MINTH GROUP LIMITED

敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

2023 Annual Report

CORE VALUES

Integrity
Trust
Teamwork
Embrace change

VISION

We create beauty in motion with intelligence

MISSION

Make automobiles lighter, prettier and more intelligent

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

CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive directors

Wei Ching Lien *(Chairperson and Chief Executive Officer)*
Ye Guo Qiang
Zhang Yuxia *(appointed on 31 May 2023)*

Non-executive director

Chin Chien Ya *(re-designated on 31 May 2023)*

Independent non-executive directors

Wang Ching
Chen Quan Shi
Mok Kwai Pui Bill *(appointed on 31 May 2023)*
Tatsunobu Sako *(appointed on 31 May 2023)*
Meng Li Qiu *(appointed on 31 October 2023)*
Wu Tak Lung *(retired on 31 May 2023)*

COMPANY SECRETARY

Yi Lei Li

REGISTERED OFFICE

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

GROUP HEADQUARTER

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REGIONAL HEADQUARTERS

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PRINCIPAL BANKERS

Bank of China
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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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Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
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183 Queen's Road East
Wan Chai, Hong Kong

AUDITOR

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

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law
Reed Smith Richards Butler LLP
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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				
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023 RMB'000**
Result					
Turnover	13,198,189	12,466,858	13,919,269	17,306,393	**20,523,674**
Profit before tax	2,101,278	1,679,575	1,845,812	1,779,069	**2,315,475**
Income tax expense	(336,187)	(216,587)	(266,364)	(248,708)	**(351,482)**
Profit for the year	1,765,091	1,462,988	1,579,448	1,530,361	**1,963,993**
Attributable to:					
Owners of the Company	1,690,300	1,395,509	1,496,507	1,500,584	**1,903,231**
Non-controlling interests	74,791	67,479	82,941	29,777	**60,762**
	1,765,091	1,462,988	1,579,448	1,530,361	**1,963,993**

	As at 31 December				
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000	**2023 RMB'000**
Assets and Liabilities					
Total assets	23,642,675	27,205,745	29,644,844	33,273,798	**37,547,306**
Total liabilities	(8,898,981)	(11,892,850)	(13,089,188)	(15,575,679)	**(18,407,427)**
	14,743,694	15,312,895	16,555,656	17,698,119	**19,139,879**
Equity attributable to owners of the Company	14,324,945	14,944,004	16,022,972	16,917,751	**18,318,497**
Non-controlling interests	418,749	368,891	532,684	780,368	**821,382**
	14,743,694	15,312,895	16,555,656	17,698,119	**19,139,879**

CHAIRPERSON'S STATEMENT

Dear shareholders:

Looking back over the past year, together we have witnessed a significant and all-encompassing leap forward for Minth under the guidance of our core values of "Integrity, Trust, Teamwork, and Embrace Change."

In 2023, Minth resumed strong growth momentum in terms of operating results, with its turnover increasing by 18.6% year-on-year to RMB20.524 billion. Both innovative and traditional products showed favorable growth. In particular, turnover of the battery housing BU increased by 73.0% year-on-year to RMB3.536 billion, and turnover of the non- battery housing BU business increased by 11.3% year-on-year to RMB16.988 billion. Profitability continued to improve as a result of our strict cost control and other measures to reduce costs and improve efficiency, with Opex ratio decreasing by 1.5 percentage points year-on-year to 17.8%, and net profit increasing by 26.8% year-on-year to RMB1.903 billion. In addition, we have made wide strides in new product development and were ready to tap into new areas such as the development of body and chassis structural parts which are expanded from battery housings, battery cell structural parts, new energy related products (including energy storage related and hydrogen related products), wireless charging solutions and even robotics-related products. These new products will be incorporated into Minth's future BU profile and become its next source of growth.

In 2023, we continued to strengthen our customer base. With Chinese customers, multiple new business orders were secured and assured to be profitable; with European customers, we further increased our share of supply and became a strategic supplier to a number of key customers; with Japanese and Korean customers, we made significant progress in terms of global orders with breakthroughs in several new products and markets; and with American customers, we explored more development opportunities and developed closer partnership with them.

In 2023, global geopolitics remained complex and volatile. Against this backdrop, we have doubled down on our Glocal business philosophy in enabling Minth's international entities to utilize global resources to achieve local excellence. Incremental progress has been made in our plants located in the other ten countries in parallel with the steady development of our operations in China. For example, our plants in Mexico and Thailand have stepped forward to a more mature operation, the overall performance of the Serbian plants has improved, the US plant is making steady progress and remains profitable, while our plants in Poland and France have both achieved mass production capability. We will swiftly scale out the optimal team integration solutions to the newly built plants in other countries, get prepared for risk prevention and improve Minth's competitiveness around the world.

In 2023, we further stepped up our green sustainability initiatives, such as setting up factories close to our customers and reducing our carbon footprint through full implementation of energy-saving and emission-reducing best practices, as well as reducing carbon emissions by installing photovoltaic power generation facilities and using and purchasing green power, so as to provide our customers with the best possible solutions. In January 2024, we published the *Carbon Neutrality White Paper*, remained steadfast in integrating carbon neutrality as a key strategy into our operations and development, and set the goals of achieving carbon peaking by 2030, operational carbon neutrality by 2040, and carbon neutrality in the entire value chain by 2050. We actively initiated climate action, promoting low-carbon transformation of the industry.

With the ever-changing innovation in terms of electrification and intelligence, the automotive industry is also facing many uncontrollable cost variables due to global geopolitical situation and trade barriers. In 2024, against such a macro background, Minth will focus on promoting green production in all aspects, improving our global layout, establishing the most competitive global integration team, streamlining our global supply chain to achieve optimal cost and efficiency, and devoting ourselves to the research and development of outstanding innovative technologies, striving to stand out in the global auto parts industry!

In 2024, we are well-prepared for both challenges and opportunities proactively! In 2024, Minth global team will set sail for success together with the customers and valued shareholders!

Wei Ching Lien
Chairperson
26 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the year ended 31 December 2023 (the "Review Year"), China's economic performance returned to a positive trend. The continuous enacting of national and local government policies to promote consumption and stabilize growth, coupled with the sales promotions of various OEMs, have together provided solid support to the automobile market throughout the year. The overall market sales opened low and went on higher during the year, showing a trend of gradual upturn. According to the statistics of China Association of Automobile Manufacturers, the production and sales of China's passenger vehicles during the Review Year were approximately 26,124,000 units and approximately 26,063,000 units respectively, representing a year-on-year increase of approximately 9.6% and approximately 10.6% respectively; in particular, under the dual effects of policy and market, the new energy vehicles ("NEVs") segment continued to grow rapidly, with sales during the Review Year amounting to approximately 9,495,000 units, representing a year-on-year growth of approximately 37.9% and a market share of approximately 31.6%.

As to the Chinese market, during the Review Year, with its leading position in the field of electric vehicles ("EVs"), passenger vehicles of Chinese OEMs reached a market share of approximately 56%, representing a year-on-year increase of approximately 6.1 percentage points, a new high in recent years. As for joint venture OEMs, the market share of German, Japanese and American OEMs were approximately 17.8%, approximately 14.4% and approximately 8.8% respectively, representing a year-on-year drop of approximately 1.7 percentage points, approximately 3.4 percentage points and approximately 0.6 percentage point respectively. The market share of Korean OEMs amounted to approximately 1.6%, which remained basically flat with that of the same period in the previous year. According to the statistics of China Association of Automobile Manufacturers, during the Review Year, China's automobile export had hit another new high, with the export sales of vehicles reaching approximately 4,910,000 units, representing a year-on-year growth of approximately 57.9%, which has become an important driving force for the growth of automobile production and sales, and China has also become the world's largest automobile exporter. On top of that, the overall Chinese automobile market showed a trend of trading up. During the Review Year, the sales of premium brand passenger vehicles produced in China amounted to approximately 4,516,000 units, representing a year-on-year growth of approximately 15.4%, outperforming the overall increase in passenger vehicle sales.

As to the international market, during the Review Year, the overall market environment remained complex due to factors such as the geopolitical influences and the uneven economic growth across the globe. However, with the further recovery of supply chain and the release of pent-up consumer demand bringing a positive impact to the market, the operation of the global automotive industry has significantly recovered. According to the statistics of S&P Global Mobility, during the Review Year, global light vehicle sales were approximately 86,000,000 units, representing a year-on-year increase of approximately 8.9%. During the Review Year, among the major mature markets, sales in the United States (the "US") amounted to approximately 15,608,000 units, representing a year-on-year growth of approximately 12.3%; sales in Western Europe amounted to approximately 11,560,000 units, representing a year-on-year growth of approximately 13.9%; and sales in Japan amounted to approximately 4,779,000 units, representing a year-on-year growth of approximately 13.8%. As to the major emerging markets, during the Review Year, sales in Brazil and India increased by approximately 9.2% and approximately 8.4% year-on-year respectively; while sales in Thailand dropped by approximately 8.7% year-on-year. In addition, during the Review Year, sales in Mexico and Russia increased by approximately 24.4% and approximately 36.3% year-on-year respectively.

COMPANY OVERVIEW

The Group is primarily engaged in two major businesses, namely the research and development ("R&D"), production and sales of auto parts, as well as that of 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. As a globalized supplier, 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 and South Korea etc. Together with the new bases in France and Poland that have entered the production line commissioning and trial production stages, the Group is committed to continuously providing 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, continued to maintain effective collaboration with cross-functional departments and production plants to further improve operational efficiency. By building regional "major hubs" worldwide and extending satellite factories around the hubs, the Group was able to achieve the parallel development of synergy in global production capacity and independent regional operations; and by continuing to enhance the "Glocal" (global + local) business philosophy, the Group fortified its core competitiveness in terms of technology, product and talent. 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, cut cost and enhance efficiency. Meanwhile, in consideration of practical requirements in its business development, the Group carried out reasonable production capacity planning and investment, and established systematic management process for the entire asset life cycle, thereby achieving a production capacity layout that is most in line with Minth's global operations.

During the Review Year, the Group continued to promote lean production and deepen the implementation of Minth Operation Excellence System (敏實卓越運營系統) ("MOS"), while formulating and upgrading 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 maximised the production and staff efficiency. The Group continued to apply MOS standards and tools for the enhancement of plant operation and management from the eight dimensions of management, "environment/quality/safety", cost, human resources, production excellence, equipment maintenance, logistics and supply chain. During the Review Year, the Group's plant management team continuously optimized its management model by synthesizing on-site leadership training and practical applications as well as relying on the MOS tools, thereby achieving fruitful operating performance. The Group will continue to optimize its MOS so as to achieve a dynamic equilibrium between resource input and performance results and to reduce various risks in the course of operations.

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 providing the best systematic solutions to customers' internal combustion engine vehicle models and NEV models by clearly understanding customer demands in relation to product, technology and material innovation. During the Review Year, the Group made strides in the implementation of its product strategy. While the battery housing business was generating significant revenue increment and traditional product business was also expanding steadily, the Group has also kicked off mass production of innovative products such as body and chassis components and intelligent exterior decorative parts. At the same time, the Group has obtained numerous orders from various OEMs covering Chinese OEMs and NEV start-ups which, together with the layout of new tracks and the incubation of new products, will facilitate the Group's sustainable development in the medium- and long-term.

The Group continues to promote digital transformation and is ever-closer to digital operation and decision-making. During the Review Year, coupled with the in-depth implementation of digital application systems such as ERP, MES and SCADA, the Group's digital transformation team 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 from the perspectives of data connection, information visibility, lean analysis, efficient end-to-end synergy, digital deployment of on-site management and digital security, etc., 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 team continued to cooperate with a team of professional consultants to promote the rapid rollout of the Group's digital platform templates in its global factories, with the aim of realizing rapid collaborative handling of orders, multi-dimensional intelligent operation, interconnection and interoperability among various segments, thereby creating a forward-looking operation and management model, as well as effectively boosting the Group's agile operation. As a typical example of digital transformation and upgrade, the Group's Factory of the Future is equipped with systems and functions such as SAP-MES, warehouse management system, 3D visualization, fully automated logistics system and industrial internet, and is thus able to run as an unmanned and lights-out factory. On this basis, the Group has planned for the construction of a digital factory of the future integrating intelligent interconnection, intelligent ecology and industrial experience at its Tianjin plant to further foster the Group as a benchmark in digital operation in the auto parts industry. The increasing maturity and successful replication of these operational practices will pave the way for comprehensive digital transformation and upgrade of the Group.

During the Review Year, in accordance with the "Minth Group Internal Control and Risk Management Policy" and the "Guidelines on Internal Control and Risk Management of Minth Group", the Group continued to promote risk assessment in various functional departments and operating units, listing potential risks at each level and carrying out effective risk response and management. Adhering to its development strategy, the Group continued to update and maintain the authorization framework system by closely integrating its internal control with process optimization and leveraging its digital management platform to gradually build a framework system to facilitate process-centred internal control and management. Meanwhile, with its continued efforts to expand the scope of internal audit, the Group has extended the coverage to the Asia-Pacific, Europe and North America regions of its operations during the Review Year, achieving full audit coverage of the Group's major plants in all regions across the world, in order to reduce internal and external compliance risks and improve the operational efficiency and effectiveness. Following the successful certification of the Company's subsidiary Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零部件有限公司) with ISO37001 anti-bribery management system in 2022, Ningbo Shintai Machines Co., Ltd.* (寧波信泰機械有限公司) and Zhejiang Minneng Technology Co., Ltd.* (浙江敏能科技有限公司) (both subsidiaries of the Company) have also successfully obtained the ISO37001 anti-bribery management system certification during the Review Year. The Group continued to improve its anti-corruption system and strengthen anti-corruption advocacy and education. With the help of "Minth Group Limited Code of Business Conduct and Ethics" and the "Minth Group Limited Whistleblowing Procedures for Ethics and Compliance", amongst other system documents, which specify and standardize the Group's requirements and commitments on business ethics and compliance, the Group protects and rewards the reporting of various non-compliances and violations of business ethics, and is committed to creating a favourable environment of business ethics for the Group and all of its stakeholders to firmly safeguard the lawful rights and interests of the Group and all of its stakeholders. 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 securing a reasonable assurance that potential risks are contained within tolerable limits. 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 RMB20,523,674,000, representing an increase of approximately 18.6% as compared with approximately RMB17,306,393,000 in the same period in 2022. In particular, the Group's revenue from China was approximately RMB10,556,206,000, representing an increase of approximately 11.1% as compared with approximately RMB9,501,699,000 in the same period in 2022, which was primarily attributable to both the growth in orders from existing businesses and the increment brought by new mass production projects of Chinese OEM customers, as well as the continued mass production of the battery housing business in China. The Group's international revenue was approximately RMB9,967,468,000, representing an increase of approximately 27.7% as compared with approximately RMB7,804,694,000 for the same period in 2022, which was primarily attributable to the mass production of battery housing projects in European region and the strong growth in traditional product business from the US, Japanese and European OEM customers in North American region.

The Group's new business intake hit another record high. During the Review Year, the Group continued its steady expansion of the reach of its battery housing products and body and chassis structural parts. As to the battery housing business, the Group continued to, among its existing customers, expand its penetration and geographical presence. For instance, the Group's battery housing business with Volkswagen has expanded from Europe to China, and its battery housing business with Volvo has expanded from China to Europe. On top of its continuous efforts in the NEV markets in China and Europe, the Group also seized the opportunities in North American market and tapped into the battery housing business with customers such as Nissan, Stellantis and Hyundai-Kia in North America for the first time. During the Review Year, the Group also continued to expand its processing technology of battery housing and secured its first giga casting battery housing order for a plug-in hybrid electric vehicle ("PHEV") model. During the Review Year, the Group also made significant progress in the business of body and chassis structural parts. While continuing to expand its market share in customers such as Volvo, Volkswagen and Benz, it achieved breakthroughs in securing orders from customers such as BMW, Honda and Nissan for its structural parts business. During the Review Year, the Group also continued to deepen its efforts in intelligent products and achieved a number of "first time" breakthroughs, with products including electric door systems, front and rear illuminated panels, illuminated bumpers, illuminated grilles, active grille shutters and active rear spoilers, covering customers including Chinese OEMs, European OEMs, Japanese OEMs and well renowned technology companies which straddle the automotive sector. During the Review Year, as the Chinese OEMs continued to expand their market share in the Chinese market, the Group swiftly seized the opportunities by developing the Chinese OEMs business continuously, and achieved remarkable results. In particular, the Group has made significant progress in its business cooperation with BYD, winning orders for a number of its major vehicle models, with both breakthroughs in innovative products and continued penetration of traditional products, as well as securing the first battery housing order from its procurement system. In respect of the business with Geely, in addition to continuing to maintain the supply share of traditional products, the Group also continued to expand its business of innovative products which include, among others, intelligent front modules and body and chassis components. In terms of NEV customers, the Group secured orders for multiple types of products from customers such as GAC AION, Li Auto, Xpeng and NIO. The diversified product portfolio and increasingly balanced customer mix will provide tremendous support to the long-term sustainable growth of the Group's performance.

During the Review Year, the operating capabilities of all BUs of the Group had significantly improved. The Group's battery housing BU continued to forge ahead by enhancing its capability in multiple fronts and efficiently promoted the construction of new plants in (among others) France, Poland and China during the Review Year, with a view to further optimizing its global presence. Meanwhile, it made overall planning from a more visionary level and achieved synergy in its global production capacity to reduce equipment investment. In addition, during the Review Year, the battery housing BU team continued to improve the development and mass production guarantee mechanism and accumulate core technical capabilities, thus achieving steady improvements in production efficiency and profitability. The Group's metal and trim BU and aluminium BU launched a number of cost reduction and efficiency enhancement measures for existing businesses and explored improvement opportunities in all aspects of production operations during the Review Year. At the same time, the two BUs enhanced team cohesion through cultural construction, thereby improving overall business performance. Moreover, the BU teams of metal and trim BU and aluminium BU continued to sharpen their global competitive edges of traditional products, in order to enhance customer loyalty and expand market share, while actively exploring the second growth potential of their business. During the Review Year, while consolidating the market position of its traditional products and continuously exploring space for cost optimization, the Group's plastic BU continued to cultivate the incremental market and achieved mass production for multiple projects of intelligent exterior decorative products. Meanwhile, the global operating capabilities of plastic BU continued to improve. For example, the North American plant managed to turn profitable by reducing waste and improving efficiency. The Thai plant experienced substantial improvements in its operating performance. The coordinated development of all BUs will fuel impetus for the Group's medium-to-long-term business growth.

During the Review Year, the Group and Renault formally established a joint venture for the production of EV battery housing products. The joint venture has successfully completed commissioning of all production processes, trial production and sample delivery. With Renault's extensive experience and expertise in EV production and its knowledge of the French EV ecosystem, as well as the Group's battery housing technology which has already been well recognized by its global customers, the joint venture will, by effectively capitalizing on the complementary strengths of both parties, not only help to realize carbon emission reduction for both parties, but also advance the Group's global development. During the Review Year, the Group's products continued to gain wide recognition among customers around the world, and were awarded many awards such as "Supplier with Superior Quality" and "Excellent Cooperation Award". At the same time, the Group continued to promote material innovation, with the Group's "Minal-S632 technology", a kind of aluminium alloy with ultra-high-energy-absorbing property during collision (超高強度吸能碰撞鋁合金Minal-S632技術), winning the Gold Award Of the New Material Forward-looking Category 2023 (2023年鈴軒獎前瞻新材料類金獎), further demonstrating the Group's overall competitiveness on all fronts.

During the Review Year, the Group commenced the preparation of a white paper on addressing climate change. The white paper aims tow analyze the Group's climate governance level, conduct primary assessment on the risks and opportunities in addressing climate change, calculate carbon emissions, and formulate corresponding carbon reduction strategies, goals and implementation roadmaps in consideration of factors such as macro background, industry trends, corporate characteristics, with a view to demonstrating the Group's leadership in responding to climate change. In January 2024, the Group officially released the "Minth Group Carbon Neutrality White Paper", in which the goals and action plans for Minth Group to achieve carbon neutrality were clearly stated: committing to achieving carbon peaking by 2030, operational carbon neutrality by 2040, and value chain carbon neutrality by 2050. "Exploring new economic models and developing new ecological civilization" is the sustainable development ideal that Minth has long adhered to. On the road to carbon neutrality, not only the Group will rely on existing technologies and management methods, but it will also keep exploring the application of new technologies and implementation of advanced management systems. The Group will fully focus on its capabilities and advantages in clean technology, digitalization and systematization. By establishing a global R&D and innovation fund, targeting at achieving full coverage of the ISO international standardization system, and building a digital carbon management system, it will continue to enhance its understanding and capabilities of low-carbon development, and ultimately contribute to the realization of the goal of carbon neutrality.

During the Review Year, the Group continued to build on its environment, safety and occupational health ("EHS") system with the goal of "Green Manufacturing with Intelligence and Sustainable Development" to continuously deepen EHS management, gradually complete the construction of energy system and carbon emission management system, fulfill corporate social responsibilities, and gradually promote and create an excellent Minth EHS management system.

During the Review Year, the Group carried out ISO50001 energy management internal audit, management review and certification, with a certification coverage rate of around 86%. The Group has established energy management functions, annual performance targets, energy-saving management technical solutions and daily review systems at the plants, BUs and group levels. During the Review Year, the Group's energy conservation and carbon reduction results continued to improve, with energy consumption per RMB10,000 of output reduced by approximately 8.1% year-on-year. During the Review Year, the Group continued to enhance its digital EHS management and carbon emission management. With the six 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, hazardous waste management system and carbon emission management system, the Group has comprehensively improved its EHS management efficiency, EHS risk prevention capability and emergency handling capability in its global factories. In particular, 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 goals of carbon peak and carbon neutrality.

