MINTH GROUP LIMITED
敏實集團有限公司

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

2020 Annual Report

flexibility
digitalisation
intelligence

CORE VALUES

- Integrity
- Trust
- Teamwork
- Embrace change

VISION

We create beauty in motion with intelligence

MISSION

Make automobiles lighter, prettier and more intelligent

TARGET

To be the top 50 global auto parts supplier in 2025

MIX
Paper from responsible sources
FSC™ C102068
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This annual report is printed on environmental paper

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

CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive directors

Wei Ching Lien
(executive Director and Chairperson as appointed on 28 May 2020)
Chen Bin Bo
(executive Director as appointed on 28 May 2020 and Chief Executive Officer)
Chin Chien Ya
Huang Chiung Hui *(resigned on 28 May 2020)*

Independent non-executive directors

Wang Ching
Yu Zheng
Wu Tak Lung *(appointed on 28 May 2020)*
Wu Fred Fong *(retired on 28 May 2020)*

COMPANY SECRETARY

Yi Lei Li

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 1 Yazhong Road, Nanhu District
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Postal Code 314006
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Tel: (86 573) 8368–6700
Website: www.minthgroup.com

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No. 510 King's Road
North Point, Hong Kong

PRINCIPAL BANKERS

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

Citibank N.A.
Hong Kong Branch
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No. 3 Garden Road
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Camana Bay
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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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
88 Queensway
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law
Reed Smith Richards Butler
17th Floor, One Island East
Taikoo Place, 18 Westlands Road
Quarry Bay, Hong Kong

As to PRC Law
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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				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Result					
Turnover	9,399,992	11,384,495	12,553,202	13,198,189	**12,466,858**
Profit before tax	2,118,599	2,488,296	2,046,074	2,101,278	**1,679,575**
Income tax expense	(339,172)	(395,564)	(333,534)	(336,187)	**(216,587)**
Profit for the year	1,779,427	2,092,732	1,712,540	1,765,091	**1,462,988**
Attributable to:					
Owners of the Company	1,719,141	2,025,254	1,660,636	1,690,300	**1,395,509**
Non-controlling interests	60,286	67,478	51,904	74,791	**67,479**
	1,779,427	2,092,732	1,712,540	1,765,091	**1,462,988**

	As at 31 December				
	2016 RMB'000	2017 RMB'000	2018 RMB'000	2019 RMB'000	**2020** **RMB'000**
Assets and Liabilities					
Total assets	15,050,712	18,108,962	21,268,088	23,642,675	**27,205,745**
Total liabilities	(4,195,006)	(5,710,857)	(7,839,382)	(8,898,981)	**(11,892,850)**
	10,855,706	12,398,105	13,428,706	14,743,694	**15,312,895**
Equity attributable to owners of the Company	10,597,514	12,113,134	13,160,414	14,324,945	**14,944,004**
Non-controlling interests	258,192	284,971	268,292	418,749	**368,891**
	10,855,706	12,398,105	13,428,706	14,743,694	**15,312,895**

CHAIRPERSON'S STATEMENT

Dear Shareholders,

First of all, I would like to express my heartfelt appreciation for your trust and support in Minth Group! In adherence to our business philosophy of "continuous improvement for perfection" and our core values of "Integrity, Trust, Teamwork and Embrace change", we will continue to work with unremitting efforts to make maximum contributions to shareholders' interests, customers' value, staff happiness and social responsibility. I hereby present our 2020 Annual Report and future outlook for your review.

The outbreak and rapid spread of the coronavirus disease 2019 ("COVID-19") in early 2020 has dealt a heavy blow to the global economy. The epidemic prevention measures adopted by the governments of different countries in response have resulted in the suspension of production and operations of many industries. Meanwhile, factors such as geopolitical issues have aggravated the economic situation. With its global operations, Minth was also subjected to extremely trying times. Nevertheless, we responded with swift action and set up a crisis response team at the outbreak of the pandemic. We formulated proper risk controls and prevention measures at different stages and for different locations. This provided full coverage for the Group's factories and customers around the world in order to minimise the impact of the pandemic.

During this period, our staff overcame difficulties with united efforts and we were able to quickly resume operations and production. Moreover, owing to consistent efforts throughout the year, we were able to make up for the inevitable decline in the results of the first half of the year under the given market conditions, reporting substantial half-on-half improvements in key financial metrics. For the full year of 2020, we reported revenue of RMB12.467 billion, representing a year-on-year decrease of only 5.5%, while net profit amounted to RMB1.396 billion, representing a decrease of 17.4% when compared to the previous year.

Fluctuations in the market have not thwarted the progress of Minth's development. In 2020, we completed the restructuring of our product business units ("BUs"). Under this new organizational structure, we have shifted from regional management to specialized development in terms of both product development and manufacturing. This has given more autonomous management authority to the BUs and facilitated more efficient and cost-effective team cooperation. It has been conducive to achieving results growth in a healthy and systematic manner. In connection with new business intake, remarkable results were recorded despite the depressed market and we secured orders with an expected annualized revenue contribution of over RMB8 billion for the first time. Among these, overseas businesses accounted for approximately 55%, while businesses relating to new energy vehicles ("NEVs") accounted for more than 60%. A number of breakthroughs have been made in connection with our innovative products, battery housings in particular, the

new business wins for which accounted for approximately 50% of the total. As the pioneer of our innovative business, our research and development ("R&D") team has also continued to deliver tremendous results. In 2020, substantial progress was made in the development of products featuring weight reduction, electrification, intelligent application and internet-connection to provide a driving force for the Group's short-term, as well as long-term development on the back of technological strengths in numerous areas that topped our peers in Asia and even the rest of the world.

In 2021, we will continue sparing no efforts to drive the implementation of the Group's development strategies.

I. Global presence: we will continue to enlarge our international footprint with a special focus on supporting the construction and commissioning of factories in Serbia, the Czech Republic and the United States, aiming to meet customers' demand for localised supply with our global layout while reducing our carbon footprint to do our part in contributing to green development.
II. Product innovation: we will continue to expand our Innovation Research Center, consistently introducing innovative solutions in materials, products and technologies to enhance marketing appeal and customer loyalty, such that Minth will become a preferred supplier for automotive OEMs.
III. Revamping our production model: We will be completing the construction of Phase I of the Future Factory, and preparations are in place for horizontal development, with a view to significantly enhancing operational efficiency and improving the industrial park management through applications featuring flexibility, digitalisation and intelligence. At the same time, we will continue with our digital transformation project as planned to achieve efficiency enhancements and swift responses in our operational management.
IV. Team building: We believe that a united and long-lasting elite team would ensure Minth's competitiveness. Enduring operations can only be achieved if all employees are holistically healthy (i.e. with overall wellness). We have launched programmes that promote physical fitness, as well as more sophisticated programmes that promote psychological well-being for both staff and their families, such as the empowerment camps, couples' camps for parenting skills, childcare facilities, character-building camps for children of Minth staff, and the senior's center for elderly family members of Minth staff. These initiatives have notably enhanced staff happiness at both home and work, and their potential has been brought into play with greater drive as a result.

Irrespective of the future economic conditions, our first task is to develop our internal strengths — to consolidate and pass on our team's competitiveness, so that our Group is operated on a strong foundation and maintains its lead in the global industry.

Once again, on behalf of all the staff at the Group, let me express our sincere gratitude for the vigorous support of our shareholders!

Wei Ching Lien
Chairperson

26 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the year ended 31 December 2020 (the "Review Year"), the production and sales of China's passenger vehicles ("PVs") were approximately 19,994,000 and 20,178,000 units respectively, representing a year-on-year decrease of approximately 6.5% and 6.0% respectively. Breaking it down into market segments, sedans saw declines of approximately 10.0% and 9.9% respectively in production and sales when compared to the same period in the previous year. Production and sales of MPVs also shrank by approximately 26.8% and 23.8% respectively when compared to the same period in the previous year. SUVs actually recorded year-on-year increases in production and sales of approximately 0.1% and 0.7% respectively as compared to the same period in the previous year, becoming the first segment to report positive growth and outperforming sedans in production and sales volumes. During the Review Year, China became the world's largest market for luxury cars which promoted robust growth in the sales of luxury cars, and it is anticipated that this growth in penetration rate will continue in the future. In terms of product origins, the market share of Japanese OEMs increased by approximately 1.8%, while German OEMs experienced an approximately 0.3% decline. German and Japanese OEMs each accounted for over 23% of the market. As for the market shares of other product origins, American OEMs reported growth while Korean and French OEMs experienced declines to varying degrees. Chinese OEMs continued to lead the market in terms of overall sales, although they reported an approximately 0.8% year-on-year decline in market share. During the Review Year, growth rate of sales for new energy vehicles ("NEVs") outperformed the market with an over 10% annual growth in retail sales. High-end NEVs known for their intelligent features and low-end NEVs known for their cost efficiency, have become two important segments in supporting China's NEV market.

During the Review Year, the global automobile market suffered a collective decline due to the impact of coronavirus disease 2019 ("COVID-19"). However, NEVs bucked this trend and reported growth, becoming the greatest highlight for the market. During the Review Year, global sales of light vehicles dropped approximately 14.0% year-on-year to approximately 77,600,000 units. In Europe, sales of NEVs continued to rise due to the ongoing incentive policies of the European governments despite the overall lacklustre sentiment of the automobile market. According to the estimates of PwC's Strategy&, NEVs will account for approximately 67.0% of overall automobile sales in the European markets by 2035, which would make Europe a leader, ahead of other global markets in terms of market share for NEVs. The market of the United States (the "US") reported the fourth heaviest decline since 1980, as sales of light vehicles dropped approximately 14.6% to approximately 14,580,000 units. Light-weight trucks, as represented by the pick- up truck, remained a pillar supporting automobile sales in the US. In terms of Asian markets, Japan recorded a relatively substantial decline, while the Korean and Thai markets stabilised and reported growth in rebound. Brazil, India, Russia and Mexico experienced declines to varying degrees.

