有限公司), Zhejiang MinCloud Technology Co., Ltd.* (浙江敏雲數字科技有限公司), Jiangsu Minxing Automobile Technology Co., Ltd.* (江蘇敏興汽車科技有限公司), Jiaxing Minxiu Holding Co., Ltd.* (嘉興敏秀控股有限公司), Minjie Intelligence Energy Technology (Shaoxing) Co., Ltd.* (敏捷智慧能源科技(紹興)有限公司), Mignen Fr. S.A.S. and Mignen sp z.o.o have been established by the Group during the current year.

(iii) Guangzhou Minrui Automobile Parts Co., Ltd.* (廣州敏瑞汽車零部件有限公司) 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.

46. 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:

	2022 RMB'000	2021 RMB'000
Unlisted investments in subsidiaries	2,405,308	904,939
Derivative financial assets	93,294	35,165
Bank balances and cash	23,146	69,451
Amounts due from subsidiaries	16,341,237	16,759,585
Other current assets	17,966	38,552
Total assets	18,880,951	17,807,692
Amounts due to subsidiaries	9,774,422	8,459,966
Borrowings	4,665,208	4,358,307
Derivative financial liabilities	3,638	8,816
Other payables	17,203	7,947
Total liabilities	14,460,471	12,835,036
Net assets	4,420,480	4,972,656
Share capital	116,255	116,219
Treasury stock	(258,661)	(218,086)
Reserves	4,562,886	5,074,523
Total equity	4,420,480	4,972,656

46. 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 2021	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
Total comprehensive expense for the year	**56,543**	**—**	**—**	**—**	**56,543**
Transfer to other reserve for share options forfeited after the vesting date	**—**	**—**	**17,488**	**(17,488)**	**—**
Recognition of equity-settled share-based payments	**—**	**—**	**—**	**45,136**	**45,136**
Dividends recognised as distribution	**(621,768)**	**—**	**—**	**—**	**(621,768)**
Exercise of share options	**10,928**	**—**	**—**	**(2,476)**	**8,452**
At 31 December 2022	**3,832,327**	**410,321**	**54,816**	**265,422**	**4,562,886**