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, and updated its EHS red lines in line with the changes in relevant regulations. Based on a set of criteria called the "ten major red lines" and centering around "list management & process control", the Group put forward the EHS management principle of "clear communication, precise implementation, closed loop management 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. The Group constantly introduced advanced technologies for wastewater, emissions and hazardous waste treatment to effectively reduce pollutant discharge and emission, increase investment in waste recycling facilities, reduce procurement of raw materials and supplies, reduce operating costs with enhanced operation management of the emission treatment facilities, introduce online pollutant monitoring equipment, 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. During the Review Year, the Group's EHS team continued to implement a mid-year "ten major red lines" audit against each factory in Asia-Pacific, Europe and North America regions, commenced corporate compliance audit from 45 dimensions, passed the supervisory audit of the ISO45001 and ISO14001 Systems, identified and reduced on-site key risks, and comprehensively enhanced its capability in management and control of 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 safety and health in operations of the Group eventually. During the Review Year, work-related injury or accident rate per million working hours of the Group was 1.04. The Group has always attached great importance to the development and management of occupational health by optimizing management mechanisms for jobs subject to occupational hazards, improving the working environment for staff and ensuring comprehensive implementation of the occupational health check systems to safeguard the general health and well-being of the employees.

As of the end of the Review Year, 3 subsidiaries of the Company have been awarded "National Green Factory of China", 3 subsidiaries of the Company have been awarded "National Green Supply Chain Management Enterprise of China", and 12 subsidiaries of the Company have been awarded "Provincial and Municipal Green Factory of China".

The Group attaches great importance to supply chain management, especially in a complex and volatile global political and economic environment as well as against the backdrop of the Group's global operations. With the persistent expansion and optimization of its global presence, the Group's Glocal management capability is also maturing. In terms of procurement and sourcing, the Group endeavors to select and partner with local suppliers with comprehensive competitiveness in a view to minimize the risks exposed to supply chain.

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 actively responded to changes and developments within and outside the automotive industry, laid down the fundamental innovation-driven strategy, optimised the R&D organisational structure, 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 including 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 R&D and deployment, devote itself to the business development of products including battery housings, body and chassis structural parts and intelligent integrated 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. During the Review Year, the Group continued to win nominations from traditional OEMs, NEV start-ups and battery makers. It newly secured a giga casting battery housing project for a PHEV model, 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 of and could offer multiple cell-to-body (CTB) solutions for battery housings from different perspectives, such as structure, battery adaptability, application and materials. The Group has been proactively tapping into complementary parts of battery housing 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 facilitate the Group to achieve integration of battery housings and body and chassis structure progressively, while also promoting a significant increase in the Group's content value per vehicle.

Making full use of the advantages of battery housing products in techniques and customer base, the Group actively expanded into integration technology of EV wireless charging and battery housing and signed a strategic cooperation framework agreement with Siemens of Germany. Meanwhile, the Group has focused on the R&D and expansion of distributed energy storage and charging terminal by capitalizing on its well- established access to OEMs and its global presence.

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. In 2024, the Group will focus on expanding front and rear face assemblies, door assemblies and composite body structural parts. The Group has prospectively carried out 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. During the Review Year, the Group secured an order of intelligent illuminated bumpers for an NEV model of a well-known Chinese OEM, which marked as the first product of this type in the world and had successfully achieved mass production and delivery, and this facilitates the Company to maintain its leading role in the application of illuminated and body-colored technology. The Group has actively deployed in the field of intelligent door systems, including application scenarios such as intelligent access and automatic opening, by which the doors are able to open automatically through contactless biometric identification of car owner, and the Group's self-developed technologies, such as intelligent pillar cover with face recognition function, electric side door system and ultralight door assemblies, have started to see order inflows. The Group attaches great importance to customers' needs in forward-looking technology and has signed a cooperation agreement with a European OEM to jointly develop future-oriented intelligent door solutions. During the Review Year, the Group's first intelligent electric side door system successfully achieved mass production.

Furthermore, the Group also attaches great importance to technological R&D of new materials and has continuously increased its R&D investment in materials, mastering the technologies of four core materials, namely high-performance collision aluminium, high performance elastomer materials, functional plastics and green materials, as well as the related surface treatment technologies. In particular, the Group successfully developed the Minal® series aluminium alloy with 320Mpa ultra-high yield strength and crushing property which has reached advanced level in the global market. As at the end of the Review Year, the Group has 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 and Volkswagen), demonstrating the Group's comprehensive technological capability in both product and material, as well as its role as a leading Asia-Pacific or even global market player. Meanwhile, in response to the carbon neutrality targets in various markets in the world, the Group developed its proprietary ECO-ALUMIN® S series of environment-friendly aluminium, with a carbon emission of less than 2.5Kg.CO_2/Kg.AL. In the meantime, the Group focused on R&D and innovation of polymer materials and completed the development of various green and low carbon materials, including but not limited to Eco SupElast® green elastomer materials, Eco OleCom® green plastics and bio-based materials, which have been certified by a number of OEMs for material technology and have been successfully put into mass production and application, all of which will facilitate the Group to achieve the goal of carbon neutrality.

The Group attaches great importance to the protection of intellectual property rights. It has initiated a comprehensive deployment in innovative product patents and trademarks, and has successively obtained a number of awards, such as the "National Intellectual Property Demonstration Enterprise" and the "National Patent Excellence Awards". It also actively improved its global patent layout, as well as the trademark layout of corporate brands and new products. During the Review Year, 530 patent applications were newly filed by the Group, among which 59 applications related to high-value patents were prioritized, with 12 of which related to international patents. During the Review Year, the Group was granted 412 patents and 69 trademark registrations by authorised institutions, and actively conducted intellectual property rights protection work, with 56 patent protection analyses and 5 trademark customs filings.

Corporate Social Responsibility

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

During the Review Year, the Group commenced the preparation of a white paper on addressing climate change. The white paper aims to analyze the Group's climate governance level, conduct primary assessment on the risks and opportunities in addressing climate change, calculate carbon emissions, and formulate corresponding carbon reduction strategies, goals and implementation roadmaps in consideration of factors such as macro background, industry trends, corporate characteristics, with a view to demonstrating the Group's leadership in responding to climate change. In January 2024, the Group officially released the "Minth Group Carbon Neutrality White Paper", in which the goals and action plans for Minth Group to achieve carbon neutrality were clearly stated: committing to achieving carbon peaking by 2030, operational carbon neutrality by 2040, and value chain carbon neutrality by 2050.

During the Review Year, based on the key strategic objectives of "Global Governance, Global Integration, All in to Fulfill", the Group continued to accelerate the integration and development of its corporate culture on a global scale. Meanwhile, the Group continuously improved and strengthened the overall wellness of all employees of the Group and their families.

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, such as the "Hope for Pearl" project, "Extraordinary Pearl Students of Minth Classes", "Courses for Colourful Pearls" and the "Xinhua Charity Primary School" project. During the Review Year, the Minth Foundation, established by the Group, invested RMB3.447 million in public welfare, funding a total of over 12,000 students and individuals, with a total of over 160,000 hours of activities by volunteers for public welfare undertakings; from 2013 to 2023, over RMB43.463 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 as "Charitable Enterprise at Daqiao" by Daqiao Town of Jiaxing City.

Please refer to the 2023 Environmental, Social and Governance Report of the Company for more details.

FINANCIAL REVIEW

Results

During the Review Year, the Group's revenue was approximately RMB20,523,674,000, representing an increase of approximately 18.6% from approximately RMB17,306,393,000 in 2022. During the Review Year, the Group's battery-housing business continued to grow rapidly as a result of steady increase in global sales of NEVs. Meanwhile, with the Group's continuous balancing and optimization of its customer mix, the significant increment brought by new mass production projects of Chinese customers and the excellent performance in sales of major vehicle models of international customers, the Group managed to achieve considerable revenue growth.

During the Review Year, the profit attributable to owners of the Company was approximately RMB1,903,231,000, representing an increase of approximately 26.8% from approximately RMB1,500,584,000 in 2022. This was mainly due to the significant increase in gross profit compared to 2022, which was attributable to factors such as economies of scale driven by revenue growth of the Group and mass production of new businesses such as battery housing and measures to increase efficiency and reduce costs implemented by each of the production lines during the Review Year. Meanwhile, the Group strictly managed and controlled its costs and 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	2023 RMB'000	2023 %	2022 RMB'000	2022 %
The PRC	**10,556,206**	**51.4**	9,501,699	54.9
Other countries	**9,967,468**	**48.6**	7,804,694	45.1
Total	**20,523,674**	**100.0**	17,306,393	100.0

Revenue from International Markets

During the Review Year, the Group's revenue from international markets amounted to approximately RMB9,967,468,000, representing an increase of approximately 27.7% from approximately RMB7,804,694,000 in 2022. It accounted for approximately 48.6% of the total revenue of the Group in the Review Year, representing an increase when compared to approximately 45.1% in 2022.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB5,621,991,000, representing an increase of approximately 17.5% from approximately RMB4,784,153,000 in 2022. The gross profit margin for the Review Year was approximately 27.4%, representing a decrease of approximately 0.2% from approximately 27.6% in 2022. This was mainly due to changes in product mix, which was a result of the successive mass production of new businesses such as battery housing and body and chassis components, and the increase in orders for modular products, despite that the Group has benefited from improved economies of scale driven by revenue growth during the Review Year, which has in combination resulted in the slight decrease of overall gross profit margin. In this regard, the Group proactively reduced its procurement costs and promoted supply chain integration, and through constantly adopting measures such as lean production and technology upgrade to continuously improve production efficiency and production yield to partially offset the decrease in overall gross profit margin.

Investment Income

During the Review Year, investment income of the Group was approximately RMB356,131,000, representing an increase of approximately RMB69,721,000 from approximately RMB286,410,000 in 2022. It was mainly due to an increase in the interest income of the Group.

Other Income

During the Review Year, other income of the Group amounted to approximately RMB414,571,000, representing an increase of approximately RMB99,487,000 from approximately RMB315,084,000 in 2022. It was mainly attributable to an increase in government grants related to income.

Other Gains and Losses

During the Review Year, the Group's other gains and losses amounted to a net gain of approximately RMB83,038,000, representing an increase of approximately RMB76,760,000 as compared to a net gain of approximately RMB6,278,000 in 2022. It was mainly attributable to settlement of insurance claims and partial reversal of penalties for related closed case by the Group during the Review Year.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses were approximately RMB791,910,000, representing a decrease of approximately RMB76,459,000 from approximately RMB868,369,000 in 2022. It accounted for approximately 3.9% of the Group's revenue, representing a decrease of approximately 1.1% from approximately 5.0% in 2022. Such decrease was mainly attributable to a significant reduction in transportation costs due to changes in the external shipping market and the Group's effective cost control strategies, which resulted in a decrease in distribution and selling expenses as a percentage to the revenue during the Review Year.

Administrative Expenses

During the Review Year, administrative expenses of the Group amounted to approximately RMB1,449,490,000, representing an increase of approximately RMB157,552,000 from approximately RMB1,291,938,000 in 2022. It accounted for approximately 7.1% of the Group's revenue, representing a decrease of approximately 0.4% from approximately 7.5% in 2022. This was mainly due to the Group's increase in revenue as well as the strict control on relevant expenses, which resulted in a decrease in administrative expenses as a percentage to the revenue during the Review Year.

Research Expenditure

During the Review Year, research expenditure of the Group amounted to approximately RMB1,396,622,000, representing an increase of approximately RMB224,228,000 from approximately RMB1,172,394,000 in 2022. It accounted for approximately 6.8% of the Group's revenue, which was maintained at the same level as that of 6.8% in 2022. It was mainly attributable to the Group's increase in revenue, while the Group prospectively continued to step up effort in 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 customization demands of OEM customers and consumers with the continuous promotion of the four disruptive trends in automotive industry, and also the Group introduced senior R&D talents and strengthened 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 amounted to a net profit of approximately RMB37,930,000, representing an increase of approximately RMB7,357,000 from a net profit of approximately RMB30,573,000 in 2022, which was mainly attributable to the increase in earnings of two of the joint ventures during the Review Year.

Share of Results of Associates

During the Review Year, the Group's share of results of associates amounted to a net loss of approximately RMB22,382,000, representing a decrease of approximately RMB2,285,000 from a net loss of approximately RMB20,097,000 in 2022, which was mainly due to one of the associates being in the preparation stage and not yet profitable during the Review Year.

Income Tax Expense

During the Review Year, the Group's income tax expense was approximately RMB351,482,000, representing an increase of approximately RMB102,774,000 from approximately RMB248,708,000 in 2022.

During the Review Year, the effective tax rate was approximately 15.2%, representing an increase of approximately 1.2% from approximately 14.0% in 2022.

Profits Attributable to Non-controlling Interests

During the Review Year, the Group's profits attributable to non-controlling interests were approximately RMB60,762,000, representing an increase of approximately RMB30,985,000 from approximately RMB29,777,000 in 2022. It was mainly attributable to the increase in net profit of a non-wholly owned subsidiary during the Review Year as compared to 2022.

Liquidity and Financial Resources

As of 31 December 2023, the Group's total amount of cash and cash equivalents and pledged bank deposits and time deposits was approximately RMB6,459,054,000, representing an increase of approximately RMB1,183,400,000 from approximately RMB5,275,654,000 as of 31 December 2022. As of 31 December 2023, the Group's low-cost borrowings in aggregate amounted to approximately RMB9,688,323,000, among which the equivalents of approximately RMB4,419,681,000, approximately RMB4,311,856,000, approximately RMB407,249,000, approximately RMB338,819,000 and approximately RMB210,718,000 were denominated in Euro ("EUR"), RMB, US Dollar ("USD"), New Taiwan Dollar ("NTD") and Thai Baht ("THB") respectively, representing an increase of approximately RMB1,490,127,000 as compared to approximately RMB8,198,196,000 as of 31 December 2022. It was mainly attributable to borrowings made by the Group having considered the capital expenditure requirements of non-PRC entities and 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 RMB3,365,907,000, indicating a sound cash flow condition.

During the Review Year, the Group's trade receivables turnover days were approximately 80 days, increased by approximately 4 days from approximately 76 days in 2022, which was mainly attributable to the changes in customer mix as a result of product expansion of the Group during the Review Year, which resulted in the fluctuation in trade receivables turnover days.

During the Review Year, the Group's trade payables turnover days were approximately 86 days, increased by approximately 8 days from approximately 78 days in 2022, which was mainly attributable to extension of payment cycles upon active negotiations with suppliers in light of the Group's growth in scale and changes in suppliers' settlement methods.

During the Review Year, the Group's inventories turnover days were approximately 93 days, decreased by approximately 3 days from approximately 96 days in 2022, which was mainly attributable to the shortened shipping cycle due to phasing out of control measures for COVID-19 pandemic during the Review Year, coupled with enhanced efforts of the Group to manage supply chain on a synergistic basis under the global layout, effectively enhancing the standard and efficiency of inventory management, the combining effects of which had resulted in decrease in inventory turnover days.

The Group's current ratio as of 31 December 2023 was approximately 1.2, which remained at the similar level as that of approximately 1.2 as of 31 December 2022. As of 31 December 2023, the Group's gearing ratio was approximately 28.4% (31 December 2022: approximately 27.5%), 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 2023, 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	662,368

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 31 December 2023, the balance of the Group's bank borrowings was approximately RMB9,688,323,000, of which approximately RMB2,214,356,000 was interest bearing at fixed rates and approximately RMB7,473,967,000 was interest bearing at floating rates. The aforesaid borrowings had no seasonality features. In addition, approximately RMB4,607,373,000 of the borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalents of approximately RMB4,419,681,000 and approximately RMB187,692,000 were denominated in EUR and USD respectively.

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

As at 31 December 2023, the Group's cash and cash equivalents and pledged bank deposits and time deposits denominated in currencies other than the functional currencies totally amounted to approximately RMB1,352,668,000, of which approximately RMB1,079,354,000 was denominated in USD, approximately RMB145,618,000 was denominated in EUR, approximately RMB95,229,000 was denominated in Japanese Yen, approximately RMB18,894,000 was denominated in MXN, approximately RMB13,474,000 was denominated in Hong Kong Dollar ("HKD"), and the remainder of approximately RMB99,000 was denominated in other foreign currencies.

As a result of the constant expansion of international 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 international 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 of 31 December 2023, the Group had no contingent liabilities (31 December 2022: Nil).

MORTGAGED ASSETS

As of 31 December 2023, the Group had borrowings of approximately RMB22,066,000, which were mortgaged by land use rights and plants with carrying amounts of approximately NTD49,134,000 (equivalent to approximately RMB11,370,000) and approximately RMB13,240,000.

As of 31 December 2023, the Group had borrowings of RMB50,000,000, issued bills payables of approximately RMB985,396,000 due within 6 months and issued letters of guarantee of RMB136,680,000, which were pledged mainly by bills receivables with par value of approximately RMB284,281,000 and bank deposits of USD65,230,000 (equivalent to approximately RMB462,005,000) and RMB365,000,000. The borrowings are to be settled in RMB (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 mainly 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).

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 RMB3,235,375,000 (2022: approximately RMB3,414,270,000), which was attributable to the Group's 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 international 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.

OTHER MATTER

Subsequent to the notice of initiation of investigation dated 30 May 2023 that the Company's subsidiary Minth Mexico Coatings, S.A. de C.V. ("Minth Mexico") received from the Customs and Border Protection of the United States of America ("CBP") in relation to the alleged evasion of anti-dumping duty and countervailing duty ("AD/CVD") by transhipment of Chinese-origin aluminum automotive parts through Mexico, CBP conducted an on-site verification from 13 November through 16 November 2023, and then Minth Mexico received a notice of determination dated 27 February 2024 from the CBP, acknowledging that Minth Mexico has accepted that it imported a few entries of Chinese-origin aluminum automotive parts into the United States without declaring such merchandise as covered by AD/CVD due to an inadvertent mistake and that there is no evidence of evasion as beyond the few entries identified by Minth Mexico or as accused by the alleger. As such, CBP will continue to suspend liquidation of unliquidated entries of covered merchandise and may require transaction bond or additional security or cash deposit with respect to these covered merchandise. Such actions will not have any material adverse effect to the financial performance or business operations of the Minth Mexico. Minth Mexico is taking appropriate measures to conduct the matter according to the applicable legal requirements.

EMPLOYEES

As of 31 December 2023, the Group had a total of 22,311 employees, increased by 980 employees when compared to that of 31 December 2022. The main reason for the increase in the number of employees during the Review Year is that, in line with rapid year-on-year increase in the Group's revenue, there was an organizational scale-up coupled with an improvement in organizational quality and efficiency. At the same time, under the Group's global strategic layout, a relatively large increase in number of employees was witnessed in the Group's factories in Serbia, North America and Thailand.

During the Review Year, based on the key strategic objectives of "Global Governance, Global Integration, All in to Fulfill", the Group launched projects such as Values As One and Homestay worldwide to accelerate the integration and development of its corporate culture on a global scale. Meanwhile, the Group continuously improved and strengthened the overall wellness of all employees of the Group and their families through ongoing overall wellness projects such as "Parent Enlightening Course", "Love Tour Plan", physical health courses, and one-on-one caring programs. In respect of employees' families, the Group continued to carry out projects such as "Couple's Relationship Camp", "Family Drawing Room", care service for employees' children, summer camp for teenagers, and "Senior's Center" for employees' parents during the Review Year, continuously empowering physical and mental health of employees and their families and enhancing their sense of family happiness. Looking ahead to 2024, the Group will focus on reinforcing key measures for its core values based on the culture of love, continuously strengthen its cultural management globally, create a new landscape in which its culture is integrated globally, and take a brave leap in promoting overall wellness.

During the Review Year, the Group focused on strengthening its global operational management capabilities and enhancing the agility and effectiveness of its global organizations to achieve an efficient and integrated global organizational layout. The Group adopted diverse organizational optimization measures in its operations in Asia Pacific region, North America and Europe, which include strengthening regional function-sharing, promoting the optimization of regional matrix management models, optimizing business process design, and differentiating management policies in order to achieve resource integration and sharing on a global scale, and empower the sustainable development of global operations. At the same time, by implementing a globally unified performance management model, the Group promoted collaboration and cohesion among various organizations within the Group through performance management. Looking ahead to 2024, the Group will further expand the scope of its regional organizational functions, improve management policies in different regions, and enhance its global organizational management capabilities.

With the continuous deepening of the globalization process of the Group, during the Review Year, under the guidance of the Glocal principle, the Group continued to roll out the initiatives centering around its talent reserves, including strengthening the global operation mindset, enhancing coordination and ability, and continuously improving the global vision as well as the level of digitalization and innovative thinking. The Group: (1) continuously strengthened the global operation capabilities of its leadership and key personnel by carrying out management and high-potential talent development projects globally to comprehensively improve the competitiveness of its talents; (2) carried out collaborative talent cultivation activities across its operations in different countries, such as global talent exchange summit, cross-border exchange and integration plan for high calibre talents, partnership plan, global rotation of elite talents and many others, so as to connect resources inside and outside of the industry and promote experience-sharing both internally and externally; (3) developed learning resources on a global scale, established a multi-language learning system, and built a faculty team with diverse backgrounds, which laid a foundation for the rapid development of international talents; (4) strengthened the stimulation to team effectiveness, carried out empowerment projects to fully tap talent potential and promote team collaboration; and (5) deeply promoted digital tools, platforms and systems and held relevant training to create a digitalized environment within the organizations, with a view to achieving efficient operation of business processes and promoting the maximization of staff effectiveness.

Looking ahead to 2024, the Group will make further progress in its global talent management by continuously upgrading its systems, resources, and platforms of global talent management, promoting resources sharing and synergy across its global operations, comprehensively enhancing the global operation capabilities of the Group's management, and consolidating the global talent pool, so as to achieve a healthy flow of global talents and strengthen the sustainable supply of global talents to the Group. At the same time, the Group will upgrade its globally unified master data platform for human resources to consolidate the foundation of global management and empower global business operations.