COMPANY OVERVIEW

The Group is primarily engaged in the design, manufacture and sales of trims, decorative parts, body structural parts, roof racks, battery housings and other related auto parts. The Group has its main manufacturing bases in China, the US, Mexico, Thailand and Germany, as well as Serbia, the United Kingdom (the "UK") and the Czech Republic where new plants have been built. These manufacturing bases are supported by the Group's sales, design and research and development ("R&D") centres in China, Germany, the US, Japan and Korea. These enable the Group to fully leverage geographical proximity to facilitate the development of new products and expand its market reach. With ongoing growth and expansion, the Group is able to serve major automotive markets across the globe, and to understand and meet the demands of its diverse customers.

During the Review Year, to further facilitate the Group's global strategy and deployment of its products, realise leadership in technology and build core competitiveness of its products in the global markets, the Group continued to consolidate its operation model comprising the four principal product business units ("BUs"), namely metal and trim products, plastic products, aluminium products and battery housings. This follows the successful completion of the strategic restructuring of the BUs, giving more autonomous management authority to the BUs and encouraging them to increase their economies of scale and explore opportunities for value growth. Meanwhile, the project management function was transferred from the Account Development Centre of the Group to the BUs, in order to enhance organisational and operational efficiency. At the same time, the Group has established the Supply Chain Management Department to streamline the Group's integrated supply-chain management, which will facilitate end-to-end management of the entire process from sales estimates, to production and sales coordination, agile planning, procurement management, logistics and warehousing. All these will be managed and viewed through a digitalised system.

During the Review Year, the Group continued to expand the implementation of the Minth Operation Excellence System ("MOS") (敏實卓越運營系統). At the Group's manufacturing plants in China, Thailand, and Mexico, the Group applied a cost management pillar to improve the cost attribution matrix, which provided a more detailed analysis of wastes and losses incurred in the course of operations and helped formulate an effective improvement plan. During the Review Year, in respect of the application and standardisation of MOS tools, the Group started to implement a transition from the reaction stage to the preventive stage. The BUs are completing the MOS talent layout and establishing a succession of teams utilizing the LUTI (Learn/Use/Teach/Inspect) system. The Group continued to utilise MOS as the assessment standard and identified seven perspectives (including management, "environment/quality/safety", cost, human resources, production excellence, logistics and supply chain) as the principal management elements of its plant operations, to promote communication and appraisals among its factories, and to build Bronze Level factories as the benchmark, so that best practices could be quickly standardised and replicated in its plants at various locations globally. In the course of MOS implementation, the Group has also been seeking improvements continuously. During the Review Year, the Group added primary-stage product management as an additional evaluation criterion at the battery housing BU on a trial basis to reduce the risks and costs incurred prior to mass production. This has helped to facilitate the standardisation and integration of MOS across the Group's global plants.

The Group is consistently seeking improvements in operations, including upgrades to the existing production models, process optimisations as well as the introduction of advanced manufacturing technologies. This is done while also enhancing the competitiveness of its traditional products in cost and quality, to further increase the penetration of various product types at the customer end. During the Review Year, the Group continued to promote new solutions to customers and to win their trust with quality products and services. During the Review Year, the Group's R&D and sales teams liaised with customers on technical solutions to facilitate market development of new products such as battery housings, intelligent front module and door systems. These endeavors should provide assurance for the Group's future revenue growth. In terms of project development, the Group's work on aluminium battery housings, radomes, illuminated emblems and grilles, active grille shutters, electric running boards and laser-welded door frames are moving along smoothly.

During the Review Year, with a view to enhance its core competitive strengths in this digital era, the Group established the Digital Transformation Centre, aiming to develop its digital platform and construct a forward-looking group management and production model, and in so doing accelerating the Group's digital transformation. During the Review Year, the Digital Transformation Centre established a digital factory project team which is responsible for the business planning and information infrastructure of the Group's global factory system. During the Review Year, the Group continued to appoint professional consultants to further update and promote the SAP project, aiming to create a globally integrated information platform and lay the foundation for the globalisation and agile operations of the Group. This transformation has allowed the Group to better proceed with production planning based on rolling forecasts and actual orders placed by the customers, to streamline its efforts by aligning production and sales with capacity, as well as to support the establishment and promotion of the management platform of entire supply chain covering multiple sites. The entire supply chain and online coordination process of production planning and management, warehousing, logistics, procurement and sales could be tracked through this platform.

During the first half of the Review Year, third-party partners were added to the Future Factory project and the work on top-level design plans officially commenced. Design work was almost completed by the end of the Review Year, and construction work has been progressing at a steady pace. The Group targets to realize intelligent manufacturing through construction of the Future Factory which is featured with flexibility, digitalisation and intelligence, in order to achieve comprehensive benefits in all aspects including the workshops, the layout, the logistics, the production technologies, the production management as well as enhancing the environmental protection and safety. Regarding the intelligent industrial park of the Group, the main idea is to bring about the best humanistic experience by employing the most advanced technologies. With the application of Big Data, the Internet of Things and Artificial Intelligence ("AI"), the Group plans to set up a new industrial environment that promotes a more humanistic experience and intelligent manufacturing while protecting the environment. This site is expected to lead the Group onto its path of digital transformation and upgrades.

Over the Review Year, the Group has kept broadening its engagement in its management of the environment, health and occupational safety ("EHS"). Based on the EHS system, The Group is working to achieve the goal of "healthy, intelligent and eco-friendly manufacturing". The development of the energy system and the carbon emission management system is nearing completion.

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. A set of criteria called the "ten major red lines" has been adopted as the management method for setting key points and overseeing the process. It has been the key to enhancing the safety awareness of employees and to reinforcing the management's awareness of risk identification in order to ensure operational safety at the factory level. The Group has continued to introduce advanced technologies for waste water, emissions and hazardous waste treatment, while increasing investment in waste recycling facilities, reducing the consumption of raw materials and supplies, as well as installing an online monitoring system to provide real-time monitoring of the emission treatment facilities. This ensures effective operations of such facilities, resulting in the reduction of pollutant discharge and greater compliance with relevant emission standards. The Group has also taken greater heed of the development and management of occupational health by optimizing management mechanisms for jobs subject to occupational hazards and ensuring comprehensive implementation of the occupational health check systems to ensure the general health and well-being of the employees. There has been a substantial decrease in reportable incidents (OHSA recordable work injuries and open flame incidents) that have occurred during the Review Year in the Group when compared to the same period last year. No material safety, fire or environmental incidents were reported.

Over the course of the Review Year, the Group commenced the upgrades of ISO14001 and ISO45001 and has accepted energy management audits done by its major clients. The Group has started initiatives for carbon emission management with the convening of its first sustainability conference and the formulation of carbon reduction roadmap to implement relevant measures. During the Review Year, the Group's EHS team completed the evaluation of the on-site implementation and MOS-EHS pillar for the factories in China. With on-site training of operators, equipment handlers, junior managers and plant managers, staff competence in fire prevention and other safety issues has been comprehensively improved. The overall EHS performance of the Group has been enhanced, thereby ensuring safe and healthy operations.

During the Review Year, the Group was engaged in prevention work in regards to the COVID-19. The Group's EHS team completed tasks for the preparation, dispatch and use of anti-pandemic supplies as well as the sanitisation of workspaces. These efforts have facilitated the Group's smooth resumption of work and production while safeguarding employees' well-being.

During the Review Year, the Group continued to focus on its development strategy and, in tandem with its control model and the commencement of digitalisation reforms, the Group made corresponding planning to further strengthen its capability of independent oversight in addition to its commitment to improving the development and implementation standards of its comprehensive risk-oriented internal control system. With a strong emphasis on the efficiency in dealing with external risks, upgrades were planned for the digitalisation of risk management and internal oversight as integral parts of the Group's IT-based control and management, so as to exert more systematic and effective control over potential risks. During the Review Year, in response to the needs of organisational transformation, the Group commenced and completed modifications of the framework and procedures of authorisation. Process control was reviewed for its efficiency and effectiveness and optimised on an ongoing basis, while improvements were also made to the method of the Group's internal control management to consistently enhance its risk control and management standard and reasonably assure that potential risks were controlled within acceptable tolerance levels. During the Review Year, the Group published the revised policy called "Minth Group Regulations for the Administration of Audit and Supervision" to further ensure the independence of its internal audit function in the context of system and organisational structure, while continuing to allocate sufficient resources to support the performance of its duties, in continuous enhancement of the efficiency, effectiveness and standardisation of internal audit. In the meantime, audit covering all four BUs of the Group was completed in an ongoing effort to facilitate, enhance and supervise the effectiveness of overall risk management of each functional department and operating unit, as risk management was embedded in the daily operations and the core value chain of the Group. Continuous improvements were made particularly in areas such as procurement and supplier management, compliance management, and authorisation management. The Group was also highly concerned with improving the development of the system and capability for preventing and combating bribery. In addition to strengthening cooperation between the police force and fellow industry players, the Group has also published the revised policy called "Minth Group Regulations for Whistleblowing Management and Reward for Integrity" to enhance the development of internal whistleblowing channels and stipulate the reward of reporting on briberies and other acts of fraud. 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 RMB12,466,858,000, representing a drop of approximately 5.5% as compared with approximately RMB13,198,189,000 in 2019. During the Review Year, the domestic revenue of the Group was approximately RMB7,391,431,000, representing a decrease of approximately 2.8% as compared with approximately RMB7,605,321,000 in 2019. Although the domestic market had been impacted by COVID-19, China's automobile market benefited from the launch of various incentive policies to stimulate recovery after initial setbacks. The Group's European and Japanese OEMs in China outperformed the overall market. The Group's overseas revenue during the Review Year was approximately RMB5,075,427,000, representing a decrease of approximately 9.3% as compared with approximately RMB5,592,868,000 in 2019. This was mainly attributable to a global disruption in the supply chain of the automobile industry which was devastated by the COVID-19, resulting in temporary suspension of production or curtailed orders by the Group's OEM clients in China and abroad following lockdowns in numerous overseas countries.