FUTURE PROSPECTS AND STRATEGIES

During the Review Year, China's automobile market declined in the first quarter due to the effects brought by policy changes and market price fluctuations. However, market demands gradually recovered in the second quarter due to the effects of factors such as the promotional policies promulgated at the state level and by respective local governments as well as the large number of new car model launches, leading to an overall favourable growth in the first half of the Review Year. Passenger vehicle market remained strong in the second half of the Review Year with further release of vehicle purchase demand. Riding on the strong upward momentum, the Chinese automobile market achieved rapid growth throughout the Review Year. During the Review Year, Chinese OEMs witnessed remarkable performance in the market penetration rate of car models in terms of electrification, intelligent application, and high-end automobiles, capturing a leading position in the Chinese automobile market. Looking ahead to 2024, it is expected that the penetration rate of NEVs will continue to rise given the needs of transformation throughout the automobile industry. According to forecast by China Association of Automobile Manufacturers, the sales of passenger vehicles in China in 2024 are expected to be around 26,800,000 units, representing a year-on-year growth of around 3.0%, among which the sales of passenger NEVs are expected to be around 11,500,000 units, with a penetration rate of around 37%.

During the Review Year, the global light vehicle market delivered strong performance driven by continuous release of consumer's vehicle purchase demand as well as further recovery of the supply chain. Having considered a number of factors including high interest rates, deviations in pricing of some new vehicles from expectations, unstable consumer confidence and continued development of electrification, S&P Global Mobility forecasts that 2024 will be another year of cautious recovery. Macro demand landscape will become more uncertain for the automobile industry with global sales in the light vehicle market set to be around 88,300,000 units, representing a year-on-year growth of approximately 2.8%.

Driven by the dual growth engines of electrification and intelligence, competition in the existing market intensifies and industrial transformation continues to deepen, which will prompt automobile enterprises to make every effort to sharpen their competitive edges and promote the upgrading of electrified and intelligent products. During the process of upgrading, for automobile enterprises and suppliers with insufficient presence in the fields of electrification and intelligence, there is an urgent need for in-depth cooperation with strong automobile enterprises and suppliers. Whether enterprises resorting to render support for each another or forging strong alliance, it will promote acceleration of industry integration, accelerate differentiation, and reshape the competitive landscape of the automobile industry. In addition, with expansion in exports by Chinese automobile enterprises and the sensitivity of vehicle trade, Chinese automobile enterprises are bound to enter the stage of local operations in global markets. This also means that Chinese automobile enterprises will face unprecedented challenges in areas such as supply chain management and compliance control. At the same time, China's advantageous position as the world's largest automobile exporting country will also bring good market expansion opportunities for the operations of Chinese automobile enterprises in global markets.

The Group will continue to address the challenges posed by the changes in global political and economic situations and closely monitor the changes in macro-environment of the industry to seize any opportunities arising from any development in global automobile industry, while devising a strategic layout in tandem with global policies on NEV related industries and the trends of the automobile industry of lightweight, intelligence and electrification. The Group will continue to strengthen its R&D capabilities and production technique of, and thus 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, the Group will further optimize strategic planning of all BUs, continue to enhance its operational capabilities, especially for its international factories, select model factories in different regions for management replication and cost benchmarking, establish comprehensively competitive strengths in technology, cost, personnel efficiency and resource utilization and utilize global resources to achieve local excellence, thereby achieving effective enhancement in profitability. In the meantime, the Group will continue to improve the global layout of its BUs, reinforce its Glocal management capabilities, enhance its local supply level and maximize the global replication or sharing of the advantages of its different factories in technologies, management, cost, resources and talents, thereby comprehensively 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 standardized 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 operational platform to support its globally standardized operation and operational excellence.

The Group will strive to balance and optimize its investment portfolio and value chain layout in global market and strike excellence in operational capability, in order to better manage risks and respond to uncertainties of the macro-environment and achieve value positioning in a more flexible manner. The Group has been steadfastly adhering to its strategy of global business development, paying attention to changes in circumstances worldwide and striving for diversified development in multiple regions and customer base, while ensuring that it has a relatively independent operating space and achieves mass production in each of its major market regions, thereby realizing 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. Meanwhile, the Group continues to build up its global operation team, upon which to further consolidate the Group's core competitiveness in technology, products and talents, and offer more system integration solutions and customized products and services to its clients, thereby striving for the leading position in global auto parts industry.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Wei Ching Lien (魏清蓮) ("Ms. Wei"), aged 67, is an executive Director, Chairperson, Chief Executive Officer ("CEO") of the Company 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 43 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 and as the Chief Executive Officer of the Company on 13 June 2022. 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 (a non-executive Director of the Company) and Mr. William Chin (the Chief Strategy Officer of the Company). As at 31 December 2023, Ms. Wei held 102,000 Shares of the Company, and 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 38.73% of the total issued Shares. Since Ms. Wei is the spouse of Mr. Chin Jong Hwa, she is deemed to be interested in the 450,072,000 Shares in which Mr. Chin Jong Hwa was interested. As at 31 December 2023, save as disclosed herein, Ms. Wei 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 44, 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 an executive Director on 31 May 2022. As at 31 December 2023, save for his interest in 250,000 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.

Zhang Yuxia (張玉霞) ("Ms. Zhang"), aged 44, is an executive Director of the Company and 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 18 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 Limited and its subsidiaries and successively served as audit manager, financial manager and financial director till January 2019. Ms. Zhang joined the Group in February 2019 and was appointed as CFO in March 2019. Ms. Zhang was appointed as an executive Director of the Company on 31 May 2023. As at 31 December 2023, save for her interest in 20,000 Shares and 400,000 Share Options in the Company, Ms. Zhang had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Non-executive Director

Chin Chien Ya (秦千雅) ("Ms. Chin"), aged 35, is a non-executive Director of the Company. 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 group 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 an executive Director of the Company on 26 May 2016, during the tenure as executive Director, Ms. Chin served as the President of Minth North America, responsible for all operation management and business development in US, Canada, and Mexico, and later on was responsible for global strategic development of the Group at the headquarter. Ms. Chin was re-designated as a non-executive Director of the Company on 31 May 2023. Ms. Chin 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 2023, save for her interest in 150,000 Share Options in the Company, Ms. Chin had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Independent Non-executive Directors

Wang Ching (王京) ("Dr. Wang"), aged 69, 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 2023, save for his interest in 100,000 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.

Chen Quan Shi (陳全世) ("Professor Chen"), aged 78, 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》). From June 2020 to June 2022, Professor Chen served as an independent director of Chongqing Changan Automobile Company Limited, which is listed on the main board of the Shenzhen Stock Exchange. Professor Chen is currently an independent director of 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 2023, Professor Chen had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Mok Kwai Pui Bill ("Mr. Mok"), aged 62, is an independent non-executive Director and the chairman of the audit committee of the Company ("Audit Committee"). Mr. Mok received his Bachelor of Arts Degree in Business Administration from the University of Washington in the United States in 1984 and a Master Degree in Business Administration from the Seattle University in the United States in 1987. Mr. Mok has over 30 years' experience in accounting, finance and banking in Hong Kong and Mainland China with specific expertise in managing financial and accounting operations, fund raising, investor relations and executing corporate strategy. Mr. Mok served as the chief financial officer and company secretary of China Education Group Holdings Limited (stock code: 839, a company listed on the Main Board of the Stock Exchange) from May 2017 to April 2023. Mr. Mok was an independent non-executive director of Grand Ming Group Holdings Limited (stock code: 1271, a company listed on the Main Board of the Stock Exchange) from July 2013 to December 2022. He was an independent non-executive director of PF Group Holdings Limited (stock code: 8221, a company listed on the GEM of the Stock Exchange) from December 2016 to December 2020. Mr. Mok is a member of the American Institute of Certified Public Accountants and a member of the Hong Kong Institute of Certified Public Accountants. As at the Latest Practicable Date, Mr. Mok did not hold any position with the Company and other members of the Group. Mr. Mok joined the Company as an independent non-executive Director on 31 May 2023. As at 31 December 2023, Mr. Mok had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Tatsunobu Sako (佐古達信) ("Mr. Sako"), aged 71, is an independent non-executive Director. Mr. Sako graduated from Keio University and received his bachelor's degree in Commerce. Mr. Sako has over 40 years of managerial experience, he is currently chairman of Sojitz Machinery Corporation, and also serves as an independent director of Sinfonia Technology Co., Ltd., a company listed on the Tokyo Stock Exchange. From April 1975 to March 2004, Mr. Sako has worked in Nissho Iwai Corporation at various roles such as general manager of its American branch and general manager of the automotive industry project department. Starting from April 2004, he worked successively at senior positions in Sojitz Corporation (formed through merger of Nissho Iwai Corporation and Nichimen Corporation), such as vice president of automotive business of machinery & aerospace division, managing executive officer and president of machinery division, and managing executive officer, President and CEO for Middle East & Africa. In June 2013, Mr. Sako was appointed as president and CEO of Sojitz Machinery Corporation. In June 2019, Mr. Sako was re-designated as president and CEO of Sojitz Machinery Holding Corp. Mr. Sako joined the Company as an independent non-executive Director on 31 May 2023. As at 31 December 2023, Mr. Sako had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Professor Meng Li Qiu (孟立秋) ("Professor Meng"), aged 60, is an independent non-executive Director. Professor Meng received her Bachelor and Master Degrees in Cartography from the Institute of Surveying and Mapping of People's Liberation Army in 1982 and 1985 respectively, and her Ph.D. in Geodetic Engineering from the University of Hannover in 1993. Professor Meng received her professor qualification for Geoinformatics at the KTH Royal Institute of Technology in 1998, and was appointed to the Chair professor for Cartography at the Technical University of Munich ("TUM") in October of the same year. Professor Meng's key research areas include automatic map generalization, pattern recognition with neural networks, spatial data integration, semantic enrichment of 3D buildings, multimodal navigation algorithm, mobile map services, event mapping, visual analytics, ethical issues in AI, and HD map for autonomous driving. She was awarded the "Heinz Maier-Leibnitz Medal" in 2007 and the "Carus Medal and Prize" in 2011. Professor Meng was Senator of the Helmholtz Association from 2009 to 2012. She served as Senior Vice President of TUM from April 2008 to March 2014. She is currently a member of the German National Academy of Sciences and of the Bavarian Academy of Sciences. Professor Meng joined the Company as an independent non-executive Director on 31 October 2023. As at 31 December 2023, Professor Meng 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 50, 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, operation and corporate governance 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 2023, save for her interest in 260,000 Shares and 120,000 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.

Liu Yan Chun (劉艷春) ("Mr. Liu"), aged 58, is the Senior Special Assistant to the CEO of the Group, responsible for assisting the CEO in overall management of the Group. 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 the chief operating officer of the Group from September 2018 to September 2023, and was re-designated as Senior Special Assistant to the CEO of the Group since 1 October 2023. As at 31 December 2023, save for his interest in 400,000 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 37, 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, a non-executive Director of the Company. As at 31 December 2023, Mr. Chin had 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.

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 C1 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 and CEO, is responsible for leading the Board in establishing and monitoring the implementation of strategies and plans to create values for Shareholders, 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.

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 (an executive Director and the Chairperson) assumed (and remained as at the date of this annual report) the role of CEO. Taking into account Ms. Wei's in-depth understanding of the Group's business and essential role in empowering team members, and that major decisions are being 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, a non-executive Director.

THE BOARD

As of 31 December 2023, there are nine members on the Board, which are the Chairperson, two other executive Directors, one non-executive Director and five 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 seven times during the Review Year and the Directors' attendance is shown in the table on page 28 of this 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 21 of this annual report, each of the members of the Board, including the Chairperson and the CEO, does not have any significant financial, business, family or other material/relevant relationship among one another.

Code Provision B.2.2 of the Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. All the directors have been subject to retirement by rotation at least once every three years.

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference as suggested under the Code. As of 31 December 2023, the Audit Committee comprises all INEDs, namely Mr. Mok, Dr. Wang, Professor Chen, Mr. Sako and Professor Meng. As of 31 December 2023, the chairman of the Audit Committee was Mr. Mok. 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 this 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 2023, the Remuneration Committee comprises all INEDs, namely Professor Chen, Dr. Wang, Mr. Mok, Mr. Sako and Professor Meng. Professor Chen was the chairman of the Remuneration Committee.

The Remuneration Committee held four meetings 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 this 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 37 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 2023, the Nomination Committee comprises all INEDs, namely Dr. Wang, Professor Chen, Mr. Mok, Mr. Sako and Professor Meng. Dr. Wang was the chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held two 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 this 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. The Nomination Committee also reviewed and considered Dr. Wang's independence as long-serving INED.

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 2023, the Sustainability Committee comprises nine Directors namely Ms. Wei, Mr. Ye, Ms. Zhang, Ms. Chin, Dr. Wang, Professor Chen, Mr. Mok, Mr. Sako and Professor Meng. Ms. Wei was the Chairperson of the Sustainability Committee.

As at 31 December 2023 and up to now, the Company has four 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 2023, approximately 32.2% of the Group's employees were female. As at 31 December 2023, the Senior Management of the Group comprised approximately 33.3% female members, being the company secretary 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 Member(s) 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, on a one vote per share basis, 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 or resolution 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 to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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 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 2023

	2023 annual general meeting	2023 extraordinary general meeting	The Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Number of Meetings	1	1	7	2	4	2	0
Executive Directors							
Wei Ching Lien *(Chairperson and Chief Executive Officer)*	1	1	7	N/A	N/A	N/A	0
Ye Guo Qiang	1	1	7	N/A	N/A	N/A	0
Zhang Yuxia *(appointed on 31 May 2023)*	1/1	1/1	3/3	N/A	N/A	N/A	0
Non-executive Director							
Chin Chien Ya *(re-designated on 31 May 2023)*	0	1	6	N/A	N/A	N/A	0
Independent Non-executive Directors							
Wang Ching	1	1	7	2	4	2	0
Chen Quan Shi	1	1	7	2	4	2	0
Mok Kwai Pui Bill *(appointed on 31 May 2023)*	0/1	1/1	3/3	1/1	1/1	1/1	0
Tatsunobu Sako *(appointed on 31 May 2023)*	1/1	1/1	3/3	1/1	1/1	1/1	0
Meng Li Qiu *(appointed on 31 October 2023)*	N/A	N/A	0/0	0/0	0/0	0/0	0
Wu Tak Lung *(retired on 31 May 2023)*	1/1	N/A	3/3	1/1	2/2	1/1	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: internal control and risk management, disclosure requirements, guidance on general meetings and corporate governance culture. 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)*	✓	✓
Ye Guo Qiang	✓	✓
Zhang Yuxia *(appointed on 31 May 2023)*	✓	✓
Non-executive Director		
Chin Chien Ya *(re-designated on 31 May 2023)*	✓	✓
Independent Non-executive Directors		
Wang Ching	✓	✓
Chen Quan Shi	✓	✓
Mok Kwai Pui Bill *(appointed on 31 May 2023)*	✓	✓
Tatsunobu Sako *(appointed on 31 May 2023)*	✓	✓
Meng Li Qiu *(appointed on 31 October 2023)*	✓	✓
Wu Tak Lung *(retired on 31 May 2023)*	✓	✓

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	1,683
Total	5,633

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.

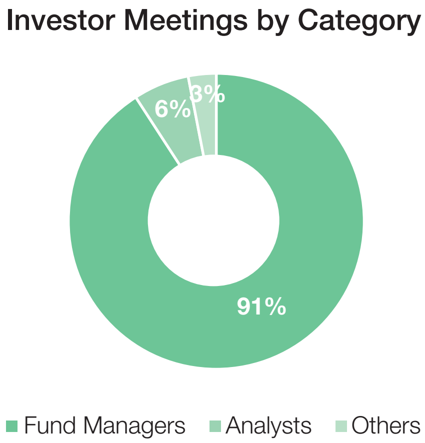
The risk management and internal control system of the Group aims to manage, but not completely eliminate, the risks which hinder the achievement of business objectives, which only provides reasonable assurance, while cannot guarantee that material false statements and damages will be fully avoidable.

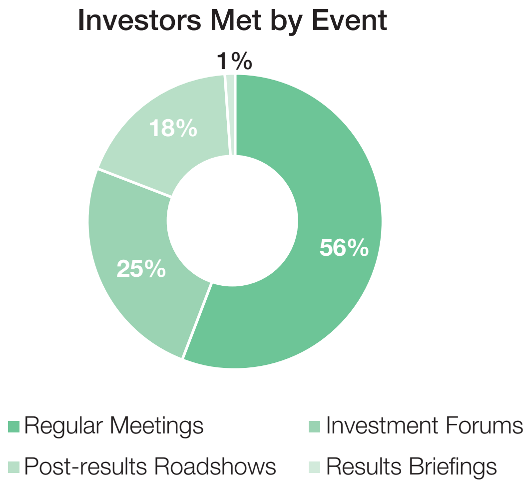
The Board considered that the Group's risk management and internal control systems maintained by the management are effective and adequate to address the financial, operational and compliance controls and risk management of the Group during the Review Year.

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, along with the phase-out of the control measures for COVID-19 pandemic, the Group allocated more efforts in physical meetings, and flexibly arranged virtual meetings in consideration of the convenience of investors, which were conducive to enhancing the communication between the Group and the investment community. During the Review Year, the Company convened the previous annual general meeting in the form of a hybrid meeting. In addition, the Group held the results briefings for the previous year and the interim period of the Review Year in the form of physical meeting and telephone conference, and an investor day was also arranged during the Review Year. Directors, senior management, heads of BUs and vice presidents of functional departments of the Group were invited to attend these events and actively meet with the investors face to face. In the meantime, Directors and senior management of the Company flexibly accommodated investor conference and promptly responded to the investment community in regard to their concerned questions, such as the product and business strategies of the Group, latest development of its battery housing business, succession planning of senior management, the progress of newly launched overseas factories as well as production and sales outlook of the NEVs, fluctuating exchange rate, interest rate and raw material prices, and contingency plan by the Group. The Company hosted nearly 270 meetings during the Review Year, including physical visits, conference calls and video conferences. The Company also participated in 22 investment forums, facilitating in-depth communication with investors. During the Review Year, plant tours at the Group's facilities in China (Jiaxing, Ningbo, Anji etc.) and Serbia were arranged to facilitate investors to better understand the operations of the Group's different BUs.





IR CALENDAR 2023

Major Events	Dates	Online	Offline
Morgan Stanley — China Opportunity Investment Summit	6 January	✓	
UBS — 2023 Greater China Conference	11 January	✓	
2022 annual results briefing	22 March		✓
Annual Results Roadshow	22 March to 24 March		✓
Credit Suisse — Asian Investment Summit	23 March		✓
Haitong Securities — Spring Listed Company Conference 2023	30 March		✓
UBS — Investor Day	17 April		✓
Nomura — Smart Auto, Parts and Software Corporate Day 2023	9 May		✓
CICC — Closed-door Meetings with Select Listed Companies 2023	10 May		✓
Changjiang Securities — Consumer Sector Investment Conference 2023	11 May		✓
2023 Annual General Meeting and Investor Day	31 May	✓	✓
JP Morgan — Global China Summit 2023	1 June		✓
CITICS — Mid-year Investment Conference	2 June		✓
Essence Securities — Mid-year Investment Conference	8 June		✓
Daiwa — Autos, Transport and Industrials Conference	26 June		✓
Industrial Securities — Mid-year Investment Conference	29 June		✓
Huachuang Securities — Auto Parts & Robots Summer Forum	20 July		✓
2023 interim results briefing	23 August	✓	
Interim Results Roadshow	23 August to 25 August		✓
Huaxi Securities — Auto Industry Closed-door Meetings	1 September		✓
CITICS — Auto Forum	6 September		✓
CITICS CLSA — Investment Forum	12 September		✓
UOB Kay Hian — Asian Premium Online Summit 2023	13 October	✓	
Extraordinary General Meeting	31 October	✓	✓
Citi — China Investor Conference 2023 (Shenzhen)	7 November		✓
Daiwa — Hong Kong Investment Conference 2023	8 November		✓
Citi — China Investor Conference 2023 (Macau)	9 November		✓
CITICS — Annual Investment Conference	23 November		✓

During 2023 Asia (ex-Japan) Executive Team survey by the *Institutional Investor*, the Company ranked as the third place in ranking type of Best CEO (Ms. Wei Ching Lien) in the Autos & Auto Parts sector (Small & Midcap). 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.

The Company adopted the amended and restated articles of association in October 2023, and please refer to the Company's announcement dated 26 September 2023 and circular dated 29 September 2023 for details of the amendments.

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 54 to page 55 of this 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 set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange. Save as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company did not comply with the Corporate Governance Code at any time during the Review Year.

As provided in the code provision C.1.6, 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, Professor Chen Quan Shi and Mr. Tatsunobu Sako, each being an independent non-executive Director of the Company, and Mr. Wu Tak Lung, being a then independent non-executive Director of the Company, attended the 2023 annual general meeting of the Company through electronic means, while Ms. Chin Chien Ya, being the non-executive Director of the Company, and Mr. Mok Kwai Pui Bill, being an independent non-executive Director of the Company, were unable to attend the meeting due to other business commitments.

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 chief executive officer ("CEO") following the resignation of the then CEO and, in the meantime, Ms. Wei Ching Lien (an executive Director and the Chairperson) assumed (and remained as at the date of the annual report) the role of CEO. Taking into account Ms. Wei's in-depth understanding of the Group's business and essential role in empowering team members, and that major decisions are being 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 Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 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 above, 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 this 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 56 of this annual report.