During the Review Year, the new business intake for the Group exceeded RMB8 billion for the first time to achieve a new milestone in growth. Among them, a significant breakthrough was made in innovative products with substantial growth in new business intake. During the Review Year, the Group made rapid progress with its battery housing business, as it became a strategic supplier for MEB platform (Volkswagen Group's largest platform for electric vehicles) in Europe. Meanwhile, the Group gauged the pulse of the market for systems integration supply with pinpoint accuracy and commenced cooperation with battery makers such as CATL. In addition, the Group secured orders from a number of customers, such as BMW, Nissan and Renault, and gained rising importance in the NEV market. During the Review Year, the Group targeted popular trends in the market and made aggressive moves into illuminated products, gaining access to markets for illuminated grilles, illuminated emblems and illuminated body side mouldings. Moreover, the Group made multiple breakthroughs with new techniques and products, such as hot stamping, electric running boards, bumper beams, exhaust pipes and rocker panels, which forms an ongoing enhancement of its comprehensive competitiveness in multiple areas. In terms of customer development, the Group secured Tesla's aluminium trim business for the first time and became a tier-one supplier for Model Y (one of Tesla's popular products). In North America and Thailand, the Group continued to make breakthroughs in the business with Japanese OEMs, while being nominated as a qualified roof rack supplier for Lexus for the first time. At the same time, the Group continued to explore the NEV market and allocated more attention to the development of EV start-ups and opportunities for potential cooperation.

The Group has been pursuing its global expansion plans in relation to battery housings and other products over the Review Year. Two new factories are about to start full production in Serbia, following the construction of several workshops, and installation and fine-tuning of large scale extrusion lines during the Review Year. The factories have been checked to ensure strict environmental controls and safety management are in place. These two factories, with state-of-the-art production lines, will be serving aluminum BU and battery housing BU of the Group. The Group has also established its presence in the Czech Republic, and has confirmed the workshop for battery housings as well as the planning for all related equipment. There are also two new plants established exclusively for battery housings in Chengdu and Shenyang, China. A factory was also set up in Xianning for both battery housings and metal and trim parts. All of these efforts have helped to further expand the Group's global footprint, meet customers' needs on proximity, and keep the Group competitive in the global market for battery housings and other products.

During the Review Year, the Group has been actively working on optimizing and expanding the capacity of existing sites according to their respective circumstances. This not only promoted the overall operational efficiency of the Group, but supported the Group to better satisfy its global customers' requirements in relation to product development and mass production. With the help of these updates, the Group has received multiple awards of supplier excellence for providing outstanding quality, reasonable costs, great after-sales service and being a team player at its sites in Jiaxing, Huai'an, Wuhan, Guangzhou, Zhengzhou, Tianjin, Beijing, Chongqing and Changchun. During the Review Year, the Group also formed a joint venture with the Hella Group to further explore opportunities in radome products (please refer to the Company's announcement dated 18 June 2020 for further details).

The Review Year presented its own unique challenges with the advent of a global pandemic, namely COVID-19, and severe chaos and major disruptions in markets were witnessed around the world, but a gradual recovery is in progress. To effectively mitigate the impact of the pandemic, the Group's crisis response team actively implemented epidemic prevention measures according to internally formulated epidemic prevention plans, including the anti-epidemic response plan, contingency plan and disease control manuals for different departments, with a view to ensuring the safe, healthy and stable operations of all subsidiaries within the Group. With a dual emphasis on anti-epidemic measures and production, the Group swiftly resumed operations while winning the support and recognition of the government, customers and its staff. Tasks in business intake, safety planning, quality management, efficiency enhancements, cost improvements and efficient delivery were rolled out as usual and tracked in a systematic and project- based manner, and notable results were achieved. In view of the volatile international trade relations, reasonable strategic adjustments were made with the assistance of professional investment, taxation and legal teams to safeguard the Group's international layout.

Following its restructuring into BUs, the Group also saw improvements in both exchanges (in technologies and talents) and cooperation among different factories in the Group, both locally and globally. Sophisticated project experience in product development, tooling development, process development and quality improvement of the factories in China could be easily duplicated at overseas factories, thus driving swift improvement of newly launched factories in other parts of the world.

Research and Development

The Group did not lag behind in research and development ("R&D") during the Review Year. It conducted a thorough analysis of current trends and market demands in the automotive industry in order to pursue continued breakthroughs in product and technology. This has led to substantial progress in product development in line with the trends of weight reduction, electrification, intelligent application and internet-connection for automobiles ("four disruptive trends").

Regarding battery housing products, the Group has been honing its competitive advantage and becoming a system solution provider. The Group, with its vertical integration capabilities from conception, technical design, process design and industrial development to global manufacturing, has been growing to be a preferred partner for multiple global automotive OEMs. With continuous R&D, the Group has maintained a constant output of innovation for new products and technologies, such as cell-to-pack ("CTP") battery housing solution, housings applicable for battery swapping, housings for solid-state batteries and thermal plastic housing covers. With this intense R&D activity, the Group has been able to secure multiple global projects for concurrent design and be engaged in concept design for OEMs' vehicle models. The Group has signed an agreement to be the battery housing expert supplier for a European OEM. The Group also has R&D teams that are focused on improving industrial technologies and processes. The Group has been cooperating with other technological leaders in the field around the world in order to optimize its production lines, tooling designs and production techniques. The Group's factories in Anji and Shenyang officially kicked off mass production, and the Group is fast becoming one of the world's largest suppliers of aluminum battery housings based on its current order book. Meanwhile, the Group has also been making use of its diverse skills to start offering complementary parts for the battery housings such as front and rear crash management systems, rocker panels and other high pressure die cast structural parts. Orders have already been secured, which will offer another growth driver for the Group while cementing the Group's status as a complete solutions supplier of battery housings and integrated chassis components.

As for intelligent exterior products, the Group is focusing on the R&D of intelligent front modules and intelligent door systems. The Group is leading the charge among its domestic peers in technical capability and market share for products such as millimetre wave ("mmWave") compatible radomes and illuminated emblems. During the Review Year, the Group entered into an agreement with Hella Group from Germany for the formation of a joint venture to leverage complementary advantages, pursue synergetic development and improve the research capabilities of both parties, with a view to supplying a variety of bespoke solutions to customers and foster competitive edges in the global markets. In the meantime, the Group has continued to make breakthroughs in the R&D on technology for products such as mmWave compatible radomes with heating function, LiDAR compatible radomes and intelligent illuminated grilles, and has currently started to see order inflows. To fulfill the requirements for autonomous driving, the Group has worked out solutions for integrated intelligent front modules and multiple industry-leading patents have already been filed for those products. In-depth research is also proceeding in the development of intelligent door systems that provide innovative methods of entry into vehicles. In this area, the Group's intelligent pillar products have passed the technical qualification of multiple OEMs. On the side of electromechanical products, the Group is continuing to progress in long-sized seat sliding rails, electric running boards and roller shutters, for which the Group has gradually won orders from mainstream OEMs.

During the Review Year, the Group made large strides into the R&D of process technologies, materials, surface treatment, advanced toolings and production lines for the above-mentioned new products, and a comprehensive portfolio of patents for advanced technologies has been filed. In relation to technical and technological innovation, the Group has embarked on a campaign to comprehensively optimize its metal forming, plastic moulding and joint processes, achieving comprehensive proprietary design and manufacturing in key technologies for the integrated package consisting of toolings, moulds and automated production lines. In particular, strategic, directional and prospective coordinated innovation and research was conducted to seek breakthroughs in core technologies such as the modularisation of chassis structural parts and integration of optoelectronic products, while leading the Group's future development direction of technique and technology for innovative products. The Group continued to advance efforts in the standardisation of process techniques and reduction in energy consumption, gradually fostering advantages in technical stability and cost. To actively fulfil its corporate social responsibility and contribution to the goals of carbon peaking and carbon neutrality, the Group has established the "Carbon Neutrality" project team for the joint promotion of low carbon emission across the industry chain.

The Group continues to increase its investment in the research of materials, with a special focus on the R&D and innovation of high-performance aluminium and polymeric materials. In connection with high-performance decorative aluminium materials, the Group continues to maintain its global lead in the industry and has become the most competitive supplier of decorative aluminium solutions with its proprietary aluminium materials for exterior products as well as a unique patented anodizing technology. In connection with the R&D of high-performance structural aluminium, the Group continued to drive innovation in the core formula and process technique for aluminium structural profiles, filling a gap in the domestic industry. The Group's proprietary energy-absorbing structural aluminium, with various levels of strength, has gained recognition from mainstream European OEMs and has become fully eligible for use in battery housings and aluminium body structural products, which helps to make its new products much more competitive. In connection with the R&D of polymeric materials, the Group has focused its efforts in the development of high-elasticity sealing materials, intelligent surface materials, composites and eco-friendly materials. Regarding surface treatment technologies, the Group has continued to optimise the techniques of chrome plating for plastic products, coating for plastic and metal products and aluminium anodizing, with a special emphasis on the innovation and optimisation of surface treatment technologies required by the development of intelligent exterior products, in full preparation for the transformation of auto parts in line with the four disruptive trends.

As for its R&D organisation, the Group has started to consolidate its R&D resources for innovation around the world, including Europe, North America and Japan, as well as streamline resources for global strategic cooperation. Meanwhile, the Group has progressively consolidated its global concurrent design capabilities and has continued to second personnel to overseas offices in order to enhance local design services, and improved its network for global concurrent design with the support of the master data management system and product data management system.

The Group places a strong emphasis on the protection of intellectual property rights and seeks to comprehensively broaden its patent portfolio for innovative products with active application for international patents. During the Review Year, 487 patent applications were filed by the Group for approval, including 8 applications relating to international Patent Cooperation Treaty (PCT) patents, and 331 patents were authorised by competent authorities.

Corporate Social Responsibility

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

Over the Review Year, the Group has continued broadening its engagement in EHS management. Based on the EHS system, The Group is working to achieve the goal of "healthy, intelligent and eco-friendly manufacturing". The Group has continued to introduce advanced technologies for waste water, emissions and hazardous waste treatment, resulting in the reduction of pollutant discharge and greater compliance with relevant emission standards. The Group has also taken greater heed of the development and management of occupational health by optimizing management mechanisms for jobs subject to occupational hazards and ensuring comprehensive implementation of the occupational health check systems to ensure the general health and well-being of the employees. During the Review Year, the Group has started initiatives for carbon emission management with the convening of its first sustainability conference and the formulation of carbon reduction roadmap to implement relevant measures. Staff competence in fire prevention and other safety issues has been comprehensively improved through a series of activities organized by the Group, thereby ensuring its safe and healthy operations. During the Review Year, the Group was engaged in prevention work in regards to the COVID-19. The Group's EHS team completed tasks for the preparation, dispatch and use of anti-pandemic supplies as well as the sanitisation of workspaces. These efforts have facilitated the Group's smooth resumption of work and production while safeguarding employees' well-being.

During the Review Year, based on its core values and code of conduct, and in view of promoting greater support and overall wellness for all of its employees, the Group has continued to roll out the cultural "LOVE" program that taps the potential of the organizations and teams under the Group, and encourages employees to find happiness in all facets within themselves and their families. This forms part of the Group's emphasis on overall wellness so that the employees can continue to support the Group and its customers in the quest for success, both in the short and long term, across the globe. Continuing this emphasis on health, the Group has organised Holistic Empowerment

Camps to provide support for the physical and psychological well-being of many key employees. At the same time, the Group has rolled out pilot projects in Jiaxing for a childcare facility and senior's center, and has provided care and development activities for employees' children and elderly relatives. Based on the data collected from this trial, they are being incorporated into the designs of the Future Factory as complementary facilities. Continuing this effort to offer overall wellness related activities for life's different stages, such as summer youth camps and the couples' camps, the Group is aiming to gradually improve happiness of all the families of the Group's global employees.

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

Under the guidance of the business philosophy of "creating value for society", the Group has always adhered to the value of "caring for harmony", actively taking the lead to fulfill social responsibilities to care for disadvantaged groups, and paying attention to the education in poverty-stricken areas in China, and continued to create and explore new model for public welfare as a caring company. During the Review Year, the Group supported and initiated a number of public welfare projects, including the "Hope for Pearl" project, "Extraordinary Pearl Students of Minth Classes", the Charity Primary School project, the "Nanhu-Ruoergai Supporting Project in Education", and the establishment of Minth Special Fund and the anti-pandemic fund designated for its Mexico plants. As of the end of the Review Year, the Group had provided supports to a total of over 2 million people, with an aggregated donation of more than RMB6 million, and a total of 2.3 million person times have been allocated to community public welfare activities. During the Review Year, the Group actively supported the epidemic prevention and control during the epidemic period. It made donations to the First Hospital and Second Hospital of Jiaxing through the Red Cross Society of Nanhu District, Jiaxing, and was awarded the "Special Contribution Award for Control of the Coronavirus Disease" by Red Cross Society of China Zhejiang Branch. During the Review Year, the Group won the "Outstanding Social Organization Award for Participating in Poverty Alleviation for Three Years" awarded by the Zhejiang Association for Non-profit Organization, and the "Top Ten Enterprise Charity Foundation in Zhejiang" issued by Zhejiang Daily, due to its outstanding achievements in public welfare.

FINANCIAL REVIEW

Results

During the Review Year, the Group's revenue was approximately RMB12,466,858,000, representing a decrease of approximately 5.5% from approximately RMB13,198,189,000 in 2019. It was mainly attributable to the impacts of the global COVID-19 pandemic and the related anti-epidemic measures ("Impacts of the Global Pandemic") on the Group's overall business during the first half of the Review Year, resulting in a decrease in Group's revenue by approximately 20.9% compared to the first half of last year, while during the second half of the Review Year, with the gradual rebound of business in China and overseas regions, the Group's revenue returned to positive growth compared to the second half of last year, narrowing the decline in the Group's revenue for the whole year.

During the Review Year, the profit attributable to owners of the Company was approximately RMB1,395,509,000, representing a decrease of approximately 17.4% from approximately RMB1,690,300,000 in 2019. It was mainly due to a substantial decrease in gross profit in the first half of the year as compared to the same period of last year, which was because of, among others, a substantially lower utilisation rate of production capacity as a result of a decline in the Group's revenue during the first half of the year, while the Group recorded growth in overall revenue in the second half of the year compared to the second half of last year following the gradual recovery from the global pandemic as well as the effective control of related costs, resulting in growth in gross profit for the second half of the year compared to the same period of last year.

Sales of Products

During the Review Year, the Group continued focusing on the production of core products including trims, decorative parts and body structural parts 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	2020 RMB'000	%	2019 RMB'000	%
The PRC	**7,391,431**	**59.3**	7,605,321	57.6
North America	**2,259,373**	**18.1**	2,757,224	20.9
Europe	**2,147,664**	**17.2**	2,231,828	16.9
Asia Pacific	**668,390**	**5.4**	603,816	4.6
Total	**12,466,858**	**100.0**	13,198,189	100.0

Revenue from Overseas Markets

During the Review Year, the Group's revenue from overseas markets amounted to approximately RMB5,075,427,000, representing a decrease of approximately 9.3% from approximately RMB5,592,868,000 in 2019. It accounted for approximately 40.7% of the total revenue of the Group in the Review Year, representing a decrease when compared to approximately 42.4% in 2019.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB3,858,843,000, representing a decrease of approximately 6.4% from approximately RMB4,121,439,000 in 2019. The gross profit margin for the Review Year was approximately 31.0%, representing a decrease of approximately 0.2% from approximately 31.2% in 2019. Such decrease was mainly due to a substantially lower utilisation rate of production capacity attributable to the decline in the Group's revenue under the impacts of the pandemic and the commissioning of certain new production lines during the Review Year, while the Group still faced the pressures of the ASP decline in prices of products for old models and higher tariffs on Chinese export products imposed by the U.S., the combined effect of which resulted in a decrease in overall gross profit margin. To address these, the Group maintained its efforts on reducing procurement costs, and continuously improved production efficiency and production yield by adopting measures such as lean production and technology upgrade, in order to partially offset the decrease in overall gross profit margin.

Investment Income

During the Review Year, the investment income of the Group was approximately RMB239,710,000, representing an increase of approximately RMB113,321,000 from approximately RMB126,389,000 in 2019. It was mainly due to an increase in the interest income of the Group.

Other Income

During the Review Year, the other income of the Group amounted to approximately RMB159,991,000, representing a decrease of approximately RMB40,476,000 from approximately RMB200,467,000 in 2019. It was mainly attributable to a decrease 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 loss of approximately RMB31,389,000, representing a decrease of approximately RMB100,830,000 as compared to a net gain of approximately RMB69,441,000 in 2019. It was mainly attributable to the customs related administrative penalty accrued by the Group and the receipt of the compensation from the SFC proceeding in 2019 while there was no such gain recorded during the Review Year.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses were approximately RMB520,956,000, representing a decrease of approximately RMB17,723,000 from approximately RMB538,679,000 in 2019. It accounted for approximately 4.2% of the Group's revenue, representing an increase of approximately 0.1% from approximately 4.1% in 2019. During the Review Year, the Group's unit transportation cost increased as a result of the Impacts of the Global Pandemic, while the Group actively adopted various improvement plans and exercised strict expense control, resulting in the overall decrease in the Group's distribution and selling expenses.

Administrative Expenses

During the Review Year, the administrative expenses of the Group amounted to approximately RMB1,028,955,000, representing a decrease of approximately RMB19,097,000 from approximately RMB1,048,052,000 in 2019. It accounted for approximately 8.3% of the Group's revenue, representing an increase of approximately 0.4% from approximately 7.9% in 2019. It was mainly attributable to the Group's strict control over labour costs and relevant expenses to address the negative impacts caused by the global pandemic during the Review Year. However, the increase in fixed expenses (including depreciation and amortisation) and service costs incurred in the Group's digital transformation resulted in the increase of administrative expenses as a percentage of revenue as compared to that in the same period of last year.