DIVIDENDS

To cope with global geopolitical risks, uncertainties arising from changes in the automotive industry and the general trend towards carbon neutrality, the Group has continued to improve its planning for Glocalized and green production to reduce operational risks and steadily enhance its long-term competitiveness and shareholders' returns. In view of the persistently high inflation and interest rates in the European and US markets, it is particularly important for the Group to maintain a sound financial position and sufficient cash reserves. After careful consideration by the Board, no dividend has been proposed for the year ended 31 December 2023 (2022: HKD0.578 per share).

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB3,235,375,000 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 157,800 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 HKD3,763,530.

During the Review Year, the trustee of the Share Award Scheme did not purchase any shares of the Company ("Awarded Shares") on the Stock Exchange, and the Group did not grant any Awarded Shares to the grantees pursuant to the rules of the Share Award Scheme and the terms of the Trust Deed.

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 59 of this annual report.

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB3,649 million as at 31 December 2023. 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 this annual report. The results do not constitute a part of the audited financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

For the Review Year, the largest customer accounted for approximately 5.3% of the Group's revenue, and the five largest customers accounted for approximately 21.7% of the Group's revenue.

The purchases for the Review Year attributable to the Group's largest supplier and five largest suppliers were approximately 1.9% and approximately 6.8% 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 RMB159,000 (2022: approximately RMB131,000).

DIRECTORS

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

Executive directors

Wei Ching Lien *(Chairperson and Chief Executive Officer)*
Ye Guo Qiang
Zhang Yuxia *(appointed on 31 May 2023)*

Non-executive director

Chin Chien Ya *(re-designated on 31 May 2023)*

Independent non-executive directors

Wang Ching
Chen Quan Shi
Mok Kwai Pui Bill *(appointed on 31 May 2023)*
Tatsunobu Sako *(appointed on 31 May 2023)*
Meng Li Qiu *(appointed on 31 October 2023)*
Wu Tak Lung *(retired on 31 May 2023)*

In accordance with Article 84 of the Articles, Ms. Chin, Dr. Wang and Professor Chen will retire from office. Ms. Chin and Dr. Wang, both being eligible, offers themselves for re-election or re-appointment at the forthcoming AGM, while Professor Chen 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 this 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.

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.

Mr. Mok was appointed as an independent non-executive Director on 31 May 2023 and his appointment was most recently renewed to the Company's forthcoming AGM.

Mr. Sako was appointed as an independent non-executive Director on 31 May 2023 and his appointment was most recently renewed to the Company's forthcoming AGM.

Professor Meng was appointed as an independent non-executive Director on 31 October 2023 and her 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 or her 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 2023 is set out in note 12 to the consolidated financial statements.

The remuneration of senior management, by band, for the year ended 31 December 2023 is set out below:

	2023 No. of employees	2022 No. of employees
HKD1,000,001 to HKD1,500,000	**1**	2
HKD2,000,001 to HKD2,500,000	**1**	1
HKD2,500,001 to HKD3,000,000	**0**	1
HKD3,000,001 to HKD3,500,000	**1**	0

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 this 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 2023, 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 set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange, 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 as at 31 December 2023	Percentage of the Company's Issued Share Capital as at 31 December 2023 (Note 1)
Wei Ching Lien	Company	Long position	Beneficial owner	102,000	0.01%
		Long position	Interest of spouse	450,072,000 (Note 2)	38.73%
Ye Guo Qiang	Company	Long position	Beneficial owner	250,000 (Note 3)	0.02%
Zhang Yuxia	Company	Long position	Beneficial owner	420,000 (Note 4)	0.04%
Chin Chien Ya	Company	Long position	Beneficial owner	150,000 (Note 3)	0.01%
Wang Ching	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 1,161,993,599 Shares issued as at 31 December 2023.

Note 2: As at 31 December 2023, Ms. Wei and Minth Holdings were beneficially interested in 102,000 Shares and 450,072,000 Shares respectively. 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 Mr. Ye, Ms. Chin and Dr. Wang under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Ye, Ms. Chin and Dr. Wang will own 250,000 Shares, 150,000 Shares and 100,000 Shares, respectively. Ms. Chin was re-designated as a non-executive Director of the Company from an executive Director on 31 May 2023.

Note 4: This figure represents i) 20,000 Shares held by Ms. Zhang, and ii) 400,000 Share Options granted to Ms. Zhang under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Zhang will own 420,000 Shares in aggregate. Ms. Zhang was appointed as an executive Director of the Company with effect from 31 May 2023.

Save as disclosed above, as at 31 December 2023, 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.

At the date of this annual report, the total number of unexercised outstanding Share Options (i.e. the total number of Shares available for issue) under the 2012 Share Option Scheme was 18,950,000, which represents approximately 1.63% 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 was 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 31 December 2022 and 31 December 2023 were 116,183,579 and 116,183,579 respectively.

As at the date of this 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 1,161,993,599 Shares in issue as at 26 March 2024, 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 2023	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 2023	Date of grant (Note 6)	Exercise period (Note 7)	Exercise price of the Share Options (HKD) (Note 8)	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										
Ms. Chin Chien Ya (Note 2)	100,000	–	–	–	100,000	–	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	150,000	–	–	–	–	150,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Dr. Wang Ching	100,000	–	–	–	100,000	–	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	100,000	–	–	–	–	100,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Mr. Wu Tak Lung (Note 3)	100,000	–	–	–	–	100,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Mr. Ye Guo Qiang	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
Ms. Zhang Yuxia (Note 4)	400,000	–	–	–	–	400,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Mr. Chen Bin Bo (Note 5)	1,000,000	–	–	–	1,000,000	–	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Subtotal	2,310,000	–	–	–	1,310,000	1,000,000				
Other participants (Note 9)										
Employee participants (in aggregate)	15,177,500	–	–	–	15,177,500	–	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	19,355,900	–	157,800	–	1,681,100	17,517,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	24.06
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	–	–	–	100,000	530,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Subtotal	36,193,400	–	157,800	–	17,988,600	18,047,000				
Total	38,503,400	–	157,800	–	19,298,600	19,047,000				

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: Ms. Chin Chien Ya is the daughter of Ms. Wei Ching Lien (an executive Director and Chairperson of the Company), and was re-designated as a non-executive Director of the Company from an executive Director on 31 May 2023.

Note 3: Mr. Wu Tak Lung ("Mr. Wu") retired as an independent non-executive Director of the Company on 31 May 2023.

Note 4: Ms. Zhang Yuxia ("Ms. Zhang") was appointed as an executive Director of the Company with effect from 31 May 2023.

Note 5: Mr. Chen Bin Bo retired as an executive Director of the Company with effect from 31 May 2022.

Note 6: 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 7: 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 8: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

Note 9: 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 157,800 Share Options in accordance with the rules and terms of the 2012 Share Option Scheme, and 19,298,600 Share Options lapsed as a result of the resignation of grantees and/or the expiry of exercise periods. For the fair value of the Share Options granted, please refer to note 37 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 37 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 2023 and 31 December 2023 were 113,618,579 and 113,941,359 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 1.64%.

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 2022 are set out in the tables as follows:

Name and category of participants	Outstanding as at 1 January 2023	Granted during the Review Year	Number of Awarded Shares Vested during the Review Year	Cancelled during the Review Year	Lapsed during the Review Year	Outstanding as at 31 December 2023	Date of grant (Note 1)	Vesting period	Fair value of Awarded Shares at the date of grant (HKD)	Weighted average closing price of Shares immediately before the date(s) on which Awarded Shares were vested (HKD)	Grant price of the Awarded Shares (HKD)
Directors											
N/A	–	–	–	–	–	–	N/A	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	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	N/A	N/A
Other employee participants (in aggregate)											
	2,565,000	–	–	–	307,000	2,258,000	29-3-2021	(Note 2)	31.25	N/A	0
Other related entity participants (in aggregate)											
N/A	–	–	–	–	–	–	N/A	N/A	N/A	N/A	N/A
Other service providers (in aggregate)											
N/A	–	–	–	–	–	–	N/A	N/A	N/A	N/A	N/A
Other participants											
N/A	–	–	–	–	–	–	N/A	N/A	N/A	N/A	N/A
Total	2,565,000	–	–	–	307,000	2,258,000					

Name and category of participants	Outstanding as at 1 January 2022	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2022	Date of grant (Note 1)	Vesting period	Fair value of Awarded Shares at the date of grant (HKD)	Weighted average closing price of Shares immediately before the date(s) on which Awarded Shares were vested (HKD)	Grant price of the Awarded Shares (HKD)
	Number of Awarded Shares										
Directors											
N/A	–	–	–	–	–	–	N/A	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	N/A	N/A
Related entity participants or service providers with Awarded Shares granted during the year ended 31 December 2022 exceeding 0.1% of the total issued Shares											
N/A	–	–	–	–	–	–	N/A	N/A	N/A	N/A	N/A
Other employee participants (in aggregate)											
	2,856,000	–	–	–	291,000	2,565,000	29-3-2021	(Note 2)	31.25	N/A	0
Other related entity participants (in aggregate)											
N/A	–	–	–	–	–	–	N/A	N/A	N/A	N/A	N/A
Other service providers (in aggregate)											
N/A	–	–	–	–	–	–	N/A	N/A	N/A	N/A	N/A
Other participants											
N/A	–	–	–	–	–	–	N/A	N/A	N/A	N/A	N/A
Total	2,856,000	–	–	–	291,000	2,565,000					

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 37 to the consolidated financial statements.

During the year ended 31 December 2023, 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 2023, 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 D2 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 this 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 this 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 this 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 2023, 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	38.73%
	Interest of spouse	Long position	102,000 (Note 2)	0.01%
Minth Holdings Limited ("Minth Holdings")	Beneficial owner	Long position	450,072,000 (Note 3)	38.73%
Mitsubishi UFJ Financial Group, Inc.	Interest of controlled corporations	Long position	69,530,000 (Note 4)	5.98%
Invesco Asset Management Limited	Investment manager	Long position	58,516,000	5.04%

Note 1: The percentage of the Company's issued share capital of 1,161,993,599 Shares as at 31 December 2023.

Note 2: As at 31 December 2023, Minth Holdings and Ms. Wei were beneficially interested in 450,072,000 Shares and 102,000 Shares respectively. 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. Since Mr. Chin Jong Hwa is the spouse of Ms. Wei, he is deemed to be interested in the 102,000 Shares in which Ms. Wei is interested.

Note 3: As at 31 December 2023, 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 2023, 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 2023, 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 did not purchase any Shares of the Company on the Stock Exchange.

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 2023 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 38 to 40 of this 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 40 to 45 of this annual report and note 37 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

The Company's independent external auditor is Deloitte Touche Tohmatsu, and has not been changed in the last three years. 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, 26 March 2024

INDEPENDENT AUDITOR'S REPORT

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 56 to 188, which comprise the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information and other explanatory information.

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 2023, 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 2023, the Group has recognised revenue of Renminbi ("RMB") 19,151,489,000 from its sales of automobile body parts, which accounted for 93.31% 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
26 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue	5	**20,523,674**	17,306,393
Cost of sales		**(14,901,683)**	(12,522,240)
Gross profit		**5,621,991**	4,784,153
Investment income	7	**356,131**	286,410
Other income	8	**414,571**	315,084
Impairment losses under expected credit loss model, net of reversal		**(22,283)**	(27,444)
Other gains and losses	9	**83,038**	6,278
Distribution and selling expenses		**(791,910)**	(868,369)
Administrative expenses		**(1,449,490)**	(1,291,938)
Research expenditure		**(1,396,622)**	(1,172,394)
Interest expenses		**(515,499)**	(263,187)
Share of results of joint ventures		**37,930**	30,573
Share of results of associates		**(22,382)**	(20,097)
Profit before tax		**2,315,475**	1,779,069
Income tax expense	10	**(351,482)**	(248,708)
Profit for the year	11	**1,963,993**	1,530,361
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Gain on remeasurement of defined benefit obligation		**1,150**	1,431
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**69,735**	13,347
Fair value (loss) gain on debt instruments measured at fair value through other comprehensive income		**(1,116)**	242
Other comprehensive income for the year, net of income tax		**69,769**	15,020
Total comprehensive income for the year		**2,033,762**	1,545,381
Profit for the year attributable to:			
Owners of the Company		**1,903,231**	1,500,584
Non-controlling interests		**60,762**	29,777
		1,963,993	1,530,361
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,979,753**	1,485,721
Non-controlling interests		**54,009**	59,660
		2,033,762	1,545,381
Earnings per share	14		
Basic		**RMB1.654**	RMB1.304
Diluted		**RMB1.654**	RMB1.304

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	15	**15,475,982**	13,435,289
Right-of-use assets	16	**1,057,581**	1,082,852
Goodwill	17	**98,030**	98,030
Other intangible assets	18	**112,323**	112,848
Interests in joint ventures	19	**274,546**	237,967
Interests in associates	20	**132,746**	155,913
Deferred tax assets	22	**418,768**	270,079
Prepayment for acquisition of property, plant and equipment		**944,330**	848,103
Derivative financial assets	27	**2,361**	6,053
Contract assets	25	**943,395**	867,992
Contract costs	25	**107,460**	133,687
Financial assets at fair value through profit or loss	26	**29,578**	28,269
Plan assets	38	**3,519**	2,212
Time deposits	28	**453,293**	—
		20,053,912	17,279,294
Current assets			
Inventories	23	**3,982,201**	3,633,134
Trade and other receivables	24	**6,609,980**	6,540,618
Contract assets	25	**263,034**	294,145
Derivative financial assets	27	**19,804**	87,241
Debt instruments at fair value through other comprehensive income	21	**584,837**	163,712
Loan receivable		**27,777**	—
Pledged bank deposits and time deposits	28	**1,840,456**	1,055,003
Cash and cash equivalents	28	**4,165,305**	4,220,651
		17,493,394	15,994,504
Current liabilities			
Trade and other payables	29	**7,004,330**	5,765,470
Tax liabilities		**226,173**	156,684
Borrowings	31	**5,851,363**	7,192,399
Lease liabilities	34	**19,604**	19,087
Contract liabilities	30	**139,650**	176,622
Derivative financial liabilities	27	**1,773**	3,638
Other long-term liability due within one year	40	**874,500**	—
		14,117,393	13,313,900
Net current assets		**3,376,001**	2,680,604
Total assets less current liabilities		**23,429,913**	19,959,898

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Capital and reserves			
Share capital	32	**116,269**	116,255
Share premium and reserves		**18,202,228**	16,801,496
Equity attributable to owners of the Company		**18,318,497**	16,917,751
Non-controlling interests	33	**821,382**	780,368
Total equity		**19,139,879**	17,698,119
Non-current liabilities			
Deferred tax liabilities	22	**222,853**	181,581
Borrowings	31	**3,836,960**	1,005,797
Lease liabilities	34	**66,574**	80,878
Retirement benefit obligation	38	**—**	2,749
Derivative financial liabilities	27	**6,265**	—
Deferred income	39	**44,553**	27,058
Other long-term liabilities	40	**112,829**	963,716
		4,290,034	2,261,779
		23,429,913	19,959,898

The consolidated financial statements on pages 56 to 188 were approved and authorised for issue by the board of directors (the "Board") on 26 March 2024 and are signed on its behalf by:

Wei Ching Lien	**Zhang Yuxia**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	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 2023	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
Profit for the year	–	–	–	–	–	–	–	–	–	–	1,903,231	1,903,231	60,762	1,963,993
Fair value gain on debt instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	–	(1,116)	–	–	–	(1,116)	–	(1,116)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	76,488	–	–	76,488	(6,753)	69,735
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	–	1,150	1,150	–	1,150
Total comprehensive income for the year	–	–	–	–	–	–	–	(1,116)	76,488	–	1,904,381	1,979,753	54,009	2,033,762
Recognition of equity-settled share-based payments (note 37(a)(b))	–	–	–	–	–	–	–	–	–	22,984	–	22,984	–	22,984
Transfer to other reserve for share option forfeited after the vesting date	–	–	–	–	6,170	–	–	–	–	(6,170)	–	–	–	–
Dividends recognised as distribution (note 13)	–	–	6,025	–	–	–	–	–	–	–	(608,578)	(602,553)	–	(602,553)
Dividends declared to non-controlling interests (note 33)	–	–	–	–	–	–	–	–	–	–	–	–	(130,936)	(130,936)
Capital contribution from non-controlling shareholders (note 33)	–	–	–	–	(1,803)	–	–	–	–	–	–	(1,803)	144,111	142,308
Recognition of equity-settled share-based payment in a subsidiary (note 37(c))	–	–	–	–	–	–	–	–	–	1,989	–	1,989	3,467	5,456
Acquisition of additional interest in subsidiaries (note 33)	–	–	–	–	(3,084)	–	–	–	–	–	–	(3,084)	(29,637)	(32,721)
Exercise of share options	14	4,380	–	–	–	–	–	–	–	(934)	–	3,460	–	3,460
At 31 December 2023	116,269	4,153,085	(252,636)	276,199	73,976	1,073,376	430,651	(1,688)	(69,447)	284,280	12,234,432	18,318,497	821,382	19,139,879

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	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 37(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 37(c))	–	–	–	–	–	–	–	–	–	989	–	989	1,726	2,715
Treasury stock (note 37)	–	–	(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

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 2023

	2023 RMB'000	2022 RMB'000
Operating activities		
Profit before tax	**2,315,475**	1,779,069
Adjustments for:		
Finance costs	**515,499**	263,187
Interest income	**(356,131)**	(286,410)
Share of results of joint ventures	**(37,930)**	(30,573)
Share of results of associates	**22,382**	20,097
Depreciation of property, plant and equipment	**1,302,281**	1,038,397
Depreciation of right-of-use assets	**46,665**	45,612
Amortisation of other intangible assets	**44,964**	37,154
Share-based payment expense	**28,440**	47,851
Fair value changes of other financial assets at fair value through profit or loss ("FVTPL")	**—**	(7,783)
Fair value changes of derivative financial instruments	**(44,848)**	(67,276)
(Gains) losses on disposal of property, plant and equipment	**(16,464)**	26,386
Proceeds from the acquisition of investment in a joint venture	**791**	—
Impairment loss, net of reversal		
— property, plant and equipment	**4,603**	58,863
— financial assets and other items under expected credit loss model	**22,283**	27,444
— inventories	**39,420**	46,934
Net foreign exchange gain	**267,475**	316,179
Operating cash flows before movements in working capital	**4,154,905**	3,315,131
Increase in inventories	**(393,739)**	(724,246)
Increase in trade and other receivables	**(321,011)**	(1,500,994)
Increase in debt instruments at FVTOCI	**(421,125)**	(52,873)
Increase in contract assets	**(44,292)**	(165,430)
Decrease in contract costs	**26,227**	30,490
Increase in trade and other payables	**791,630**	1,199,605
(Decrease) increase in contract liabilities	**(36,972)**	93,416
Decrease in deferred income	**—**	(69,859)
Cash generated from operations	**3,755,623**	2,125,240
Income taxes paid	**(389,716)**	(269,810)
Net cash from operating activities	**3,365,907**	1,855,430

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Investing activities		
Proceeds from redemption of other financial assets and derivative financial instruments	**9,598,656**	7,830,552
Interest received	**432,525**	186,351
Dividend received from a joint venture and an associate	**1,500**	5,000
Proceeds from disposal of property, plant and equipment	**83,025**	25,831
Proceeds from disposal of other intangible assets	**—**	1,270
Investment in other financial assets and derivative financial instruments	**(9,478,279)**	(7,818,236)
Purchases of property, plant and equipment	**(3,218,344)**	(3,340,099)
Acquisition of financial assets at FVTPL	**—**	(28,269)
Payments for right-of-use assets	**(17,031)**	(74,171)
Purchases of other intangible assets	**(43,856)**	(18,224)
Government subsidies received relating to the purchase of property, plant and equipment	**143,169**	123,159
Placement of pledged bank deposits	**(812,005)**	(830,120)
Placement of time deposits	**(1,349,317)**	—
Withdrawal of pledged bank deposits	**1,036,688**	820,806
Net cash inflow arising on disposal of subsidiaries	**152,510**	150,000
Payments for investment in associates	**(715)**	(53,409)
Payments for investment in joint ventures	**—**	(17,379)
Payment on acquisition of interest in a joint venture	**(1,720)**	—
Repayment for loan to an associate	**73,516**	—
Loan to an associate	**(100,699)**	—
Net cash used in investing activities	**(3,500,377)**	(3,036,938)
Financing activities		
Repayments of borrowings	**(33,252,064)**	(26,907,069)
Repayments of lease liabilities	**(19,867)**	(27,481)
New borrowings raised	**34,454,240**	27,550,809
Dividends paid to owners of the Company	**(602,553)**	(615,612)
Dividends paid to non-controlling shareholders	**(141,648)**	(10,666)
Interest paid	**(499,292)**	(279,377)
Proceeds from exercise of share options	**3,460**	8,488
Payment on repurchase shares as treasury stock	**—**	(46,731)
Loan from related companies	**—**	30,000
Repayments to related companies	**—**	(30,143)
Capital contributions from non-controlling shareholders	**142,308**	203,086
Payment on acquisition of non-controlling interests	**(32,721)**	—
Net cash from (used in) financing activities (note 44)	**51,863**	(124,696)
Net decrease in cash and cash equivalents	**(82,607)**	(1,306,204)
Cash and cash equivalents at the beginning of the year	**4,220,651**	5,491,959
Effect of foreign exchange rate changes	**27,261**	34,896
Cash and cash equivalents at the end of the year	**4,165,305**	4,220,651
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	**4,165,305**	4,220,651

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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and 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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. 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.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised 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 difference associated with right-of-use assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

2.2 Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform — Pillar Two model Rules

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted. The qualitative and quantitative information about the Group's exposure to Pillar Two income taxes is set out in Note 10.

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

2.3 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

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

Amendments to HKFRSs in issue but not yet effect

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

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[2]
Amendments to HKAS 1	*Non-current Liabilities with Covenants*[2]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[2]
Amendments to HKAS 21	*Lack of Exchangeability*[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

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 ("Listing Rules") 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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information

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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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 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.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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.