Research Expenditure

During the Review Year, the research expenditure of the Group amounted to approximately RMB764,187,000, representing an increase of approximately RMB108,661,000 from approximately RMB655,526,000 in 2019. It accounted for approximately 6.1% of the Group's revenue, representing an increase of approximately 1.1% from approximately 5.0% in 2019. It was mainly due to the Group's recruitment of senior R&D personnel and increase in R&D investment during the Review Year to enhance R&D capabilities to maintain its market competitiveness and sustainable development, as well as to continuously promote R&D on battery-housing and other innovative products.

Share of Profits of Joint Ventures

During the Review Year, the Group's share of profits of joint ventures was a net profit of approximately RMB11,618,000, representing an increase of approximately RMB7,230,000 from a net profit of approximately RMB4,388,000 in 2019, which was mainly attributable to an increase in profit from one of the joint ventures because of its commencement of mass production during the Review Year.

Share of Profits (Losses) of Associates

During the Review Year, the Group's share of profits (losses) of associates amounted to a net profit of approximately RMB2,524,000, representing an increase of approximately RMB23,294,000 from a net loss of approximately RMB20,770,000 in 2019. It was mainly attributable to a decrease in loss incurred by one of the associates in the Review Year.

Income Tax Expense

During the Review Year, the Group's income tax expense was approximately RMB216,587,000, representing a decrease of approximately RMB119,600,000 from approximately RMB336,187,000 in 2019.

During the Review Year, the effective tax rate was approximately 12.9%, representing a decrease of approximately 3.1% from approximately 16.0% in 2019, which was mainly attributable to the impact of differences in Enterprise Income Tax settlement for the previous year.

Profits Attributable to Non-controlling Interests

During the Review Year, the Group's profits attributable to non-controlling interests were approximately RMB67,479,000, representing a decrease of approximately RMB7,312,000 from approximately RMB74,791,000 in 2019. It was mainly attributable to the decrease in net profit of one of the non-wholly owned subsidiaries during the Review Year.

Liquidity and Financial Resources

As of 31 December 2020, the Group's total amount of bank balances and cash and pledged bank deposits is approximately RMB6,926,622,000, representing an increase of approximately RMB1,218,121,000 as compared to approximately RMB5,708,501,000 as of 31 December 2019. As of 31 December 2020, the Group's low-cost borrowings totally amounted to approximately RMB6,519,200,000, among which the equivalent of approximately RMB2,682,593,000, approximately RMB1,935,940,000, approximately RMB1,501,799,000, approximately RMB197,365,000, approximately RMB144,250,000 and approximately RMB57,253,000 were denominated in RMB, US Dollar ("USD"), Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht ("THB") and Great Britain Pound, respectively, representing an increase of approximately RMB2,380,202,000 as compared to approximately RMB4,138,998,000 as of 31 December 2019. It was mainly the result of borrowings after considering the consolidated gains from exchange rates, interest rates and capital management by the Group.

During the Review Year, the net cash flow from the Group's operating activities was approximately RMB2,080,249,000, indicating a sound cash flow condition.

During the Review Year, the Group's trade receivables turnover days were approximately 92 days, which were approximately 6 days longer than approximately 86 days in 2019. This was mainly due to the decrease in the Group's revenue under the impacts of the pandemic during the Review Year, while the opening balance of trade receivables for the Review Year increased as compared to that of 2019, resulting in an increase in the average balance of trade receivables.

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 2019, which was mainly attributable to the extended payment cycle due to the Group's active negotiations with the suppliers and the changes in methods of settlement with the suppliers.

During the Review Year, the Group's inventory turnover days were approximately 94 days, extended by approximately 13 days from approximately 81 days in 2019, which was mainly attributable to the increase in the inventory of finished products for export owing to difficulties in the reservation of shipping space in international logistics and jammed ports under the impact of the pandemic, the increase in the inventory of moulds in line with the increase in new projects under development, as well as the increase in inventory reserves to avoid the risk of rising prices of raw materials.

The Group's current ratio was approximately 1.6 as of 31 December 2020, which was similar to approximately 1.6 as of 31 December 2019. As of 31 December 2020, the Group's gearing ratio was approximately 27.7% (31 December 2019: approximately 21.2%), which was a percentage based on the interest-bearing borrowings divided by total assets.

Note: The calculation methods for the above indicators are the same as those 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 2020, 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	604,926

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 31 December 2020, the balance of the Group's bank borrowings was approximately RMB6,519,200,000, of which approximately RMB2,672,520,000 was bearing at fixed interest rates, and approximately RMB3,846,680,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality features. In addition, approximately RMB3,029,508,000 of the borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalent of approximately RMB1,476,921,000, approximately RMB1,355,222,000 and approximately RMB197,365,000 were denominated in EUR, USD and HKD respectively.

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

As at 31 December 2020, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB407,930,000, of which approximately RMB251,727,000 was denominated in USD, approximately RMB73,584,000 was denominated in EUR, approximately RMB39,709,000 was denominated in HKD, approximately RMB35,251,000 was denominated in Japanese Yen, approximately RMB7,619,000 was denominated in Mexico Peso, and the remainder of approximately RMB40,000 was denominated in other foreign currencies.

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

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no contingent liabilities (31 December 2019: Nil).

MORTGAGED ASSETS

As of 31 December 2020, the Group had borrowings of approximately RMB770,790,000 and issued bills payables of approximately RMB246,551,000 due within 6 months, which were pledged by bills receivables with par value of approximately RMB162,818,000 and bank deposits of RMB776,000,000. The borrowings are to be settled in RMB (31 December 2019: the Group had borrowings of RMB50,000,000 and issued bills payables of approximately RMB228,097,000 due within 6 months, which were pledged by bills receivables with par value of approximately RMB260,959,000 and bank deposits of RMB500,000. 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 RMB2,362,114,000 (2019: approximately RMB1,674,703,000), which was attributable to the Group's further expansion of its R&D on battery-housing and other innovative products and its overseas market capacity layout during the Review Year and its active implementation of intelligence development strategies and initiative in establishing an intelligent industrial park for future automobiles in alignment with the development trend of the automobile industry. Meanwhile, to offset the impact of the lower utilisation of production capacity arising from the downturn of the PV market, the Group continued to exercise prudent control over the capital expenditure in accordance with the asset-light strategy, and adopted a stringent approval process in respect of investments in fixed assets for traditional product lines.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

As of 31 December 2020, the Group had a total workforce consisting of 17,812 employees, an increase of 1,656 employees when compared to 30 June 2020. The increase is mainly attributable to the recovery of the global PV market in the second half of the Review Year, the Group's European expansions, the development and production needs in the battery housing BU as well as the additional human resources required to push forward the digital transformation.

During the Review Year, based on its core values and code of conduct, and in view of promoting greater support and overall wellness for all of its employees, the Group has continued to roll out the cultural "LOVE" program that taps the potential of the organizations and teams under the Group, and encourages employees to find happiness in all facets within themselves and their families. This forms part of the Group's emphasis on overall wellness so that the employees can continue to support the Group and its customers in the quest for success, both in the short and long term, across the globe. Continuing this emphasis on health, due to the impacts of the global pandemic, the Group has organised Holistic Empowerment Camps to provide support for the physical and psychological well-being of the workforce. 19 sessions of activities have been organized during the Review Year, and over 600 key employees have already participated. At the same time, the Group has rolled out pilot projects in Jiaxing for a childcare facility and senior's center, and has provided care and development activities for employees' children and elderly relatives. Based on the data collected from this trial, they are being incorporated into the designs of the Future Factory as complementary facilities. Continuing this effort to offer overall wellness related activities for life's different stages, such as summer youth camps and the couples' camps, the Group is aiming to gradually improve happiness of all the families of the Group's global employees.

With the continued impact of the global pandemic on global markets and expected economic growth, the Group has accelerated its plans for organisational development and optimization and proceeded with upgrades in corporate management. The Group has implemented a framework known as "the global manufacturing and supply chain layout" in order to better analyze and respond to disruptions in the supply chain around the world. It has also established "a new model of strategic control at the Group level" to drive global business competitiveness and promote greater efficiency and effectiveness of various teams within the Group at the organizational level. In terms of the global supply chain layout, the Group's new factories in Serbia and the UK are now ready for mass production after organizational development throughout the Review Year. Preparations at the Czech factory are proceeding on schedule. With regard to the new model of strategic control at the Group level, the BU organisation of the Group is running efficiently. The Group has completed strategic upgrades in functional units at the headquarters, and established the digital transformation teams and the Future Factory team. The adjustments to the Shared Services Center at the corporate level have also been completed, providing support for the Group's ongoing global success.

From the facet of talent development, the Group has continued to support improvements in its functional teams at both cultural and organizational level, with the support of an e-Learning platform and associated resources. With all the changes in 2020, the Group has been supporting its endeavors by improving strategic thinking and strategic competence of its core employees through a series of workshops so as to enhance the strategic abilities of the Group at both team and organizational level. Digital transformation education projects were implemented to enhance digital competence and awareness of the teams and to put them in a more forward looking mindset. Specialists' skills were enhanced by the establishment of 27 specializations and skills development roadmaps. The Group has continued with its future leadership recruitment, assessment and training programs as well as its international talent assessment and training program. All of these should improve the competence of different teams under the Group on the international stage for the near future as well as in the long term.

FUTURE PROSPECTS AND STRATEGIES

During the Review Year, despite the impact of COVID-19, the Chinese automobile market experienced a marked recovery after setbacks at the beginning of the year, owing to the impetus of various incentives offered by the domestic government, and actual market performance was better than expected. Looking forward to 2021, with the economy being expected to recover following the disruptions caused by the pandemic and assuming the continued relative stability in three major areas, namely the pandemic control, the general macro-economic factors and the current consumption policies, the Chinese automobile market is expected to post a modest and positive year-on-year growth. According to the estimates of IHS Markit, the sales of light vehicles will rise by approximately 5.6%. SUVs are expected to sustain their rapid growth while sedans would experience slower gains. As for NEVs, given consumers' diverse needs for both cost-effective traveling and high-end experience, new energy PVs at both the entry and higher end levels are expected to cannibalize the market share of fuel-powered PVs. Sales of NEVs, including plug-in hybrid electric vehicle and fuel cell vehicles, are estimated to increase by approximately 40% in 2021.

During the Review Year, the world economy fell into a global recession due to the impact and spread of COVID-19, and the automobile markets of all major global economies reported declines. Looking ahead to 2021, with the successful development of vaccines and robust inoculation plans, the global economy is expected to gradually recover with a mild rebound for the automobile market. Among mature markets, the prospects of recovery in Europe are more complicated. Given factors such as the resurgence of the pandemic, uneven economic policies from different nations as well as ongoing Brexit negotiations, growth of the European market is forecasted at around 10%. The US market is also estimated to post 10% growth for the full year, despite an expected slow start, subject to effective control of the pandemic. Emerging markets, like Brazil, Thailand, India and Russia are forecasted to have more significant growth.

Governments around the world are putting policies in place that favour the NEV sector and related businesses. In connection with electrification, manufacturing centers for battery electric vehicles ("BEVs") are mainly situated in China, Europe, North America, Japan and South Korea. According to the estimates of IHS Markit, the total volume of BEV production in the aforesaid countries or regions is expected to reach approximately 11 million units by 2025. Traditional automobile manufacturers will leverage their global production bases to accelerate the overall BEV production. To gain first-mover advantages, automobile manufacturers will most probably form alliances with each other as well as cooperate with battery suppliers for complementary benefits and risk sharing. As for intelligent features, consumer demands will also coax many producers to improve their driving performance and intelligent features which will lead to leaps in the development of technologies such as AI, 5G mobile connectivity and autonomous driving capabilities. Cross-sector cooperation between internet technology companies and automobile manufacturers will continue to grow. In the near future, it is expected that electrification and intelligent features will bring about a significant evolution to the automobile industry's ecology. OEMs and system integration suppliers will be working in closer partnerships with a higher level of interdependence, while standalone parts suppliers will increasingly find themselves in a precarious situation as the integrated systems era looms.

Guided by strategic planning at the corporate level, the Group will optimise and implement strategic planning for BUs at more comprehensive levels to enhance the Group's organisational and operational capabilities in multiple aspects, such as technologies, staffing efficiency and resource usage, with a view to forging comprehensive management strengths. The Group will continue to focus on BU standardisation by building replicable models of excellence for factory operations and management standards for global expansion and replication, while further enhancing the operational and management capabilities of overseas plants and maximising the scope of global resource sharing to bring in cost advantages and generally bolster the global competitiveness of its products.

In 2021, the Group will continue to actively drive MOS implementation, seeking consistent improvements on operations management at the preventive stage. In continued adherence to the cost pillar approach, the Group will seek an ongoing transition from target costs to optimal costs so as to lower overall operating costs and drive the consistent development of standardised operations capabilities. Meanwhile, MOS concepts and standards will be incorporated into the structure and conceptualization of digital transformation and the Future Factory, while setting benchmarks matched with customers' requests following exchanges with them in relation to operational and management excellence, in a bid to achieve synchronised implementation of a system for operational and management excellence.

The Group will carry out the replacement and upgrade of its global application system through digital transformation. With the primary aim of enhancing customer experience, the Group will streamline the entire process from end to end, set data standards according to its unique circumstances to link business processes to research, production, supply management, sales and services, thus facilitating online closed-loop system that oversee the entire process from the receipt of customer orders to product delivery, invoicing and payment collection in a clear and transparent fashion. With the use of globally-advanced automated manufacturing equipment and technologies, the Group will build an intelligent platform to facilitate the establishment of a highly integrated auto parts manufacturing system that interconnects human beings with the equipment, resources, information and materials. The Group expects to develop an operation model that supports it to become a modern enterprise with front-end digitalisation and back- end integration, in order to facilitate swift and coordinated handling of purchase orders, intelligent planning, intelligent warehousing and distribution, intelligent manufacturing, intelligent equipment management and intelligent logistics. These efforts will also contribute to the integration of business and finance, efficient auditing, comprehensive budgeting, digital analysis and rational decision-making, thus promoting the "one unified business process, one unified set of data standards and one unified system platform" initiative on a global basis that nurtures "one professional team" mindset.

The Group has committed itself to the creation of a digital world supported by multi-sense, multi-connection, multi-scenario, and multi-intelligence with the application of next-generation digital technologies. On that basis, the Group aims to optimise and reshape its business in order to innovate and revamp the traditional models of management, operations and business, thus attaining business optimisation and success. The Group is also committed to designing more humanistic plants that will be characterised by greater efficiency, energy conservation and eco-friendliness while promoting safety and comfort through digital transformation, as well as technical platforms with functions to sense, learn, make decisions, execute and adapt in an automated manner.

The Group will continue to work closely with third-party partners and draw on advanced concepts and technologies in the industry in order to introduce optimal solutions and best practices to the construction of the Future Factory. This endeavours to provide the best experience for people with the aid of state-of-the-art technologies and hopefully build the Minth Future Factory into a benchmark for small and medium-sized enterprises in China. The Group expects to unveil Phase I of the Future Factory project to the public in the second half of 2021. At the same time, upon completion of digital transformation of its subsidiaries, the Group will be actively sharing its experiences and successes from the Future Factory with and providing resources to small and medium- sized enterprises in neighbouring regions and beyond, within China. This will become a new business format for the Group to facilitate the improvement of other companies.

For 2021, the Group will be actively monitoring the complex situation of the automobile industry and the challenge of de-globalisation resulting from the new normal after the COVID-19 pandemic. The Group will keep a close eye on the macro development in the industry and related policies that governments are rolling out in the hope of being able to seize opportunities that arise from the recovery and development of the global markets. The Group will be establishing strategic plans to take advantages of the favorable environment for NEVs and the trends of reducing weight, electrification and intelligence in the automobile industry. The Group will also be revising and optimising its current investment portfolio in order to flexibly enhance its value positioning. The Group will continue to reinforce its research with the focus on developing a comprehensive portfolio of new products, materials and technologies, enhance the core strengths of launched products and investigate new business frontiers in order to fuel its stable growth long into the future. Meanwhile, the Group will spare no effort in the development of its traditional products, as it seeks to further reinforce its overall competitiveness in operations and products through improvements of quality as well as the optimisation of costs and global capacity layout, while broadening its product portfolio through the extension and upgrade of existing production processes to further increase its share in the global market segment for traditional products. In an era fraught with both opportunities and challenges, the Group will forge ahead with innovations in its overall operations, committing itself to offering more products and better services with modularised solutions as well as to catering to customers' preferences.

DIRECTORS

Executive Directors

Ms. Wei Ching Lien (魏清蓮) ("Ms. Wei"), aged 64, is an executive Director and Chairperson of the Company. Ms. Wei graduated from National Taiwan University and obtained her master's degree in educational psychology and guidance from National Taiwan Normal University. Ms. Wei has over 40 years of experience in psychological counseling, talent development, team culture building and performance improvement. She has worked in professional psychological counseling organisations, universities and automobile parts companies. Since 2002, Ms. Wei has served as the Group's consultant, responsible for the development and optimisation of staff training activities, promoting the construction of values and culture and enhancing the effectiveness of teamwork. She served as the Group's chief human resources officer from March 2011 to April 2012. Ms. Wei was appointed as an executive Director and Chairperson of the Company on 28 May 2020. Ms. Wei is the spouse of Mr. Chin Jong Hwa ("Mr. Chin"), the ultimate controlling shareholder of the Company, and the mother of Ms. Chin Chien Ya, an executive Director. As at 31 December 2020, Mr. Chin held 450,072,000 shares of the Company through his wholly-owned company, Minth Holdings Limited ("Minth Holdings"), which represented approximately 38.81% of the total issued Shares of the Company. Accordingly, Ms. Wei is deemed to be interested in the 450,072,000 Shares in which Mr. Chin was interested. As at 31 December 2020, save as disclosed herein, Ms. Wei had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Chen Bin Bo (陳斌波) ("Mr. Chen"), aged 57, is an executive Director and chief executive officer ("CEO") of the Company. Mr. Chen graduated from Huazhong University of Science and Technology with a bachelor's degree in marine internal combustion engine and later obtained his master's degree in engineering management. Mr. Chen has over 30 years of experience in the automotive industry including but not limited to the areas of research and development, sales and management. Prior to joining the Group as special assistant to the chairman of the Group since November 2018, Mr. Chen was the executive deputy general manager of Dongfeng Honda Automobile Co., Ltd. from 2009 to 2018. He also worked successively at Dongfeng Motor Co., Ltd., Dongfeng Peugeot Citroen Automobile Co., Ltd., Guangzhou Aeolus Automobile Co., Ltd. and Dongfeng Nissan Passenger Vehicle Company in various roles from 1987 to 2009. Mr. Chen was appointed as the CEO of the Company on 21 August 2019 and was appointed as an executive Director on 28 May 2020. As at 31 December 2020, save for his interest in 1,000,000 Share Options in the Company, Mr. Chen had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Chin Chien Ya (秦千雅) ("Ms. Chin"), aged 32, is an executive Director of the Company. Ms. Chin is currently responsible for global strategic development of the Group, and prior to this she was responsible for North American business development and operations. Ms. Chin graduated from Boston College, majoring in Business Management, Accounting and Mathematics and later obtained her master's degree from the Harvard Graduate School of Education, researching in adult and organization training. Prior to joining the Group in August 2015, she was responsible for operations and marketing in a startup company in Taiwan, and afterwards worked in public relations, providing consulting services for international companies on corporate social responsibility. Ms. Chin was appointed as a Director on 26 May 2016, and she is the daughter of Mr. Chin (the ultimate controlling shareholder of the Company) and Ms. Wei Ching Lien (an executive Director and Chairperson of the Company). As at 31 December 2020, save for her interest in 250,000 Share Options in the Company, Ms. Chin had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Independent Non-executive Directors