Acquisition of additional interests in a joint venture

When the Group increases its ownership interest in a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5, 24, 25 and 30.

Leases

Definition of a lease

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

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

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

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

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

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).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

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

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

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

Lease modifications

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

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.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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 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 and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities 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 taxable temporary differences.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

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

Employee benefits

Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. 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).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Retirement benefit costs (Continued)

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

Defined benefit costs are categorised as follows:

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

The 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Termination benefits

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

Short-term employee benefits

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

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

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

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

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

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

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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

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

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.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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.

Debt instruments 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 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Debt instruments classified as at FVTOCI

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

(iii) Financial assets at FVTPL

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

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

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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, loan receivable, time deposits, pledged bank deposits, cash and cash equivalents, 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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.

(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

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.

(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(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.

(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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (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)

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.

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

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 9) as part of the net foreign exchange gains/(losses);

- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'Other gains and losses' line item (note 9) as part of the net foreign exchange gains/(losses). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortised cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the fair value through other comprehensive income;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item (note 9) as part of the gain/(loss) from changes in fair value of financial assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

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.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 9) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

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.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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 2023, the carrying amount of the Group's property, plant and equipment was RMB15,475,982,000 (net of accumulated impairment loss of RMB59,962,000) (2022: carrying amount of the Group's property, plant and equipment was RMB13,435,289,000 (net of accumulated impairment loss of RMB79,405,000)).

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 2023, the carrying amount of inventories was RMB3,982,201,000 (net of allowance for inventories of RMB98,423,000 (2022: carrying amount of inventories was RMB3,633,134,000 (net of allowance for inventories of RMB114,436,000)).

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 2023, the fair values of financial assets at FVTPL, debt instruments at FVTOCI, derivative financial assets and derivative financial liabilities were estimated to be RMB29,578,000 (2022: RMB28,269,000), RMB584,837,000 (2022: RMB163,712,000), RMB22,165,000 (2022: RMB93,294,000) and RMB8,038,000 (2022: RMB3,638,000), respectively.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2023		
	Automobile body parts RMB'000	Moulds RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	**19,151,489**	**1,372,185**	**20,523,674**
Geographical markets			
The PRC	**9,698,044**	**858,162**	**10,556,206**
Other countries	**9,453,445**	**514,023**	**9,967,468**
Total	**19,151,489**	**1,372,185**	**20,523,674**

	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

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

(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.

5. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers (Continued)

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:

	2023 Moulds RMB'000	2022 Moulds RMB'000
Within one year	**2,957,572**	1,683,311
More than one year but not more than two years	**1,188,989**	1,722,562
More than two years	**90,050**	130,746
	4,236,611	3,536,619

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 makers ("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 2023

	Plastic RMB'000	Metal & Trim RMB'000	Aluminium RMB'000	Battery-housing RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue	5,625,554	5,463,692	4,328,137	3,536,029	2,389,869	(819,607)	20,523,674
Segment profit	1,351,232	1,447,438	1,624,719	685,282	519,073	(5,753)	5,621,991
Investment income							356,131
Other unallocated income, gains and losses							475,326
Unallocated expenses							(3,638,022)
Interest expenses							(515,499)
Share of results of joint ventures							37,930
Share of results of associates							(22,382)
Profit before tax							2,315,475
Income tax expense							(351,482)
Profit for the year							1,963,993

6. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

	Plastic RMB'000	Metal & Trim RMB'000	Aluminium RMB'000	Battery-housing RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue	4,783,016	5,313,525	3,789,397	2,044,062	2,337,821	(961,428)	17,306,393
Segment profit	1,156,950	1,395,151	1,286,698	384,122	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

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 ECL 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 resource 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, Czech, Canada and Poland.

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

	2023 RMB'000	2022 RMB'000
The PRC	**10,556,206**	9,501,699
Other countries	**9,967,468**	7,804,694
	20,523,674	17,306,393

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

	2023 RMB'000	2022 RMB'000
The PRC	**11,144,498**	11,502,560
Other countries	**8,001,895**	5,470,121
	19,146,393	16,972,681

Note: Non-current assets excluded deferred tax assets, plan assets, time deposits, 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 2023 and 2022.

7. INVESTMENT INCOME

	2023 RMB'000	2022 RMB'000
Interest on bank deposits	**355,537**	286,410
Interest on loan receivables	**594**	—
Total	**356,131**	286,410

8. OTHER INCOME

	2023 RMB'000	2022 RMB'000
Government grants (note i)	**281,249**	185,582
Service and consultation income (note ii)	**27,972**	17,952
Sales of scrap and raw materials (note iii)	**47,729**	49,888
Rental income, net of outgoings	**27,401**	27,290
Indemnity income	**20,809**	24,614
Others	**9,411**	9,758
Total	**414,571**	315,084

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 RMB21,283,000 (2022: RMB15,452,000).

(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 RMB418,068,000 (2022: RMB300,871,000).

9. OTHER GAINS AND LOSSES

	2023 RMB'000	2022 RMB'000
Net foreign exchange gains	**7,817**	34,111
Gains on fair value changes of derivative financial instruments	**44,848**	67,276
Gain on fair value changes of other financial assets at FVTPL	**—**	7,783
Gain on termination of a lease arrangement (note i)	**12,947**	—
Reversal on over-provision of Mexico customs dispute (note 29)	**16,162**	—
Impairment loss for property, plant and equipment (note 15(ii))	**(4,603)**	(58,863)
Gains (losses) on disposal of property, plant and equipment and other intangible assets	**16,464**	(26,386)
Impairment loss for inventories (note ii)	**—**	(11,291)
Others	**(10,597)**	(6,352)
Total	**83,038**	6,278

Notes:

(i) During the current year, the Group, as a lessor, entered into a termination agreement with a third party in respect of a long-term operating lease arrangement with rental consideration of RMB15,712,000 which has been settled in full. For the year ended 31 December 2023, termination compensation amounting to RMB12,947,000 has been received by the Group.

(ii) During the prior year, the Group recognised an impairment loss of RMB11,291,000 of inventory which was mainly composed of: (1) impairment loss amounting to RMB6,969,000 which arose from the fire broken out in the production facility of 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 RMB4,322,000 on certain specialized finished goods which were considered as useless when a third-party customer decided to quit their business in China.

* The English name is for identification purposes only.

10. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
Current tax:		
PRC Enterprise Income Tax	**367,845**	221,507
Other jurisdictions	**101,929**	75,351
	469,774	296,858
Over provision in prior years:		
PRC Enterprise Income Tax	**(10,569)**	(4,143)
Deferred tax:		
Current year credit (note 22)	**(107,723)**	(44,007)
	351,482	248,708

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:

i) 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.

ii) 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.

The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

During the year ended December 31, 2023, the government of Korea, Canada, German,the United Kingdom, France and Czech, where certain group entities are operated in, enacted the Pillar Two income taxes legislations effective from January 1, 2024. Under the legislations, the relevant Group entities will be required to pay, in applicable countries and/or regions, top-up tax on profits of their subsidiaries that are taxed at an effective tax rate of less than 15 percent, if any.

The Group has assessed the actual impact that the Pillar Two income taxes legislation would have had on the Group's results if it had been in effect for the year ended December 31, 2023, which may have had no material impact on the Group's financial position and performance.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

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:

	2023 RMB'000	2023 %	2022 RMB'000	2022 %
Profit before tax	**2,315,475**		1,779,069	
Tax at the applicable income tax rate of 25% (2022: 25%) (note)	**578,868**	**25.0**	444,767	25.0
Tax effect of share of results of associates and joint ventures	**(3,887)**	**(0.2)**	(2,619)	(0.1)
Tax effect of expenses not deductible for tax purpose	**25,719**	**1.1**	23,183	1.3
Tax effect of tax losses not recognised	**58,309**	**2.5**	47,365	2.7
Tax effect of deductible temporary differences not recognised	**3,393**	**0.1**	4,736	0.3
Utilisation of deductible temporary differences previously not recognised	**(10,270)**	**(0.4)**	—	—
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	**(99,806)**	**(4.3)**	(94,494)	(5.3)
Effect of tax concessions granted to the PRC subsidiaries	**(190,757)**	**(8.2)**	(128,948)	(7.2)
Withholding tax provision on the profits of the PRC subsidiaries	**68,193**	**2.9**	19,377	1.1
Tax effect of different tax rates of subsidiaries	**33,320**	**1.4**	22,733	1.3
Super deduction for research and development expenses	**(101,031)**	**(4.4)**	(83,249)	(4.7)
Over provision in respect of prior years	**(10,569)**	**(0.5)**	(4,143)	(0.2)
Tax expense and effective tax rate for the year	**351,482**	**15.2**	248,708	14.0

Note:

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.

11. PROFIT FOR THE YEAR

	2023 RMB'000	2022 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration (note 12)	**4,955**	5,820
Other staff's salaries and allowances	**3,865,713**	3,234,103
Other staff's related welfares and benefits	**302,286**	250,892
Other staff's retirement benefits scheme contributions	**229,476**	185,242
Other staff's share-based payments	**22,568**	46,348
Total staff costs	**4,424,998**	3,722,405
Less: Staff costs included in research expenditure	**(963,789)**	(801,210)
	3,461,209	2,921,195
Remuneration of the Company's auditor	**3,950**	3,950
Depreciation of property, plant and equipment	**1,302,281**	1,038,397
Depreciation of right-of-use assets	**46,665**	45,612
Amortisation of other intangible assets	**44,964**	37,154
Amortisation of contract costs	**29,792**	30,890
Total depreciation and amortisation	**1,423,702**	1,152,053
Less: Depreciation and amortisation included in research expenditure	**(37,554)**	(32,355)
	1,386,148	1,119,698
Cost of inventories recognised	**14,901,683**	12,522,240
Write-down of inventories	**40,258**	40,701
Reversal of inventories provision	**(838)**	(5,058)
Impairment losses recognised on property, plant and equipment included in other gains and losses	**4,603**	58,863
Rental income	**(38,724)**	(40,953)
Less: direct operating expense that generated rental income during the year	**11,323**	13,663
Research expenditure recognised as an expense and comprised:		
Staff costs	**963,789**	801,210
Cost of materials	**294,852**	282,611
Depreciation and amortisation expenses	**37,554**	32,355
Other operating costs	**100,427**	56,218
	1,396,622	1,172,394

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
2023						
Executive directors:						
Ms. Wei (note i)	–	–	–	–	–	–
Ye Guo Qiang	–	785	296	104	7	1,192
Zhang Yuxia (note ii)	–	1,763	338	166	7	2,274
Chin Chien Ya (note ii)	–	476	–	26	36	538
	–	3,024	634	296	50	4,004

Notes:

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(i) During the year ended 31 December 2023, Ms. Wei, waived all of her emoluments.

(ii) On 31 May 2023, Chin Chien Ya re-designated as non-executive director of the Company. On the same day, Zhang Yuxia was appointed as executive director of the Company instead.

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	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Non-executive directors:						
Chin Chien Ya (note i)	182	–	–	36	7	225
	182	–	–	36	7	225
Independent non-executive directors:						
Wang Ching	155	–	–	42	–	197
Wu Tak Lung (note ii)	73	–	–	42	–	115
Chen Quan Shi	150	–	–	–	–	150
Mok Kwai Pui Bill (note iii)	129	–	–	–	–	129
Tatsunobu Sako (note iv)	104	–	–	–	–	104
Meng Li Qiu (note v)	31	–	–	–	–	31
	642	–	–	84	–	726

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

Notes:

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

(i) On 31 May 2023, Chin Chien Ya was re-designated as non-executive director of the Company.

(ii) On 31 May 2023, Wu Tak Lung retired as independent non-executive director of the Company.

(iii) On 31 May 2023, Mok Kwai Pui Bill was appointed as independent non-executive director of the Company.

(iv) On 31 May 2023, Tatsunobu Sako was appointed as independent non-executive director of the Company.

(v) On 31 October 2023, Meng Li Qiu was appointed as independent non-executive director of the Company.

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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
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)

(b) Employees' emoluments

During the years ended 31 December 2023 and 2022, 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 2023, of the five highest-paid individuals, three (2022: three) were directors whose emoluments are set out above. The emoluments of the remaining two (2022: two) 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
2023	**1,811**	**899**	**216**	**15**	**2,941**
2022	2,745	700	1,036	14	4,495

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:

	2023 No. of employees	2022 No. of employees
Hong Kong dollars ("HK$")		
HK$500,001 to HK$1,000,000	**1**	—
HK$1,000,001 to HK$1,500,000	**2**	—
HK$1,500,001 to HK$2,000,000	**—**	3
HK$2,000,001 to HK$2,500,000	**2**	1
HK$2,500,001 to HK$3,000,000	**—**	1

For the year ended 31 December 2023

13. DIVIDENDS

	2023 RMB'000	2022 RMB'000
Dividends recognised as distribution during the year: 2022 Final — HK$0.578 (2021 final dividend — HK$0.630) per share	**608,578**	621,768

At the annual general meeting held on 31 May 2023, a final dividend of HK$0.578 (2022: HK$0.630) per share totalling HK$671,542,000 (equivalent to RMB608,578,000) (2022: HK$731,957,000 (equivalent to RMB621,768,000)) in respect of the year ended 31 December 2022 was approved by the shareholders and subsequently paid to the shareholders of the Company.

No dividend has been proposed by the Directors for the year ended 31 December 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:

	2023 RMB'000	2022 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,903,231**	1,500,584

	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note)	**1,150,383**	1,151,000
Effect of dilutive potential ordinary shares:		
Options	**—**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,150,383**	1,151,000

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 2022	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)
Transfer	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
Exchange adjustments	6,508	44,052	55,803	91	169	103,858	185,783	396,264
Additions	25,332	43,472	72,487	2,058	3,842	265,284	2,861,966	3,274,441
Disposals	–	(23,698)	(16,740)	(4,693)	(8,245)	(119,183)	(3,097)	(175,656)
Write-off (note iii)	–	(2,255)	(350)	–	–	(27,100)	(258)	(29,963)
Reduction of government subsidies related to assets (note i)	–	(58,104)	(1,323)	–	–	(117,307)	–	(176,734)
Transfer	54	593,311	83,174	4,627	4,413	1,485,140	(2,170,719)	–
At 31 December 2023	**221,646**	**5,272,846**	**1,067,995**	**103,471**	**39,643**	**11,648,548**	**3,834,917**	**22,189,066**
DEPRECIATION AND IMPAIRMENT								
At 1 January 2022	–	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
Exchange adjustments	–	22,071	27,057	24	68	30,609	128	79,957
Provided for the year	–	219,371	133,374	8,436	3,933	937,167	–	1,302,281
Impairment loss recognised in profit or loss (note ii)	–	–	–	–	–	4,603	–	4,603
Eliminated on disposals	–	(13,624)	(8,363)	(2,607)	(4,449)	(80,176)	–	(109,219)
Write-off (note iii)	–	(2,255)	(350)	–	–	(27,100)	(258)	(29,963)
At 31 December 2023	**–**	**1,354,310**	**636,415**	**72,533**	**25,291**	**4,621,592**	**2,943**	**6,713,084**
CARRYING AMOUNT								
At 31 December 2023	**221,646**	**3,918,536**	**431,580**	**30,938**	**14,352**	**7,026,956**	**3,831,974**	**15,475,982**
At 31 December 2022	189,752	3,547,321	390,247	34,708	13,725	6,301,367	2,958,169	13,435,289

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.

As of 31 December 2023, the Group had borrowings of approximately RMB22,066,000, which were mortgaged by freehold land and plants with carrying values of approximately NTD49,134,000 (equivalent to approximately RMB11,370,000) and approximately RMB13,240,000, respectively (2022: Nil).

Notes:

(i) The government subsidies of RMB176,734,000 have been treated as a deduction from the carrying amount of the relevant assets, among which amount of RMB115,322,000 is received during the year ended 31 December 2023 (2022: government subsidy 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).

(ii) The Group has recognised an impairment loss of RMB4,603,000 relating to plant and machinery (2022: of RMB58,863,000 relating to buildings, furniture and equipment, plant and machinery).

(iii) Assets being written off during the current year represented the buildings, furniture and equipment, plant and machinery and construction in progress that had been fully impaired in prior years. Such write off included mainly the impaired assets resulting from the fire accident that occurred at the production plant of Jiaxing Minhui, the Company's wholly-owned subsidiary, in 2022.

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	**Buildings** RMB'000	**Motor vehicles** RMB'000	**Total** RMB'000
As at 31 December 2023				
Carrying amount	975,213	82,123	245	1,057,581
As at 31 December 2022				
Carrying amount	983,580	98,462	810	1,082,852
For the year ended 31 December 2023				
Depreciation charge	(25,397)	(20,721)	(547)	(46,665)
For the year ended 31 December 2022				
Depreciation charge	(23,504)	(21,482)	(626)	(45,612)

16. RIGHT-OF-USE ASSETS (CONTINUED)

	2023 RMB'000	2022 RMB'000
Expense relating to short-term leases and leases of low-value assets	**75,222**	62,637
Total cash outflow for leases	**159,275**	164,289
Additions to right-of-use assets (note)	**21,509**	82,659

Note: During the year ended 31 December 2023, the Group recognised RMB17,031,000 right-of-use assets for newly obtained land use right located in the PRC (2022: RMB74,171,000). Meanwhile, the Group recognised right-of-use assets of RMB4,478,000 in respect of newly obtained buildings during the year ended 31 December 2023 (2022: right-of-use assets of RMB7,818,000 and RMB670,000 in respect of newly obtained buildings and motor vehicles, respectively).

For both years, the Group leases lands, various offices, warehouses 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 2023, 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 2023 and 2022, 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 RMB86,178,000 are recognised with related right-of-use assets of RMB82,368,000 as at 31 December 2023 (2022: lease liabilities of RMB99,965,000 are recognised with related right-of-use assets of RMB99,272,000). 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 2023 and 2022, the Group has not entered into any new leases that are not yet commenced.

17. GOODWILL

	2023 RMB'000	2022 RMB'000
Goodwill	**98,030**	98,030

The goodwill held by the Group as at 31 December 2023 arose on (i) the acquisition of a subsidiary, Jiaxing Minrong Automotive Parts Co., Ltd* (嘉興敏榮汽車零部件有限公司). ("Jiaxing Minrong") in 2006; (ii) the acquisition of a subsidiary, Plastic Trim International, Inc.* ("PTI") in 2014; (iii) the acquisition of a subsidiary, Jiaxing Minde Automotive Parts Co., Ltd.* (嘉興敏德汽車零部件有限公司) ("Jiaxing Minde") 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 Minth Parts Automotive Parts Co., Ltd.* (廣州東海敏孚汽車部件有限公司) ("Guangzhou Tokai") in 2019.

* The English names are for identification purposes only.

Impairment test on goodwill

(i) Jiaxing Minrong

As at 31 December 2023, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (2022: 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 2023 and 2022, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(ii) PTI

As at 31 December 2023, the carrying amount of goodwill allocated to the cash-generating unit of moulding and extrusion manufacturing of PTI is RMB31,131,000 (2022: 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 2023 and 2022, the recoverable amount of the cash-generating unit is greater than the carrying amount.

17. GOODWILL (CONTINUED)

Impairment test on goodwill (Continued)

(iii) Jiaxing Minde

As at 31 December 2023, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minde is RMB36,821,000 (2022: 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 2023 and 2022, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(iv) UATC

As at 31 December 2023, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of UATC is RMB14,277,000 (2022: 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 2023 and 2022, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(v) Guangzhou Tokai

As at 31 December 2023, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Guangzhou Tokai is RMB525,000 (2022: 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 2023 and 2022, the recoverable amount of the cash-generating unit is greater than the carrying amount.

For the year ended 31 December 2023

18. OTHER INTANGIBLE ASSETS

	Emission rights RMB'000	Patent RMB'000	Software and others RMB'000	Total RMB'000
COST				
At 1 January 2022	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
Additions	49	91	43,716	43,856
Disposals	—	(705)	(17,193)	(17,898)
Exchange adjustments	—	—	2,002	2,002
At 31 December 2023	**13,072**	**4,063**	**336,742**	**353,877**
AMORTISATION				
At 1 January 2022	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
Charge for the year	141	127	44,696	44,964
Eliminated on disposals	—	(705)	(17,193)	(17,898)
Exchange adjustments	—	—	1,419	1,419
At 31 December 2023	**12,408**	**1,566**	**227,580**	**241,554**
CARRYING AMOUNT				
At 31 December 2023	**664**	**2,497**	**109,162**	**112,323**
At 31 December 2022	756	2,533	109,559	112,848

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

	2023 RMB'000	2022 RMB'000
Cost of unlisted investments in joint ventures	**177,834**	181,334
Exchange adjustments	**620**	620
Share of post-acquisition profits, net of dividends received	**96,092**	56,013
	274,546	237,967

As at 31 December 2023 and 2022, the Group had interests in the following joint ventures:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group 2023 %	Attributable equity interest of the Group 2022 %	Share capital 2023	Share capital 2022	Principal activities
Wuhan Minth Nojima Automotive Parts Co., Ltd.* ("Wuhan Minth Nojima") 武漢敏島汽車零部件有限公司	The PRC	**50.00**	50.00	**United States dollars ("US$") 4,700,000**	United States dollars ("US$") 4,700,000	Design, manufacture, develop and sales of automobile body parts
Jiaxing Clean Wave E-Drive System Co.,Ltd.* 克林威孚電驅動系統(嘉興)有限公司	The PRC	**51.00**	51.00	**US$29,412,000**	US$29,412,000	Research and development, production, sale and after sale services of electric drive systems
HaMinGi (Ningbo) Automotive Ltd.* ("HaMinGi") 哈敏吉(寧波)汽車新材料有限公司	The PRC	**40.00**	40.00	**US$24,951,000**	US$24,951,000	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	**RMB150,000,000**	RMB150,000,000	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	**N/A (note)**	35.00	**N/A**	RMB10,000,000	Non-ferrous metal smelting, steel rolling processing

* The English names are for identification purposes only.

Note: During the current year, the Group entered into a sale and purchase agreement with Aili Renewable Resource (TianJin) Co., Ltd. ("Aili TianJin"), pursuant to which Aili TianJin agrees to sell and the Group agrees to purchase the remaining 65% equity interests of Zhejiang Limin at the consideration of RMB1,720,000. The acquisition has been completed on 25 July 2023, upon which, Zhejiang Limin became a wholly owned subsidiary of the Group.

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

	2023 RMB'000	2022 RMB'000
Current assets	**72,683**	73,659
Non-current assets	**38,031**	30,020
Current liabilities	**42,374**	38,127
Non-current liabilities	**90**	115
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**15,699**	26,853

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**194,605**	192,110
Profit for the year	**2,802**	1,702
Dividend declared from the joint venture to the Group	**–**	5,000
The above profit for the year include the following: Depreciation and amortisation	**2,833**	2,353
Interest income	**315**	522
Income tax expense	**562**	461

19. INTERESTS IN JOINT VENTURES (CONTINUED)

(a) Wuhan Minth Nojima (Continued)

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

	2023 RMB'000	2022 RMB'000
Net assets of Wuhan Minth Nojima	**68,250**	65,437
Proportion of the Group's ownership interest in Wuhan Minth Nojima	**50%**	50%
Carrying amount of the Group's interest in Wuhan Minth Nojima	**34,125**	32,719

(b) HaMinGi

	2023 RMB'000	2022 RMB'000
Current assets	**243,905**	196,716
Non-current assets	**107,183**	114,307
Current liabilities	**39,173**	85,082
Non-Current liabilities	**47,721**	32
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**152,433**	119,315

19. INTERESTS IN JOINT VENTURES (CONTINUED)

(b) HaMinGi (Continued)

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**146,869**	126,151
Profit for the year	**39,130**	35,112
The above profit for the year include the following: Depreciation and amortisation	**14,398**	8,776
Interest income	**3,332**	2,948
Income tax expense	**4,288**	4,352

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

	2023 RMB'000	2022 RMB'000
Net assets of HaMinGi	**264,194**	225,909
Proportion of the Group's ownership interest in HaMinGi	**40%**	40%
Carrying amount of the Group's interest in HaMinGi	**105,678**	90,364

19. INTERESTS IN JOINT VENTURES (CONTINUED)

(c) Hella Minth

	2023 RMB'000	2022 RMB'000
Current assets	**154,666**	109,018
Non-current assets	**198,392**	201,542
Current liabilities	**100,936**	109,799
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**39,410**	13,601

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**215,991**	158,290
Profit for the year	**49,918**	42,082
The above profit for the year include the following: Depreciation and amortisation	**19,352**	12,229
Interest income	**451**	290
Income tax expense	**15,737**	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:

	2023 RMB'000	2022 RMB'000
Net assets of Hella Minth	**252,122**	200,761
Proportion of the Group's ownership interest in Hella Minth	**50%**	50%
Carrying amount of the Group's interest in Hella Minth	**126,061**	100,381

19. INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not material

	2023 RMB'000	2022 RMB'000
The Group's share of loss	**(4,080)**	(5,364)
Aggregate carrying amount of the Group's interests in these joint ventures	**8,682**	14,503

20. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Cost of unlisted investments in associates	**261,509**	260,794
Exchange adjustments	**(289)**	(289)
Share of post-acquisition losses, net of dividends received	**(70,084)**	(46,202)
Impairment (note)	**(58,390)**	(58,390)
	132,746	155,913

Note: 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 2023 and 2022, 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
		2023 %	2022 %	2023	2022	
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 for electric vehicle
Ningbo Minhe New Material Co., Ltd. ("Ningbo Minhe")* 寧波敏和新材料有限公司	The PRC	**40.00 (note iv)**	40.00	**RMB10,000,000**	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 v)**	35.00	**RMB10,000,000**	RMB10,000,000	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 vi)**	49.00	**RMB100,000,000**	RMB100,000,000	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 vii)**	5.45	**RMB5,147,061**	RMB5,147,061	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* (明拓投資有限公司) ("Minth Investment"), a wholly-owned subsidiary of the Group, and therefore, the Group 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, and therefore, the Group has significant influence over Jiangsu Min'an.

(iv) The board of directors of Ningbo Minhe consists of 5 directors, of which two are appointed by Cheerplan China, and therefore, the Group has significant influence over Ningbo Minhe. During the current year, the share capital has been increased to RMB10,000,000 and all of shareholders has made capital injection proportionally.

(v) 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.

(vi) 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.

(vii) The board of directors of Cross Strait Management consists of 7 directors, of which one is appointed by Cheerplan China and therefore, 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

	2023 RMB'000	2022 RMB'000
Current assets	**31,982**	197,644
Non-current assets	**1,283,212**	1,368,732
Current liabilities	**430,357**	467,202
Non-current liabilities	**478,832**	613,949

20. INTERESTS IN ASSOCIATES (CONTINUED)

(a) Jiangsu Min'an (Continued)

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**6,891**	2,418
Loss for the year	**(79,221)**	(134,118)

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

	2023 RMB'000	2022 RMB'000
Net assets of Jiangsu Min'an	**406,005**	485,225
Proportion of the Group's ownership interest in Jiangsu Min'an	**12.69%**	12.69%
Carrying amount of the Group's interest in Jiangsu Min'an	**51,522**	61,575

(b) Wuhan Sankei Minth

	2023 RMB'000	2022 RMB'000
Current assets	**80,515**	103,629
Non-current assets	**46,470**	30,886
Current liabilities	**17,858**	24,791
Non-Current liabilities	**24,790**	8,653

20. INTERESTS IN ASSOCIATES (CONTINUED)

(b) Wuhan Sankei Minth (Continued)

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**64,463**	74,545
Loss for the year	**(10,376)**	(4,910)
Dividend declared from the associate to the Group	**(1,500)**	—

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

	2023 RMB'000	2022 RMB'000
Net assets of Wuhan Sankei Minth	**84,337**	101,071
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	**25,301**	30,321

Aggregate information of associates that are not individually material

	2023 RMB'000	2022 RMB'000
The Group's share of loss	**(9,016)**	(1,604)
Aggregate carrying amount of the Group's interests in these associates	**55,923**	64,017

21. DEBT INSTRUMENTS AT FVTOCI

	2023 RMB'000	2022 RMB'000
Bills receivables	**584,837**	163,712

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 2023 will mature within 6 months (2022: within 6 months).

As of 31 December 2023, bills receivables amounting to RMB284,281,000 were pledged for issuing bills payables.

Details of impairment assessment are set out in note 43.

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:

	2023 RMB'000	2022 RMB'000
Deferred tax assets	**418,768**	270,079
Deferred tax liabilities	**(222,853)**	(181,581)
	(195,915)	(88,498)

22. DEFERRED TAXATION (CONTINUED)

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	Lease liabilities RMB'000	Retirement benefit obligation RMB'000	Total RMB'000
At 1 January 2022	2,139	12,192	2,694	73,419	88,875	23,350	22,100	4,848	229,617
Credit (Charge) to profit or loss	2,827	2,945	3,328	36,718	19,475	20,861	(2,058)	–	84,096
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**	**20,042**	**4,470**	**313,335**
Credit (charge) to profit or loss	**2,495**	**(3,220)**	**(432)**	**52,950**	**110,620**	**(10,470)**	**(3,326)**	**–**	**148,617**
Charge to other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(306)**	**(306)**
At 31 December 2023	**7,461**	**11,917**	**5,590**	**163,087**	**218,970**	**33,741**	**16,716**	**4,164**	**461,646**

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	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2022	(47,253)	(951)	(114,444)	(22,100)	(184,748)
(Charge) credit to profit or loss	(28,598)	30	(13,579)	2,058	(40,089)
At 31 December 2022	**(75,851)**	**(921)**	**(128,023)**	**(20,042)**	**(224,837)**
Credit (charge) to profit or loss	**23,944**	**29**	**(68,193)**	**3,326**	**(40,894)**
At 31 December 2023	**(51,907)**	**(892)**	**(196,216)**	**(16,716)**	**(265,731)**

22. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of RMB837,366,000 (2022: RMB1,039,383,000) available for offset against future profits. Among these losses, a deferred tax asset of RMB33,741,000 (2022: RMB44,211,000) has been recognised. No deferred tax asset has been recognised in respect of the remaining RMB698,667,000 (2022: RMB865,738,000) due to the unpredictability of future profit streams.

	2023 RMB'000	2022 RMB'000
Tax loss expire in 2023	–	121,778
Tax loss expire in 2024	27,689	195,860
Tax loss expire in 2025	52,304	75,786
Tax loss expire in 2026	137,467	169,382
Tax loss expire in 2027	149,866	189,459
Tax loss expire in and after 2028	331,341	113,473
	698,667	865,738

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 2023, 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 RMB1,157 million (2022: RMB5,687 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 RMB46,002,000 (2022: RMB73,513,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

23. INVENTORIES

	2023 RMB'000	2022 RMB'000
Raw materials	1,680,471	1,522,772
Work in progress	666,124	613,270
Finished goods	1,635,606	1,497,092
	3,982,201	3,633,134

During the current year, allowance for inventories amounting to RMB39,420,000 (2022: RMB35,643,000) has been recognised in cost of sales.

24. TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables		
— associates	**11,320**	9,338
— joint ventures	**31,437**	34,883
— non-controlling shareholders of subsidiaries	**—**	6
— other related parties*	**3,873**	1,494
— third parties	**4,743,969**	4,627,445
Less: Allowance for credit losses	**(50,571)**	(30,325)
	4,740,028	4,642,841
Bills receivables	**—**	2,043
Other receivables	**101,870**	97,198
Less: Allowance for credit losses	**(951)**	(1,476)
	100,919	95,722
	4,840,947	4,740,606
Prepayments to suppliers	**867,904**	943,812
Utilities and rental prepayments	**39,815**	45,326
Prepaid value-added tax recoverable and refundable	**634,756**	354,818
Consideration receivable for disposal of subsidiaries**	**2,160**	154,670
Interest receivable	**224,398**	301,386
Total trade and other receivables	**6,609,980**	6,540,618

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB3,218,459,000.

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

** During the current year, cash consideration of RMB152,510,000 has been received, and the remaining amount of RMB2,160,000 has been subsequently settled in full to the end of the reporting period in February 2024.

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants to customers a credit period of 60 days to 90 days (2022: 60 days to 90 days) 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:

	2023 **RMB'000**	2022 RMB'000
Age		
0 to 90 days	**4,245,889**	4,176,796
91 to 180 days	**353,866**	341,716
181 to 365 days	**98,771**	84,653
1 to 2 years	**35,547**	34,215
Over 2 years	**5,955**	5,461
	4,740,028	4,642,841

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate gross amount of RMB212,895,000 (2022: RMB293,316,000) which are past due as at the reporting date and assessed collectively based on provision matrix. Out of the past due balances, RMB128,409,000 (2022: RMB243,626,000) 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. The remaining balance of RMB84,486,000 (2022: RMB49,690,000) has been past due 90 days or more and is considered impaired.

Details of the provision of ECL of trade and other receivables for the years ended 31 December 2023 and 2022 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$** RMB'000	**Euro** **("EUR")** RMB'000	**HK$** RMB'000	**Mexico Peso** **("MXN")** RMB'000
At 31 December 2023	**246,046**	**396,218**	**2,074**	**16,023**
At 31 December 2022	340,086	314,512	15,230	23,728

25. CONTRACT ASSETS AND CONTRACT COSTS

Contract assets

	2023 RMB'000	2022 RMB'000
Moulds development	**1,214,445**	1,169,880
Less: Allowance for credit losses	**(8,016)**	(7,743)
	1,206,429	1,162,137
Analysed for reporting purpose as:		
Current	**263,034**	294,145
Non-current	**943,395**	867,992
	1,206,429	1,162,137

As at 1 January 2022, contract assets amounted to RMB1,004,450,000.

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

	2023 RMB'000	2022 RMB'000
Incremental costs to obtain contracts	**107,460**	133,687

Note: Contract costs capitalised as at 31 December 2023 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 cost of sales during the year was RMB29,792,000 (2022: RMB30,890,000). There was no impairment in relation to the costs capitalised during the year ended 31 December 2023 (2022: 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

	2023 RMB'000	2022 RMB'000
Unlisted equity investments	**29,578**	28,269

As at 31 December 2023, the financial asset at FVTPL held by the Group are composed of:

(i) The equity investment held in Canatu Oy, accounting for 2.34% of the total equity interests, with an amount of EUR3,000,000 (equivalent to RMB23,578,000) (31 December 2022: EUR3,000,000 (equivalent to RMB22,269,000)). Canatu Oy is an unlisted company established in Finland primarily engaged in producing and sales of nano-material.

(ii) The equity investment held in a limited partnership namely 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"). The Group was committed to contributing RMB40,000,000, accounting for approximately 5.44% of the total capital commitment to Taiwan Businessmen Fund. As at 31 December 2023, the Group has made a contribution amounting to RMB6,000,000 (31 December 2022: RMB6,000,000).

* The English name is for identification purposes only.

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 2023	**23,578**
At 31 December 2022	22,269

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2023 RMB'000	2022 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	18,393	10,030
Foreign currency structural option contracts (b)	—	358
Cross-currency swap contracts (c)	—	69,621
Interest rate swap contracts (d)	3,772	13,285
	22,165	93,294
Derivative financial liabilities		
Foreign exchange forward contracts (a)	1,706	3,622
Foreign currency structural option contracts (b)	67	16
Cross-currency swap contracts (c)	6,265	—
	8,038	3,638

	2023 RMB'000	2022 RMB'000
Analysed for reporting purpose as:		
Current assets	19,804	87,241
Non-current assets	2,361	6,053
	22,165	93,294
Current liabilities	1,773	3,638
Non-current liabilities	6,265	—
	8,038	3,638

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 2023

Notional amount	Maturity dates	Exchange rates
Sell US$135,000,000 Buy RMB970,689,810	4 January 2024 to 3 July 2024	US$1:RMB7.0225 to US$1:RMB7.2756
Sell EUR23,000,000 Buy RMB179,900,164	4 January 2024 to 7 February 2024	EUR1:RMB7.7562 to EUR1:RMB7.8915
Sell RMB7,245,500 Buy US$1,000,000	6 March 2024	US$1:RMB7.2455
Sell US$300,000 Buy KRW386,700,000	27 February 2024	US$1:KRW1,289

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 JPY 1,319,117,107	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

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Foreign currency structural option contracts

31 December 2023

As of 31 December 2023, the Group had the following outstanding structural option contracts:

A structural option contract begins on 22 May 2023 with settlement date at 24 May 2024 regarding US$ against CNY:

At each valuation date:

(i) If no Target Knock-Out Event (target value reach 0.1500 (expressed as the amount of CNY per 1 USD)) ever occurred, settlement is calculated based on 7.1300 ("Strike Rate") times a national amount of USD1,000,000, settled in CNY equivalent;

(ii) Upon the occurrence of a Target Knock-Out Event, the contract shall terminate in advance and all transactions with expiry dates falling after the Target Knock-Out Date shall terminate and be deemed cancelled.

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 US$2,000,000, 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.

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Cross-currency swap contracts

Major terms of the contracts outstanding at 31 December 2023 are as follows:

31 December 2023

Swaps	Maturity dates
From US$20,000,000 to CNY140,000,000 at the final maturity date and interest from US$4.30% to CNY2.90% per annum, quarterly settlement	20 April 2026
From EUR7,834,023 to CNY60,000,000 at the final maturity date and interest from EUR-Euro Inter-Bank Offered Rate ("EURIBOR") +0.37% to CNY3.00% per annum, quarterly settlement	15 May 2026
From US$27,000,000 to CNY187,380,000 at the final maturity date and interest from US$4.18% to CNY2.90% per annum, quarterly settlement	15 May 2026

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

31 December 2022

Swaps	Maturity dates
From US$40,000,000 to EUR32,258,064 at the final maturity date and interest from US$-London Inter-Bank Offered Rate ("LIBOR") to -EUR0.51% per annum, quarterly settlement	22 September 2023
From US$23,000,000 to EUR18,699,187 at the final maturity date and interest from US$-LIBOR to -EUR0.50% per annum,quarterly settlement	22 September 2023

(d) Interest rate swap contracts

31 December 2023

Major terms of the contracts outstanding at 31 December 2023 are as follows:

Notional amount	Maturity dates	Swaps
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 EURIBOR to fixed rate 1.2000% on a quarterly basis

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(d) Interest rate swap contracts (Continued)

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 EURIBOR to fixed rate 1.2000% 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. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS AND TIME DEPOSITS

Bank balances carry interest at market rates which range from 0.00% to 6.50% (2022: 0.00% to 4.52%) per annum. The pledged bank deposits and time deposits carry interest at fixed interest rates which range from 0.25% to 6.05% (2022: 0.50% to 4.25%) per annum.

As at 31 December 2023 and 2022, pledged bank deposits and time deposits, in which amount of RMB1,840,456 (2022: RMB1,055,003) 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 time deposits and cash and cash equivalents that are denominated in currencies other than the functional currencies of the relevant group entities are mainly set out below:

Original currencies	US$ RMB'000	EUR RMB'000	HK$ RMB'000	JPY RMB'000	MXN RMB'000
At 31 December 2023	**1,079,354**	**145,618**	**13,474**	**95,229**	**18,894**
At 31 December 2022	184,657	178,016	5,887	31,715	13,086

29. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables		
— associates	**24,896**	12,994
— joint ventures	**57,289**	45,382
— non-controlling shareholders of subsidiaries	**112**	120
— other related parties*	**6,594**	8,988
— third parties	**3,244,514**	3,088,314
	3,333,405	3,155,798
Bills payables	**1,014,233**	385,796
Other payables		
— associates	**61**	36
— joint ventures	**430**	1,095
— non-controlling shareholders of subsidiaries	**1,753**	2,104
— other related parties*	**1,702**	7,147
	3,946	10,382
	4,351,584	3,551,976
Payroll and welfare payables	**765,074**	552,718
Consideration payable of acquisition of property, plant and equipment	**846,827**	655,910
Technology support services fees payable	**21,516**	25,479
Freight and utilities payable	**80,093**	70,253
Other tax payable	**112,353**	111,132
Deposits received	**5,366**	14,926
Provision (note)	**—**	57,656
Dividend payables	**10,621**	21,333
Others	**810,896**	704,087
Total trade and other payables	**7,004,330**	5,765,470

* 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 MXN161,195,000 (equivalent to RMB57,656,000) from the local customs in relation to alleged violation of certain local regulations. The Group had accrued the corresponding provision and at the same time submitted an appeal to local contentious-administrative federal court. During the current year, such appeal was concluded with an amount of MXN76,396,000 (equivalent to RMB31,941,000) which was paid in full while the over-provision was reversed accordingly.

The average credit period on purchases of goods is 30 days to 90 days (2022: 30 days to 90 days).

29. TRADE AND OTHER PAYABLES (CONTINUED)

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

	2023 RMB'000	2022 RMB'000
Age		
0 to 90 days	**2,631,211**	2,493,679
91 to 180 days	**447,812**	410,930
181 to 365 days	**180,444**	177,441
1 to 2 years	**64,009**	63,743
Over 2 years	**9,929**	10,005
	3,333,405	3,155,798

Bills payables held by the Group as at 31 December 2023 will mature within 6 months (2022: 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 2023	**51,605**	**51,290**	**168,739**	**8,142**	**126,594**
At 31 December 2022	22,079	45,693	240,625	7,988	192,713

30. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Sales of automobile body parts	**41,206**	31,726
Sales of moulds	**98,444**	144,896
	139,650	176,622

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.

	2023 RMB'000	2022 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	**163,575**	79,570

31. BORROWINGS

	2023 RMB'000	2022 RMB'000
Secured (note)	**72,066**	810,936
Unsecured	**9,616,257**	7,387,260
	9,688,323	8,198,196
Fixed-rate borrowings	**2,214,356**	2,621,174
Variable-rate borrowings	**7,473,967**	5,577,022
	9,688,323	8,198,196
Carrying amount repayable:		
Within one year	**5,851,363**	7,192,399
Within a period of more than one year but not exceeding two years	**1,051,131**	—
Within a period of more than two years but not exceeding five years	**2,785,829**	1,005,797
	9,688,323	8,198,196

Note: As at 31 December 2023 and 2022, 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 EURIBOR and LPR. Interest is repriced every one month, three months, six months or one year.