Wang Ching (王京) ("Dr. Wang"), aged 66, is an independent non-executive Director and the chairman of the nomination committee of the Company ("Nomination Committee"). Dr. Wang has over 29 years' managerial experience in investment banking, securities, treasury and asset management in the United States, Hong Kong, Taiwan and the PRC. He is currently the executive director of Shanghai International Asset Management (HK) Co., Ltd., a licensed corporation registered with Hong Kong Securities and Futures Commission and the executive director of Shanghai International Shanghai Growth Investment Limited, an investment fund company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Dr. Wang also serves as independent non-executive director of China Shuifa Singyes Energy Holdings Limited and Luen Thai Holdings Limited, which are both listed on the Stock Exchange. Dr. Wang received his doctorate degree from the Graduate School of Business, Columbia University in 1992. Dr. Wang joined the Company as an independent non-executive Director on 26 October 2005. As at 31 December 2020, save for his interest in 200,000 Share Options in the Company, Dr. Wang had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Yu Zheng (鄭豫) ("Ms. Zheng"), aged 52, is an independent non-executive Director and chairman of the remuneration committee of the Company ("Remuneration Committee"). Ms. Zheng is a partner at Advantage Partners Asia Fund. She has extensive experience in private equity, management consultancy and corporate management over the last 20 years. She was the managing director at PineBridge

Investments (former AIG Investments) from 2008 to 2012. Ms. Zheng was a senior partner at Roland Berger Strategy Consultants and a Principal with the Boston Consulting Group. Ms. Zheng served as president of the sales company of Brilliance Auto Group from 2003 to 2004. In addition, she has been serving Fufeng Group (a company listed on the Stock Exchange) as an independent non-executive director. She also worked in the computer industry for years in China and the U.S. Ms. Zheng has a bachelor's degree of science in Computer Science from Beijing Normal University and an MBA degree from the University of Texas at Austin. Ms. Zheng joined the Group and was appointed as a non-executive Director of the Company on 1 January 2008, and was redesignated as an independent non-executive Director of the Company on 26 May 2016. As at 31 December 2020, Ms. Zheng was interested in 100,000 Share Options in the Company. Since Ms. Zheng is the spouse of Mr. Wei Wei ("Mr. Wei"), she is deemed to be also interested in the 1,010,000 Shares in which Mr. Wei was interested. Accordingly, Ms. Zheng was interested in 1,010,000 Shares and 100,000 Share Options in the Company. As at 31 December 2020, save as disclosed herein, Ms. Zheng had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Wu Tak Lung (吳德龍) ("Mr. Wu"), aged 55, is an independent non-executive Director and chairman of the audit committee of the Company ("Audit Committee"). Mr. Wu holds a master's degree in Business Administration jointly from The University of Manchester in association with University of Wales and a bachelor's degree in Business Administration from Hong Kong Baptist University. Mr. Wu worked at Deloitte Touche Tohmatsu from July 1989 to August 1994. Mr. Wu was the former Chairman of The Association of Chartered Certified Accountants, the former President of The Taxation Institute of Hong Kong and the former President of Hong Kong Business Accountants Association. He is now an associate member of The Hong Kong Institute of Certified Public Accountants, and a fellow member of each of The Association of Chartered Certified Accountants, The Hong Kong Securities and Investment Institute, The Taxation Institute of Hong Kong, and the Hong Kong Institute of Chartered Secretaries. Mr. Wu is currently an independent non-executive director of each of the following companies listed on the Stock Exchange: (1) China Machinery Engineering Corporation, (2) Sinomax Group Limited, (3) Kam Hing International Holdings Limited, (4) Henan Jinma Energy Company Limited, (5) Zhongguancun Science-Tech Leasing Co., Ltd, and (6) Sinopharm Group Co., Ltd. Mr. Wu joined the Company as an independent non-executive Director on 28 May 2020. As at 31 December 2020, save for his interest in 100,000 Share Options in the Company, Mr. Wu had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Yi Lei Li (易蕾莉) ("Ms. Yi"), aged 47, is the Company Secretary of the Company. Ms. Yi graduated from East China Normal University in 1994 where she majored in English Language and Literature. Prior to joining the Group in February 2001, she was a lecturer at the Faculty of Foreign Languages in Ningbo University. Ms. Yi has 20 years of experience in the Company's business and operation through her successive roles as manager of the Human Resources Department, manager of Overseas Business Development Department, assistant to general manager and the head of the Investor Relations Department of the Group. Ms. Yi was appointed as the Company Secretary of the Company on 8 February 2018. As at 31 December 2020, save for her interest in 210,000 Shares and 230,000 Share Options in the Company, Ms. Yi had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Zhang Yuxia (張玉霞) ("Ms. Zhang"), aged 41, is the Chief Financial Officer ("CFO") of the Group. Ms. Zhang graduated from University of Science and Technology Beijing in which she majored in metal pressure processing and later obtained her Master's degree in management from Beijing Forestry University. Ms. Zhang has over 16 years' extensive experience and knowledge in finance, taxes and global M&A management and is a qualified CPA. Prior to joining the Group, Ms. Zhang worked for Beiqi Foton Mortor Co., Ltd., and then joined Beijing Reanda Accounting Firm as certified public accountant and project manager. In 2008, she continued her career in Minth Holdings and its subsidiaries as audit manager, financial manager and financial director. Ms. Zhang Joined the Group in February 2019 and was appointed as CFO in March 2019. As at 31 December 2020, save for her interest in 20,000 Shares and 400,000 Share Options in the Company, Ms. Zhang had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Liu Yan Chun (劉艷春) ("Mr. Liu"), aged 55, is the Chief Operating Officer ("COO") of the Group. Mr. Liu is in charge of the overall management of the operation system, with particular emphasis on the management of operational efficiency improvement. Mr. Liu graduated from Harbin Institute of Technology in 1989, majoring in industrial management engineering, and has been engaged in production management since graduation. Since joining the Group in 1999, Mr. Liu has worked successively as quality system manager, senior plant manager, regional general manager, assistant to the Chairman and general manager of the R&D Center of the Group. He has rich experience in quality system, factory, R&D and operations management. Mr. Liu was appointed as COO on 1 September 2018. As at 31 December 2020, save for his interest in 520,000 Share Options in the Company, Mr. Liu had no interests in the Shares of the Company within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE PRACTICE

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

DISTINCTIVE ROLES OF CHAIRMAN, CHIEF EXECUTIVE OFFICER AND SENIOR MANAGEMENT

Subsequent to the resignation of Ms. Huang Chiung Hui ("Ms. Huang", the former Chairperson of the Board) with effect from 28 May 2020, Ms. Wei, the existing Chairperson of the Board, continues to be responsible for leading the Board in establishing and monitoring the implementation of strategies and plans to create values for Shareholders starting from 28 May 2020. Mr. Chen, the CEO, is responsible for managing the operations of the Group's businesses, proposing strategies to the Board and the effective implementation of the strategies and policies adopted by the Board.

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

THE BOARD

As of 31 December 2020, there are six members on the Board, which are the Chairperson, two other executive Directors and three independent non-executive Directors ("INEDs").

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

None of the INEDs has any business or financial interests with the Group 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 fifteen times during the Review Year and the Directors' attendance is shown in the table on page 26 of the annual report.

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

Save for their business relationships as a result of their respective directorships and positions in the Company and what is disclosed in their biographies on page 19 to page 20 of the annual report, each of the members of the Board, including the Chairman and the CEO, does not have any significant financial, business, family or other material/relevant relationship among one another.

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

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference as suggested under the Code. As of 31 December 2020, the Audit Committee comprises all INEDs, namely Mr. Wu, Dr. Wang and Ms. Zheng. As of 31 December 2020, the chairman of the Audit Committee was Mr. Wu. Each member can bring to the Audit Committee his or her valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Group who among themselves possess a wealth of management experience in the accounting profession or commercial sectors. The Audit Committee held three meetings during the Review Year and the relevant Directors' attendance is shown in the table on page 26 of the annual report.