The ranges of the effective interest rates on the Group's borrowings are as follows:

	2023	2022
Effective interest rate:		
Fixed-rate borrowings	**1.80% to 5.10%**	1.21% to 5.85%
Variable-rate borrowings	**0.49% to 6.60%**	0.53% to 5.26%

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 2023	**187,692**	**—**	**4,419,681**
At 31 December 2022	1,294,719	6,700	3,751,478

32. SHARE CAPITAL

	Number of shares		Share capital	
	2023	2022	**2023**	2022
	'000	'000	**HK$'000**	HK$'000
Ordinary shares of HK$0.1 each				
Authorised				
At beginning and end of year	**5,000,000**	5,000,000	**500,000**	500,000

	Number of shares		Share capital	
	2023	2022	**2023**	2022
	'000	'000	**RMB'000**	RMB'000
Issued and fully paid				
At beginning of year	**1,161,836**	1,161,401	**116,255**	116,219
Exercise of share options under the Company's employee share option scheme (note 37(a))	**158**	435	**14**	36
At end of year	**1,161,994**	1,161,836	**116,269**	116,255

33. NON-CONTROLLING INTERESTS

	2023	2022
	RMB'000	RMB'000
Balance at beginning of year	**780,368**	532,684
Share of total comprehensive income for the year	**54,009**	59,660
Capital contribution from non-controlling shareholders	**144,111**	186,298
Recognition of equity-settled Share-based payment in a subsidiary (note 37(c))	**3,467**	1,726
Acquisition of additional interest in subsidiaries (note ii, iii)	**(29,637)**	—
Dividends declared to non-controlling shareholders during the year	**(130,936)**	—
Balance at end of year	**821,382**	780,368

33. NON-CONTROLLING INTERESTS (CONTINUED)

As at 31 December 2023 and 2022, 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	
		31/12/2023 %	31/12/2022 %	2023 RMB'000	2022 RMB'000	31/12/2023 RMB'000	31/12/2022 RMB'000
Guangzhou Minhui Automobile Parts Co.,Ltd. ("Guangzhou Minhui")	the PRC as a foreign equity joint venture enterprise	**30.00**	30.00	**10,693**	7,894	**61,754**	52,561
Guangzhou Tokai	the PRC as a foreign equity joint venture enterprise	**50.00**	50.00	**28,443**	31,503	**72,431**	115,914
Wuhan Tokai Minth Automotive Parts Co.,Ltd.	the PRC as a foreign equity joint venture enterprise	**50.00**	50.00	**12,718**	19,785	**103,068**	144,113
UATC (note i)	Taiwan	**63.55**	63.55	**15,599**	(28,709)	**398,667**	384,631
Tianjin Tokai Minth Automotive Parts Co. Ltd.	the PRC as a foreign equity joint venture enterprise	**50.00**	50.00	**212**	(564)	**27,449**	27,236
Tianjin Shintai Automotive Parts Co., Ltd. (note ii)	the PRC as a foreign equity joint venture enterprise	**N/A**	4.30	**844**	875	**N/A**	11,761
Jiaxing Toei Minth Automotive Parts Co., Ltd. (note iii)	the PRC as a foreign equity joint venture enterprise	**N/A**	50.00	**(2,247)**	(3,012)	**N/A**	23,227
Minth ElectriCity Technology (note iv)	France	**30.00**	N/A	**(4,146)**	N/A	**113,157**	N/A
Qingyuan Tokai Minth Automotive Parts Co., Ltd. (note v)	the PRC as a foreign equity joint venture enterprise	**50.00**	N/A	**(2,485)**	N/A	**22,637**	N/A
Huainan Magna Minth Exteriors Systems Co., Ltd. (note vi)	the PRC as a foreign equity joint venture enterprise	**49.90**	N/A	**288**	N/A	**1,585**	N/A
Individually immaterial subsidiaries with non-controlling interests						**20,634**	20,925
						821,382	780,368

Notes:

(i) The Group and Mr. Chin used to hold 36.45% and 8.41% equity share respectively on UATC which is listed on Taipei Exchange (GreTai Securities Market).

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 year, the Group entered into a sale and purchase agreement with Aisin Tianjin Body Parts Co., Ltd. ("Aisin Tianjin"), a minority shareholder of one subsidiary of the Group, pursuant to which Aisin Tianjin had agreed to sell and the Group had agreed to purchase 4.30% equity interests of Tianjin Shintai Automotive Parts Co., Ltd.* (天津信泰汽車零部件有限公司) ("Tianjin Shintai") at the consideration of RMB6,482,000. The acquisition has been completed on 3 July 2023, upon which, Tianjin Shintai became a wholly owned subsidiary of the Group.

(iii) During the year, the Group entered into a sale and purchase agreement with Tokai Kogyo Co., Ltd. ("Tokai Kogyo"), a minority shareholder of one subsidiary of the Group, pursuant to which Tokai Kogyo had agreed to sell and the Group had agreed to purchase 50% equity interests of Jiaxing Toei Minth Automotive Parts Co., Ltd.* (嘉興東榮敏實汽車零部件有限公司) ("Jiaxing Toei") at the consideration of RMB26,239,000. The acquisition has been completed on 8 December 2023, upon which, Jiaxing Toei became a wholly owned subsidiary of the Group.

33. NON-CONTROLLING INTERESTS (CONTINUED)

Notes: (Continued)

(iv) As of December 31 2022, Minth ElectriCity Technology ("MET", formerly known as Mignen Fr.S.A.S.) was a wholly-owned subsidiary of Mignen CR S.R.O. ("Mignen CR"), a wholly-owned subsidiary of the Company. During the current year, Mignen CR has entered into a cooperation agreement with Renault Electricity ("Renault"), pursuant to which Mignen CR and Renault have agreed to make the capital injection to MET, amounted to EUR48,999,000. Upon which, Mignen CR and Renault holds 70% and 30% of the equity interest in MET respectively. According to the cooperation agreement, Mignen CR has the right to independently approve significant matters of MET at Shareholders' Meeting, and appoint a majority of directors of the board of MET. As of 31 December 2023, MET has received capital contribution of EUR48,999,000 (equivalent to approximately RMB386,289,000) from Mignen CR and Renault, in which amount of EUR14,700,000 (equivalent to approximately RMB115,889,000) was contributed from Renault.

(v) 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, a minority shareholder of one subsidiary of the Group, pursuant to which Jiaxing Sinoone and Tokai Kogyo agreed to set up Qingyuan Tokai Minth Automotive Parts Co., Ltd.* (清遠東海敏實汽車零部件有限公司) ("Qingyuan Tokai"),with the registered capital of USD7,000,000 and each party holds 50% of the equity interest in Qingyuan Tokai. According to the cooperation agreement, Jiaxing Sinoone has the right to approve the major matter of Qingyuan Tokai alone on the Shareholders' Meeting, and appoint a majority of directors of the board of Qingyuan Tokai, upon which Qingyuan Tokai would be a 50% owned subsidiary of the Company. As at 31 December 2023, Qingyuan Tokai has received the initial capital contribution of USD7,000,000 (equivalent to approximately RMB50,256,000) from Tokai Kogyo and Jiaxing Sinoone, in which amount of USD3,500,000 (equivalent to approximately RMB25,122,000) was contributed from Tokai Kogyo.

(vi) During the current year, Zhejiang Minth Science & Technology Co., Ltd.* (浙江敏實科技有限公司) ("Zhejiang Minth Science"), a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Magna International (Hong Kong) Limited ("Magna International"), a minority shareholder of one subsidiary of the Group, pursuant to which Zhejiang Minth Science and Magna International agreed to set up Huainan Magna Minth Exteriors Systems Co., Ltd.* (淮南敏麥汽車外飾系統有限公司) ("Huainan Magna Minth"), with the registered capital of RMB2,600,000. Zhejiang Minth Science and Magna International hold 50.10% and 49.90% of the equity interest in Huainan Magna Minth separately. According to the cooperation agreement, Zhejiang Minth Science has the right to approve the major matter of Huainan Magna Minth alone on the Shareholders' Meeting, and appoint a majority of directors of the board of Huainan Magna Minth, upon which Huainan Magna Minth would be a 50.10% owned subsidiary of the Company. As at 31 December 2023, Huainan Magna Minth has received the initial capital contribution of RMB2,600,000 from Magna International and Zhejiang Minth Science, in which amount of RMB1,297,000 was contributed from Magna International.

* The English names are for identification purposes only.

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

	2023 RMB'000	2022 RMB'000
Current assets	**193,875**	253,214
Non-current assets	**171,253**	166,104
Current liabilities	**154,564**	237,659
Non-current liabilities	**175**	—
Equity attributable to owners of the Company	**148,635**	129,098
Non-controlling interests	**61,754**	52,561

33. NON-CONTROLLING INTERESTS (CONTINUED)

(i) Guangzhou Minhui (Continued)

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**348,097**	472,258
Expenses	**312,454**	445,944
Profit for the year	**35,643**	26,314
Profit attributable to owners of the Company	**24,950**	18,420
Profit attributable to non-controlling interests	**10,693**	7,894
Dividends declared to non-controlling shareholders	**1,500**	–
Net cash inflow from operating activities	**28,859**	32,370
Net cash outflow from investing activities	**(2,649)**	(21,466)
Net cash outflow from financing activities	**(76,109)**	(10,666)
Net cash (outflow) inflow	**(49,899)**	238

(ii) Guangzhou Tokai

	2023 RMB'000	2022 RMB'000
Current assets	**156,476**	241,500
Non-current assets	**86,421**	90,412
Current liabilities	**97,817**	99,866
Non-current liabilities	**218**	218
Equity attributable to owners of the Company	**72,431**	115,914
Non-controlling interests	**72,431**	115,914

33. NON-CONTROLLING INTERESTS (CONTINUED)

(ii) Guangzhou Tokai (Continued)

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**377,887**	359,763
Expenses	**321,002**	296,757
Profit for the year	**56,885**	63,006
Profit attributable to owners of the Company	**28,442**	31,503
Profit attributable to non-controlling interests	**28,443**	31,503
Dividends declared to non-controlling shareholders	**71,926**	–
Net cash inflow from operating activities	**57,425**	75,039
Net cash inflow (outflow) from investing activities	**59,880**	(40,768)
Net cash outflow from financing activities	**(136,659)**	–
Net cash (outflow) inflow	**(19,354)**	34,271

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

	2023 RMB'000	2022 RMB'000
Current assets	**187,096**	241,589
Non-current assets	**160,607**	152,403
Current liabilities	**140,018**	104,195
Non-current liabilities	**175**	197
Equity attributable to owners of the Company	**104,442**	145,487
Non-controlling interests	**103,068**	144,113

33. NON-CONTROLLING INTERESTS (CONTINUED)

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

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**400,860**	434,945
Expenses	**375,424**	395,375
Profit for the year	**25,436**	39,570
Profit attributable to owners of the Company	**12,718**	19,785
Profit attributable to non-controlling interests	**12,718**	19,785
Dividends declared to non-controlling shareholders	**53,763**	—
Net cash inflow from operating activities	**57,764**	17,699
Net cash inflow (outflow) from investing activities	**39,571**	(14,926)
Net cash outflow from financing activities	**(79,727)**	(50,366)
Net cash inflow (outflow)	**17,608**	(47,593)

(iv) UATC and UATC's subsidiaries

	2023 RMB'000	2022 RMB'000
Current assets	**708,255**	721,924
Non-current assets	**1,576,655**	630,525
Current liabilities	**648,284**	536,997
Non-current liabilities	**947,183**	213,902
Equity attributable to owners of the Company	**289,832**	216,263
Non-controlling interests of UATC	**398,667**	384,631
Non-controlling interests of UATC's subsidiaries	**944**	656

33. NON-CONTROLLING INTERESTS (CONTINUED)

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

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	**702,103**	524,883
Expenses	**677,541**	572,135
Profit (Loss) for the year	**24,562**	(47,252)
Profit (Loss) attributable to owners of the Company	**9,153**	(18,536)
Profit (Loss) attributable to non-controlling interests of UATC	**15,599**	(28,709)
Loss attributable to non-controlling interests of UATC's subsidiaries	**(190)**	(7)
Profit (Loss) for the year	**24,562**	(47,252)
Other comprehensive (expense) income attributable to owners of the Company	**(2,679)**	5,403
Other comprehensive (expense) income attributable to non-controlling interests of UATC	**(5,030)**	24,523
Other comprehensive (expense) income attributable to non-controlling interests of UATC's subsidiaries	**(206)**	191
Other comprehensive (expense) income for the year	**(7,915)**	30,117
Total comprehensive income (expense) attributable to owners of the Company	**6,474**	(13,133)
Total comprehensive income (expense) attributable to non-controlling interests of UATC	**10,569**	(4,186)
Total comprehensive (expense) income attributable to non-controlling interests of UATC's subsidiaries	**(396)**	184
Total comprehensive income (expense) for the year	**16,647**	(17,135)
Net cash inflow (outflow) from operating activities	**148,347**	(700,682)
Net cash outflow from investing activities	**(877,736)**	(2,333,815)
Net cash inflow from financing activities	**578,918**	1,876,282
Net cash outflow	**(150,471)**	(1,158,215)

34. LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	**19,604**	19,087
Within a period of more than one year but not more than two years	**17,754**	18,161
Within a period of more than two years but not more than five years	**30,275**	52,178
Within a period of more than five years	**18,545**	10,539
	86,178	99,965
Less: Amount due for settlement within 12 months shown under current liabilities	**(19,604)**	(19,087)
Amount due for settlement after 12 months shown under non-current liabilities	**66,574**	80,878

The weighted average incremental borrowing rates applied to lease liabilities range from 1.30% to 3.92% (2022: 1.30% to 3.92%) per annum.

35. 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 RMB38,724,000 (2022: RMB40,953,000).

Undiscounted lease payments receivable on leases are as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**3,809**	20,348
In the second to fifth year inclusive	**3,078**	85,843
After five years	**1,220**	45,708
	8,107	151,899

36. COMMITMENTS

	2023 RMB'000	2022 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisitions of property, plant and equipment	**662,368**	576,165

37. 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 was 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 was 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.

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 2023, the total number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 19,047,000 (2022: 38,503,400), representing 1.64% (2022: 3.31%) of the shares of the Company in issue at end of the reporting period.

Details of the specific categories of options are as follows:

Option type	Date of grant	Tranche	Vesting period	Exercise period	Exercise price HK$	Fair value at grant date HK$
2018 (note)	10/04/2018	A	10/04/2018 to 01/04/2019	01/04/2019 to 31/12/2023	37.60	9.25
	10/04/2018	B	10/04/2018 to 01/04/2020	01/04/2020 to 31/12/2023	37.60	9.61
	10/04/2018	C	10/04/2018 to 01/04/2021	01/04/2021 to 31/12/2023	37.60	9.80
	10/04/2018	E	10/04/2018 to 01/04/2019	01/04/2019 to 31/12/2023	37.60	9.25
	10/04/2018	F	10/04/2018 to 01/04/2020	01/04/2020 to 31/12/2023	37.60	9.61
	10/04/2018	G	10/04/2018 to 01/04/2021	01/04/2021 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 and senior employees, while the tranche E, F and G are granted to other employees.

37. 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 2023 and 2022:

Year ended 31 December 2023:

Option type	Outstanding at 01/01/2023	Granted during the year	Exercised during the year	Forfeited and Expired during the year (note)	Outstanding at 31/12/2023
2018-A	2,492,450	–	–	(2,492,450)	–
2018-B	2,492,450	–	–	(2,492,450)	–
2018-C	3,469,600	–	–	(3,469,600)	–
2018-E	2,403,300	–	–	(2,403,300)	–
2018-F	2,403,300	–	–	(2,403,300)	–
2018-G	3,256,400	–	–	(3,256,400)	–
2020-A	2,810,600	–	(30,000)	(576,000)	2,204,600
2020-B	3,654,600	–	(30,000)	(576,000)	3,048,600
2020-C	4,872,800	–	(40,000)	(768,000)	4,064,800
2020-E	2,360,111	–	(18,740)	(258,330)	2,083,041
2020-F	3,551,910	–	(16,740)	(258,330)	3,276,840
2020-G	4,735,880	–	(22,320)	(344,440)	4,369,120
	38,503,400	–	(157,800)	(19,298,600)	19,047,000
Exercisable at the end of the year					19,047,000
Weighted average exercise price	HK$29.75	–	HK$23.85	HK$35.62	HK$23.85

Note: During the year ended 31 December 2023, 16,517,500 options (2022: Nil) are expired, and 2,781,100 options (2022: 3,602,500 options) are forfeited.

37. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

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

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

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$24.45 (2022: HK$36.60).

The Group recognised the total expense of RMB10,442,000 (2022: RMB32,595,000) for the year ended 31 December 2023 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.

37. 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 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 will be 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 2023	**2,565,000**
Granted during the year	**–**
Exercised during the year	**–**
Forfeited during the year	**(307,000)**
Outstanding as at 31 December 2023	**2,258,000**

The Group recognised the total expenses of RMB12,542,000 (2022: RMB12,541,000) for the year ended 31 December 2023 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.

37. 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 2023	**1,406,000**
Granted during the year	**–**
Exercised during the year	**–**
Forfeited during the year (note)	**(323,200)**
Outstanding as at 31 December 2023	**1,082,800**

Note: As at 31 December 2023, certain employees left UATC after the restricted shares granted.

UATC recognised the total expenses of RMB5,456,000 (2022: RMB2,715,000) for the year ended 31 December 2023 in relation to restricted share units granted.

38. 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 RMB229,533,000 (2022: RMB185,355,000) 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 2023 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.

38. RETIREMENT BENEFITS SCHEME (CONTINUED)

Defined benefit plans (Continued)

(a) PTI (Continued)

The pension plan has been frozen since 1 January 2007.

The total cost charged to profit or loss for the year ended 31 December 2023 is RMB311,000 (2022: RMB1,450,000), representing the net interest on the net defined benefit liability.

The actuarial valuation showed that the market value of plan assets was RMB1,216,000 (2022: RMB41,624,000) and that the actuarial value of these assets outweighs the benefits that had accrued to members.

	2023 **RMB'000**	2022 RMB'000
Present value of funded defined benefit obligations	**–**	44,373
Fair value of plan assets	**(1,216)**	(41,624)
Funded status and net (asset) liability arising from defined benefit obligation	**(1,216)**	2,749

(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 2023 is RMB25,000 (2022: RMB15,000), 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 RMB2,303,000 (2022: RMB2,212,000) 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:

	2023 **RMB'000**	2022 RMB'000
Present value of funded defined benefit obligations	**–**	–
Fair value of plan assets	**2,303**	2,212
Funded status and net asset arising from defined benefit obligation	**2,303**	2,212

39. DEFERRED INCOME

	2023 RMB'000	2022 RMB'000
Government grants received — Non-current liabilities	**44,553**	27,058

40. 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 2023, the carrying amount of this long-term liability together with the interest payable is RMB112,829,000 (31 December 2022: RMB107,816,000).

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 a period of 5 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 met certain conditions stipulated in the agreement under which corresponding government subsidies were 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 based on its best estimate. As at 31 December 2023, the carrying amount of this long-term liability together with the interest payable is RMB874,500,000 (31 December 2022: RMB855,900,000), which will be due within one year as disclosed in "Other long-term liability due within one year".

* The English names are for identification purposes only.

41. 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	2023 RMB'000	2022 RMB'000
A joint venture, in which the Group has a 50% equity interest	Sales of finished goods	**40,364**	38,873
	Purchases of finished goods/ semi-finished goods	**37,047**	27,731
	Consulting services income	**566**	—
	Property rentals income	**2,518**	2,518
	Purchases of property, plant and equipment	**45**	13
	Other expense	**766**	4
	Sales of raw materials	**3,842**	—
	Proceeds from disposal of property, plant and equipment	**11**	—
	Sales of moulds	**469**	—
	Other income	**673**	—
	Purchases of moulds	**5,863**	—
A joint venture, in which the Group has a 50% equity interest	Consulting services income	**7,599**	8,046
	Purchases of finished goods/ semi-finished goods	**176,001**	127,239
	Purchase of property, plant and equipment	**100**	5
	Sales of finished goods	**2,160**	3,856
	Sales of raw materials	**2,464**	106
	Other expense	**1,150**	965
	Property rentals income	**1,372**	1,944
	Utilities income	**6,470**	6,202
A joint venture, in which the Group has a 40% equity interest	Utilities income	**2,590**	2,251
	Property rentals income	**3,793**	3,800
	Consulting services income	**230**	125
	Sales of raw material	**—**	6
	Proceeds from disposal of property, plant and equipment	**—**	9
	Sales of finished goods	**60**	60
A joint venture, in which the Group has a 35% equity interest	Utilities income	**263**	200
	Purchases of raw materials/ semi-finished goods	**47,131**	42,895
	Sales of finished goods	**2,846**	—
An associate, in which the Group has a 35% equity interest	Property rentals income	**25**	24
	Utilities income	**13**	12

41. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

Relationship with related/ connected party	Nature of transactions	2023 RMB'000	2022 RMB'000
An associate, in which the Group has a 10% equity interest	Purchases of finished goods/ semi-finished goods	**16,164**	24,247
An associate, in which the Group has a 30% equity interest	Sales of finished goods/raw materials	**517**	5,480
	Purchases of raw materials	**4,561**	5,917
	Property rentals income	**2,589**	2,575
	Utilities income	**593**	612
	Other Expense	**432**	—
An associate, in which the Group has a 40% equity interest	Purchases of finished goods/ semi-finished goods	**28,437**	12,499
	Property rentals income	**—**	7
	Sales of finished goods	**86**	135
An associate, in which the Group has a 35% equity interest	Purchases of semi-finished goods/raw materials	**1,658**	—
	Purchase of moulds	**1,008**	—
An associate, in which the Group has a 49% equity interest	Consulting services income	**3,758**	—
	Purchases of raw materials	**181**	—
	Interest income	**594**	—
	Utilities income	**2,240**	—
Non-controlling shareholders of subsidiaries	Sales of finished goods	**201**	169
	Purchases of raw materials and moulds	**3,186**	5,022
	Purchases of finished moulds/ semi-finished moulds	**—**	101
	Other expense	**184**	380
	Technology support services charges	**12,067**	5,274
	Purchases of intangible assets	**2,382**	275
Companies in which Mr. Chin and his family have control	Sales of raw materials	**—**	1
	Sales of moulds	**2,507**	325
	Purchases of finished goods	**11,355**	2,184
	Purchases of raw materials/ semi-finished goods	**5,693**	83,993
	Technology support services charges	**1,158**	134
	Consulting services income	**25**	—
	Property rentals payment	**3,334**	5,626
	Other expense	**8,763**	5,687
	Purchases of property, plant and equipment	**349**	5,032
	Utilities Income	**2,960**	3,696

41. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

The remuneration of Directors and other members of key management during the year is as follows:

	2023 RMB'000	2022 RMB'000
Short-term benefits	**7,194**	8,726
Post-employment benefits	**71**	135
Share-based payments	**632**	2,694
	7,897	11,555

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

42. OTHER MATTER

The Company's subsidiary Minth Mexico Coatings, S.A. de C.V. ("Minth Mexico") received a notice of initiation of investigation dated 30 May 2023 from the Customs and Border Protection of the United States of America ("CBP") in relation to the alleged evasion of anti-dumping duty and countervailing duty ("AD/CVD") by transhipment of Chinese-origin aluminium automotive parts through Mexico.

CBP conducted an on-site verification from 13 November through 16 November 2023, and then Minth Mexico received a notice of determination dated 27 February 2024 from the CBP, acknowledging that Minth Mexico has accepted that it imported a few entries of Chinese-origin aluminium automotive parts into the United States without declaring such merchandise as covered by AD/CVD due to an inadvertent mistake and that there is no evidence of evasion as beyond the few entries identified by Minth Mexico or as accused by the Alleger.

As such, CBP will continue to suspend liquidation of unliquidated entries of covered merchandise and may require transaction bond or additional security or cash deposit with respect to these covered merchandise. Such actions will not have any material adverse effect to the financial performance or business operations of the Minth Mexico.

Minth Mexico is taking appropriate measures to conduct the matter according to the applicable legal requirements.

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**11,554,336**	10,472,316
Derivative financial assets	**22,165**	93,294
Financial assets at FVTPL	**29,578**	28,269
Debt instruments at FVTOCI	**584,837**	163,712
Financial liabilities:		
Amortised cost	**16,791,934**	14,242,199
Derivative financial liabilities	**8,038**	3,638

43. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, pledged bank deposits and time deposits, time deposits, debt instruments at FVTOCI, derivative financial assets/liabilities, financial assets at FVTPL, loan receivable, borrowings, trade and other payables, lease liabilities, other long-term liability and other long-term liability due within one year. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk and risks arising from the interest rate benchmark reform. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group's exposure to foreign currency risk is arising mainly from:

(1) The Company and certain subsidiaries have bank balances denominated in foreign currencies.

(2) Certain subsidiaries of the Group also have foreign currency denominated sales and purchases and certain trade receivables and payables of these subsidiaries are denominated in foreign currencies other than the functional currency of respective subsidiaries (i.e. RMB, US$, etc.).

(3) The Company and certain subsidiaries also have borrowings denominated in foreign currencies.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the end of reporting period are as follows:

	Liabilities		Assets	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
US$	**239,297**	1,316,798	**1,325,400**	524,743
EUR	**4,588,420**	3,992,103	**565,414**	514,797
JPY	**51,290**	45,693	**95,229**	31,715
HK$	**8,142**	14,688	**15,548**	21,117
MXN	**126,594**	192,713	**34,917**	36,814
	5,013,743	5,561,995	**2,036,508**	1,129,186

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% (2022: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2022: 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% (2022: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% (2022: 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% (2022: 5%) increase and decrease in US$ against the relevant foreign currencies. 5% (2022: 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% (2022: 5%) change in foreign currency rates.

	2023 RMB'000	2022 RMB'000
If RMB strengthens against US$	**(332,244)**	35,975
If RMB weakens against US$	**332,244**	(35,975)
If RMB strengthens against EUR	**1,345,318**	136,837
If RMB weakens against EUR	**(1,345,318)**	(136,837)
If RMB strengthens against JPY	**(105)**	511
If RMB weakens against JPY	**105**	(511)
If RMB strengthens against HK$	**(289)**	379
If RMB weakens against HK$	**289**	(379)
If US$ strengthens against EUR	**1,046**	49
If US$ weakens against EUR	**(1,046)**	(49)
If US$ strengthens against MXN	**1,649**	6,718
If US$ weakens against MXN	**(1,649)**	(6,718)
If US$ strengthens against JPY	**2**	34
If US$ weakens against JPY	**(2)**	(34)

43. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis (Continued)

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.

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 (2022: 50 basis point) increase or decrease in interest rates on variable-rate bank balances and a 50 basis point (2022: 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 (2022: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would have increased/decreased by RMB9,119,000 (2022: increased/decreased by RMB8,224,000). If interest rates on variable-rate borrowings had been 50 basis point (2022: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would have decreased/increased by RMB32,321,000 (2022: decreased/increased by RMB23,987,000). 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.

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.

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 (Continued)

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 and time deposits/time deposits/cash and cash equivalents

Credit risk on pledged bank deposits and time deposits/time deposits/cash and cash equivalents 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 and time deposits/time deposits/cash and cash equivalents 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 and time deposits/time deposits/cash and cash equivalents 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.

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 2023, the Group's ten largest customers accounted for 28% (2022: 32%) of the total trade receivables.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 68% (2022: 63%) of the total trade receivables as at 31 December 2023.

For the year ended 31 December 2023

43. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Debt instruments at FVTOCI (Continued)

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	2023 Gross carrying amount RMB'000	2022 Gross carrying amount RMB'000
Debt instruments at FVTOCI	21	N/A	12-month ECL	**584,837**	163,712
Financial assets at amortised costs					
Loan receivables		N/A	12-month ECL	**27,777**	–
Time deposits	28	N/A	12-month ECL	**453,293**	–
Pledged bank deposits and time deposits	28	N/A	12-month ECL	**1,840,456**	1,055,003
Cash and cash equivalents	28	N/A	12-month ECL	**4,165,305**	4,220,651
Bills receivables	24	(note i)	12-month ECL	**–**	2,043
Other receivables	24	(note i)	12-month ECL	**327,477**	551,778
			Lifetime ECL (credit-impaired)	**951**	1,476
				328,428	553,254
Trade receivables	24	(note ii)	Lifetime ECL (not credit-impaired)	**4,666,996**	4,601,935
			Lifetime ECL (credit-impaired)	**123,603**	71,231
				4,790,599	4,673,166
Other items					
Contract assets	25	(note ii)	Lifetime ECL (not credit-impaired)	**1,206,429**	1,162,137
			Lifetime ECL (credit-impaired)	**8,016**	7,743
				1,214,445	1,169,880

43. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Debt instruments at FVTOCI (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.

2023	**Past due RMB'000**	**Not past due/ No fixed repayment terms RMB'000**	**Total RMB'000**
Other receivables	**951**	**327,477**	**328,428**
	951	**327,477**	**328,428**

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

43. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Debt instruments at FVTOCI (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 2023 and 2022 within lifetime ECL.

2023	**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	**0.16%**	**7,870**	**3,733,413**	**1,206,429**	**4,939,842**
Customer Group B	**0.35%**	**2,828**	**810,270**	**—**	**810,270**
Customer Group C	**0.36%**	**756**	**207,799**	**—**	**207,799**

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

During the year ended 31 December 2023, trade receivables amounting to RMB39,117,000 (2022: RMB21,541,000) and contract assets amounting to RMB8,016,000 (2022: RMB7,743,000) 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)

Debt instruments at FVTOCI (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 2022	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
Impairment losses recognised	**2,990**	**22,166**	**25,156**
Impairment losses reversed	**(2,529)**	**(617)**	**(3,146)**
Transfer to credit-impaired	**(1,082)**	**1,082**	**—**
Write-offs	**—**	**(1,764)**	**(1,764)**
As at 31 December 2023	**2,171**	**48,400**	**50,571**

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)

Debt instruments at FVTOCI (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 2022	—	—	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
Impairment losses recognised	**—**	**—**	**—**	**—**
Impairment losses reversed	**—**	**—**	**—**	**—**
Transfer to credit-impaired	**—**	**—**	**—**	**—**
Transfer to lifetime ECL	**—**	**—**	**—**	**—**
Write-offs	**—**	**—**	**(524)**	**(524)**
As at 31 December 2023	**—**	**—**	**951**	**951**

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
2023							
Non-derivative financial liabilities							
Trade and other payables	–	5,755,084	357,107	4,091	–	6,116,282	6,116,282
Lease liabilities	1.98	5,103	5,715	10,364	71,742	92,924	86,178
Borrowings	3.74	5,532,411	64,745	361,282	3,976,354	9,934,792	9,688,323
Other long-term liabilities	2.12	–	–	893,277	121,407	1,014,684	987,329
		11,292,598	427,567	1,269,014	4,169,503	17,158,682	16,878,112
Derivative-net settlement							
Structural option contracts							
– outflow		–	67	–	–	67	67
Cross-currency swap contracts							
– outflow		–	–	–	6,265	6,265	6,265
Interest rate swap contracts							
– inflow		–	–	(1,411)	(2,361)	(3,772)	(3,772)
		–	67	(1,411)	3,904	2,560	2,560
Derivative-gross settlement							
Foreign currency forward contracts							
– inflow		(705,976)	(324,707)	(129,287)	–	(1,159,970)	(18,393)
– outflow		700,264	316,898	126,121	–	1,143,283	1,706
		(5,712)	(7,809)	(3,166)	–	(16,687)	(16,687)

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
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)

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.

(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.

43. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

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)
	31/12/2023	31/12/2022		
1) Foreign exchange forward contracts	**Assets — RMB18,393,000 Liabilities — RMB1,706,000**	Assets — RMB10,030,000 Liabilities — RMB3,622,000	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 — RMB3,772,000**	Assets — RMB13,285,000	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 — RMB584,837,000**	Assets — RMB163,712,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
4) Cross-currency swap contracts	**Liabilities — RMB6,265,000**	Assets- RMB69,621,000	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.

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 31/12/2023	Fair value as at 31/12/2022	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
5) Foreign currency structural option contracts	**Liabilities — RMB67,000**	Assets — RMB358,000 Liabilities — RMB16,000	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 — RMB29,578,000**	Assets — RMB28,269,000	Level 3	Calculated based on pricing/yield such as price-to sales (P/S) of comparable companies with an adjustment of discount for lack of marketability (2022: 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.

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 2022	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)
Addition	—	—	—
Fair value changes	—	—	(67)
Settlements	(358)	—	16
Exchange adjustments	—	1,309	—
Balance as at 31 December 2023	**—**	**29,578**	**(67)**

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)

Of the total gains or losses for the year included in profit or loss, loss of RMB67,000 (2022: gain of RMB342,000) relates to foreign currency structural option contracts held at the end of the current reporting period. Fair value gains or losses on foreign currency structural option contracts 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 liability disclosed in notes 31 and 40 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 34)	Borrowings RMB'000 (note 31)	Other long-term liabilities RMB'000 (note 40)	Dividend payable RMB'000 (note 29)	Dividend payable to non-controlling interests RMB'000 (note 29)	Interest payable RMB'000 (note 29)	Total RMB'000
As at 1 January 2023	99,965	8,198,196	963,716	–	21,333	–	9,283,210
Financing cash flows	(19,867)	1,202,176	–	(602,553)	(141,648)	(499,292)	(61,184)
Non-cash changes:							
Net foreign exchange gains	3,185	267,475	–	–	–	–	270,660
Interest expenses	1,167	–	15,040	–	–	499,292	515,499
Dividends recognised as distribution	–	–	–	602,553	–	–	602,553
Dividends declared to non-controlling interests	–	–	–	–	130,936	–	130,936
Amortization of deferred income	–	–	4,075	–	–	–	4,075
Transfer to property, plant and equipment	–	–	4,498	–	–	–	4,498
Exchange differences arising on translation of foreign operation	–	20,476	–	–	–	–	20,476
Lease liabilities arising on the new lease agreements	4,478	–	–	–	–	–	4,478
Termination of lease contract	(2,750)	–	–	–	–	–	(2,750)
At 31 December 2023	86,178	9,688,323	987,329	–	10,621	–	10,772,451

	Lease liabilities RMB'000 (note 34)	Borrowings RMB'000 (note 31)	Other long-term liabilities RMB'000 (note 40)	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

45. SUBSIDIARIES

Details of the company's material subsidiaries as at 31 December 2023 and 2022 are as follows:

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
Sinoone Holdings Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Decade Industries Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Mindway Holdings Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Forecast Industries Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Wealthfield Holdings Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
展圖控股有限公司 (Cheerplan Holdings Limited)	British Virgin Islands	**100%**	100%	US$1	Investment holding
恒銀國際有限公司 (Constant Gain International Limited)	British Virgin Islands	**100%**	100%	US$2	Investment holding
Franshoke Investments Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Enboma	British Virgin Islands	**100%**	100%	US$39,000,000	Investment holding
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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
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
Jiaxing Sinoone	the PRC as a wholly-owned foreign investment enterprise ("WOFE")	**100%**	100%	US$606,620,000	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
Tianjin Shintai	the PRC as a WOFE	**100%**	95.7%	US$26,550,000	Manufacture and sales of automobile body parts
Jiaxing Minhui	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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
嘉興國威汽車零部件有限公司 (Jiaxing Guowei Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$1,500,000	Design, manufacture, development and sales of automobile body parts
嘉興敏凱汽車零部件有限公司 (Jiaxing Kittel-Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$40,000,000	Design, manufacture, development and sales of automobile body parts
Minth GmbH	Germany	**100%**	100%	EUR500,000	Customer service and market development
廣州敏實汽車零部件有限公司 (Guangzhou Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$30,000,000	Design, manufacture, development and sales of automobile body parts
煙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 Asia Pacific Co., Ltd. (formerly known as Minth Automobile Part (Thailand) Co., Ltd.)	Thailand	**100%**	100%	THB800,000,000	Manufacture and sales of automobile body parts

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
Minth Development (Thailand) Co., Ltd.	Thailand	**100%**	100%	THB85,000,000	Manufacture and sales of automobile body parts
北京敏實汽車零部件有限公司 (Beijing Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB115,000,000	Design, manufacture, development and sales of automobile body parts
鄭州敏惠汽車零部件有限公司 (Zhengzhou Minhui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB90,000,000	Design, manufacture and sales of automobile body parts
天津敏信機械有限公司 (Tianjin Minshin Machines Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$13,210,000	Research and development, design, production and sales of automobile parts and related products
敏實投資有限公司 (Minth Investment Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$644,500,000	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 Property Services Management Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB18,000,000	Properties services management
PTI	the USA	**100%**	100%	US$16,700,000	Design, manufacture, development and sales of automobile body parts
Jiaxing Minde	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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
Minth Mexico	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
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$2,143,000,000	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%	RMB9,137,900	Design, manufacture and sales of automation machines, software and production lines
Zhejiang Minth Science	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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
UATC	Taiwan	**36.45%**	36.45%	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
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
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$50,000,000	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

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
Minth Korea Co., Ltd.	Korea	**100%**	100%	US$84,760	Manufacture and sales of automobile body parts
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB108,511,993	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.)* (note iii)	the PRC as a WOFE	**N/A**	100%	RMB3,876,120	Design of automobile exterior, interior decorative parts
重慶敏特汽車零部件有限公司 (Chongqing Minte Automobile Spare Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$5,000,000	Manufacture and sales of automobile body parts
嘉興敏瑞汽車零部件有限公司 (Jiaxing Minrui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$8,000,000	Manufacture and sales of automotive parts
嘉興思途汽車零部件有限公司 (Jiaxing Situ Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$5,000,000	Design, manufacture, development and sales of automobile body parts
嘉興和鑫汽車零部件有限公司 (Jiaxing Hexin Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$100,000	Design, manufacture and sales of automobile drive
寧波康栢貿易有限公司 (Ningbo Kangbai Trading Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB5,000,000	Wholesale of packaging materials, import and export trading
寧波藍聖智能科技有限公司 (Ningbo Lasen Intelligent Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$7,800,000	Design, development, import and export of robot

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
敏實智能控股有限公司 (Minth Intelligence Holdings Limited)*	Hong Kong	**100%**	100%	US$10,000	Investment holding
Minth Automotive Europe D.O.O	Serbia	**100%**	100%	RSD100,000	Casting of light metals
Minth Automotive (UK) Company Limited	the United Kingdom	**100%**	100%	GBP1	Manufacture and sales of electrical and electronic equipment
Minth Group US Holding Inc.	the USA	**100%**	100%	Shares: 1,000 non par value	Design, manufacture and sales of automotive parts
Mignen CR	Czech	**100%**	100%	CZK 275,000	Production, trade and service
Windsor Tooling International Inc.	Canada	**100%**	100%	CAD 100	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.)* (note iii)	the PRC as a WOFE	**N/A**	100%	RMB20,000,000	Automobile parts manufacturing, processing and sales
嘉興信鼎模具科技有限公司 (Jiaxing Xinding Mould Tech Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB100,000,000	Mould manufacturing
清遠敏瑞汽車零部件有限公司 (Qingyuan Minrui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$12,800,000	Manufacture and sales of automobile body parts

45. SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration/operations	Attributable equity interest of the Group 2023	2022	Issued capital/ registered capital	Principal activities
安徽敏勝汽車零部件有限公司 (AnHui Minsheng Automotive Parts Co., Ltd.)*	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
Jiaxing Toei	the PRC as a WOFE	**100%**	50%	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.)*	the PRC as a WOFE	**100%**	100%	US$30,000,000	Manufacture and sales of automobile body parts
浙江敏雲數字科技有限公司 (Zhejiang MinCloud Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB10,000,000	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.)*	the PRC as a foreign equity joint venture enterprise	**50%**	50%	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.)*	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 2023	2022	Issued capital/ registered capital	Principal activities
嘉興敏秀控股有限公司 (Jiaxing Minxiu Holding Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	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.)*	the PRC as a WOFE	**100%**	100%	US$100,000,000	Research and development, design automobile part
MET (note i)	France	**70%**	100%	EUR48,999,000	Manufacture and sales of automobile body parts
Mignen sp z.o.o	Poland	**100%**	100%	PLN500,000	Manufacture and sales of automobile body parts
Qingyuan Tokai (note i)	the PRC as a foreign equity joint venture enterprise	**50%**	N/A	US$7,000,000	Manufacture and sales of automobile body parts
Huainan Magna Minth (note i)	the PRC as a foreign equity joint venture enterprise	**50.1%**	N/A	RMB2,600,000	Manufacture and sales of automobile body parts
江蘇和興投資有限公司 (Jiangsu Hexing Investment Co., Ltd.)* (note ii)	the PRC as a WOFE	**100%**	N/A	US$17,000,000	Investment holding
寧波敏實貿易有限公司 (Ningbo Minth Trading Co., Ltd.)* (note ii)	the PRC as a WOFE	**100%**	N/A	RMB1,000,000	Trading
湖州敏華汽車零部件有限公司 (Huzhou Minhua Automobile Parts Co., Ltd.)* (note ii)	the PRC as a WOFE	**100%**	N/A	US$100,000,000	Manufacture and sales of automobile body parts
Worldwise Plastics LLC.* (note ii)	the USA	**100%**	N/A	US$50,000,000	Manufacture and design of automotive trim components
Pan American Automotive Parts Holding PTE. Ltd.* (note ii)	Singapore	**100%**	N/A	US$1,000,000	Investment holding
Pan American Automotive Parts Trading LLC.* (note ii)	the USA	**100%**	N/A	US$1,000,000	sales including trading and manufacture-sales to OEM and after-market sales and services
全球敏實股份有限公司 (Minth International Limited)* (note ii)	Taiwan	**100%**	N/A	NTD10,000,000	Investment holding
湖北敏鋁新能源科技有限公司 (Hubei Minlv New Energy Technology Co., Ltd.)* (note ii)	the PRC as a WOFE	**100%**	N/A	RMB90,000,000	Manufacture and sales of automobile body parts

* The English names are for identification purposes only.

45. SUBSIDIARIES (CONTINUED)

Notes:

(i) Non wholly-owned company Qingyuan Tokai, Huainan Magna Minth and MET have been established by the Group during the current year.

(ii) Wholly-owned Company Jiangsu Hexing Investment Co., Ltd.* (江蘇和興投資有限公司), Ningbo Minth Trading Co., Ltd.* (寧波敏實貿易有限公司), Huzhou Minhua Automobile Parts Co., Ltd.* (湖州敏華汽車零部件有限公司), Minth International Limited* (全球敏實股份有限公司), Worldwise Plastics LLC, Hubei Minlv New Energy Technology Co., Ltd.* (湖北敏鋁新能源科技有限公司), Pan American Automotive Parts Holding PTE. Ltd.* and Pan American Automotive Parts Trading LLC* have been established by the Group during the current year.

(iii) Shanghai Cogen Research and Design Co.,Ltd.* (上海亞昊汽車產品設計有限公司) and Chengdu Minneng Anxin Automotive Parts Co., Ltd.* (成都敏能安芯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:

	2023 RMB'000	2022 RMB'000
Unlisted investments in subsidiaries	**3,169,264**	2,405,308
Derivative financial assets	**22,165**	93,294
Cash and cash equivalents	**112,265**	23,146
Amounts due from subsidiaries	**20,719,418**	16,341,237
Other current assets	**15,363**	17,966
Total assets	**24,038,475**	18,880,951
Amounts due to subsidiaries	**16,107,154**	9,774,422
Borrowings	**4,393,385**	4,665,208
Derivative financial liabilities	**8,038**	3,638
Other payables	**17,326**	17,203
Total liabilities	**20,525,903**	14,460,471
Net assets	**3,512,572**	4,420,480
Share capital	**116,269**	116,255
Treasury stock	**(252,636)**	(258,661)
Reserves	**3,648,939**	4,562,886
Total equity	**3,512,572**	4,420,480

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 2022	4,386,624	410,321	37,328	240,250	5,074,523
Total comprehensive income 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
Total comprehensive expense for the year	**(331,799)**	**—**	**—**	**—**	**(331,799)**
Transfer to other reserve for share options forfeited after the vesting date	**—**	**—**	**6,170**	**(6,170)**	**—**
Recognition of equity-settled share-based payments	**—**	**—**	**—**	**22,984**	**22,984**
Dividends recognised as distribution	**(608,578)**	**—**	**—**	**—**	**(608,578)**
Exercise of share options	**4,380**	**—**	**—**	**(934)**	**3,446**
At 31 December 2023	**2,896,330**	**410,321**	**60,986**	**281,302**	**3,648,939**