The main duties of the Audit Committee are as follows:

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

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

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

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

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

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

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

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

REMUNERATION COMMITTEE

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

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

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

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

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

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

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

   (v) the Remuneration 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; and

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

As of 31 December 2020, the Remuneration Committee comprises all three INEDs namely Ms. Zheng, Dr. Wang, and Mr. Wu. Ms. Zheng was the chairman of the Remuneration Committee.

The Remuneration Committee held three 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 the relevant Directors' attendance is shown in the table set out on page 26 of the annual report.

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

Details of the amount of Directors' emoluments are set out in note 13 to the consolidated financial statements and details of the 2012 Share Option Scheme are set out in the Directors' Report and note 41 to the consolidated financial statements.

NOMINATION COMMITTEE

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

(a) 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 nominated for;

  (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 2020, the Nomination Committee comprises all three INEDs, namely Dr. Wang, Ms. Zheng and Mr. Wu. Dr. Wang was the chairman of the Nomination Committee.

During the Review Year, the Nomination Committee held one meeting to (i) review the structure, size and composition (including the gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board; (ii) assess the independence of INEDs; and (iii) adopt the Board diversity policy. Directors' attendance is shown in the table set out on page 26 of the annual report.

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

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

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

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

- The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management of the Company and external recruitment agents, and shall, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- If the process yields more than one qualified candidates, the Nomination Committee and/or the Board shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- The Nomination Committee shall then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- For any person who is nominated by any shareholder of the Company for election as a Director at any general meeting of the Company, the Nomination Committee and/or the Board shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- Where appropriate, the Nomination Committee and/or the Board shall make recommendation to the shareholders of the Company in respect of the proposed election of Director(s) at the general meeting of the Company.

SHAREHOLDERS' RIGHTS

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

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

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

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

  - financial results;
  - cash flow situation;
  - availability of distributable profits;
  - business conditions and strategies;
  - future operations and earnings;
  - development plans;
  - cash requirements;
  - capital requirements and expenditure plans;
  - interests of shareholders as a whole;
  - any restrictions on declaration and/or payment of dividends; and
  - any other factors that the Board may consider relevant.

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

  - interim dividend;
  - final dividend;
  - special dividend; and
  - any distribution of net profits that the Board may deem appropriate.

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

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

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

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

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

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

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

Composition of the Board and the Directors' attendance record for the year ended 31 December 2020

	2020 annual general meeting ("AGM")	The Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Meetings	1	15	3	3	1
Executive Directors					
Wei Ching Lien *(executive Director and Chairperson as appointed on 28 May 2020)*	N/A	10	N/A	N/A	N/A
Chen Bin Bo *(executive Director as appointed on 28 May 2020 and Chief Executive Officer)*	0	10	N/A	N/A	N/A
Chin Chien Ya	0	15	N/A	N/A	N/A
Huang Chiung Hui *(resigned on 28 May 2020)*	1	5	N/A	N/A	N/A
Independent Non-executive Directors					
Wang Ching	1	15	3	3	1
Yu Zheng	1	15	3	3	1
Wu Tak Lung *(appointed on 28 May 2020)*	N/A	10	1	2	0
Wu Fred Fong *(retired on 28 May 2020)*	1	5	2	1	1

INDEPENDENCE INFORMATION

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

DIRECTOR'S TRAINING AND DEVELOPMENT

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

During the Review Year, all Directors have participated in professional trainings to update their knowledge and skills. 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 *(executive Director and Chairperson as appointed on 28 May 2020)*	✓	✓
Chen Bin Bo *(executive Director as appointed on 28 May 2020 and Chief Executive Officer)*	✓	✓
Chin Chien Ya	✓	✓
Huang Chiung Hui *(resigned on 28 May 2020)*		
Independent Non-executive Directors		
Wang Ching	✓	✓
Yu Zheng	✓	✓
Wu Tak Lung *(appointed on 28 May 2020)*	✓	✓
Wu Fred Fong *(retired on 28 May 2020)*		

AUDITOR'S REMUNERATION

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

	RMB'000
Audit services	3,730
Tax and legal advisory services	878
Total	4,608

RISK MANAGEMENT AND INTERNAL CONTROL

The Board understands that appropriate internal control and risk management are indispensable to effective governance and fulfillment of strategic objectives of the Group. The Board has also confirmed that the Board is responsible for ensuring the Group to maintain appropriate and effective internal control at any time to safeguard the interest of its shareholders and the assets of the Group. The Board will review the risk management and internal control systems annually. The Board has conducted reviews over the risk management and internal control during the Review Year, and identified 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 are established 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, the outbreak of the COVID-19 epidemic brought a lot of challenges to the information disclosure and the communication between the Company and the capital market. As a result, the audit process of the Company's auditors was delayed and additional time was required to finalize the audited consolidated financial statements of 2019, leading to the Company's late release of the audited annual results announcement on 15 April 2020 eventually. Meanwhile, the Company had to cancel its annual results briefing originally scheduled to be held in Hong Kong. Despite the difficulties, the Company was still actively seeking better alternatives to mitigate the impact. For example, the results briefing was held in the from of telephone conference instead, and the annual general meeting was held by a combination of physical meeting and virtual video conference for the first time. The Company would like to express its sincere gratitude to all participants in the capital market for their support and understanding in such process.

As to daily communications with the investment community during the Review Year, due to the impact of the pandemic, the Company accommodated about 150 online meetings, such as conference calls, Tencent meetings and Zoom meetings, with the capital market instead of face-to-face meetings. The Company also participated in 19 virtual investment forums, 7 of which were held by Chinese brokers, facilitating effective communication with investors in regard to their concerned questions such as the disruption caused by the pandemic, contingency plan by the management team and trajectory of production recovery. To help investors better understand the operations of the Group's different BUs, conditional upon compliance with the requirements of pandemic prevention, plant tours at the Group's facilities in Ningbo, Jiaxing, Huai'an and Anji were still arranged during the Review Year.

At the last AGM held during the Review Year, to safeguard the health and safety of Shareholders and other participants of the AGM and to prevent the spreading of COVID-19, the Company encouraged Shareholders to appoint the Chairman of the AGM as their proxy to vote according to their indicated voting instructions as an alternative. Given the lingering impact of COVID-19, the Company will continue to implement a series of effective precautionary measures at the forthcoming AGM, and still encourage Shareholders to vote by proxy.

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

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

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for preparing the accounts and the reporting responsibilities of the external auditor to the Shareholders are set out on page 44 of the annual report.

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.

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", "Chairman's Statement" and "Management Discussion and Analysis" sections of the annual report.

RESULTS

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

DIVIDENDS

The Board has recommended the payment of a final dividend of HKD0.572 per share to shareholders whose names appear on the register of members of the Company on Tuesday, 8 June 2021 and the proposed final dividend will be paid on or about Tuesday, 22 June 2021. The payment of dividends shall be subject to the approval of the shareholders at the forthcoming annual general meeting, which is expected to be held on Monday, 31 May 2021.

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB2,362,114,000 for the acquisition of property, plant and equipment. Details of these and other movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND RESERVES

During the Review Year, the Company has issued 9,665,500 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 HKD139,688,800.

During the Review Year, the trustee of the Share Award Scheme purchased a total of 8,520,000 shares of the Company on the Stock Exchange at a consideration of approximately HKD250,743,000 pursuant to the rules of the Share Award Scheme and the terms of the trust deed.

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

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

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB5,520 million as at 31 December 2020. Under the Companies Law, Cap 22 (Law 3 of 1961, consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of the Company's memorandum and Articles and provided that immediately following the date on which distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends may be declared and paid out of the profits of the Company, realised or unrealised or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividend may also be declared and paid out of share premium account of the Company.

DEBENTURES

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

FINANCIAL SUMMARY

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

MAJOR SUPPLIERS AND CUSTOMERS

For the Review Year, the largest customer accounted for approximately 7.3% of the Group's revenue, and the five largest customers accounted for approximately 28.5% of the Group's revenue.

The purchases for the Review Year attributable to the Group's largest supplier and five largest suppliers were approximately 2.6% and approximately 9.0% of the Group's total cost of goods sold respectively.

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

DONATION

During the Review Year, the donations made by the Group amounted to approximately RMB555,000 (2019: approximately RMB1,689,000).

DIRECTORS

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

Executive directors

Wei Ching Lien *(executive Director and Chairperson as appointed on 28 May 2020)*

Chen Bin Bo *(executive Director as appointed on 28 May 2020 and Chief Executive Officer)*

Chin Chien Ya

Huang Chiung Hui *(resigned on 28 May 2020)*

Independent non-executive directors

Wang Ching

Yu Zheng

Wu Tak Lung *(appointed on 28 May 2020)*

Wu Fred Fong *(retired on 28 May 2020)*

In accordance with Article 87 of the Articles, Dr. Wang and Mr. Wu will retire from office, and all being eligible, offer themselves for re-election at the forthcoming AGM. Ms. Zheng has confirmed that she will retire as an independent non-executive Director with effect from the conclusion of the AGM and will not offer herself for re-election due to her personal career development.

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' SERVICE CONTRACTS

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

The Company has proposed to appoint Professor Chen Quan Shi as an independent non-executive Director on 31 May 2021, subject to the shareholders' approval in the forthcoming AGM, biography and other details of the appointment of Professor Chen Quan Shi is stated in the circular of the AGM.

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

DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENT

The remuneration paid to the Directors, by name, for the year ended 31 December 2020 is set out in note 13 to the consolidated financial statements.

The remuneration of senior management, by band, for the year ended 31 December 2020 is set out below:

	2020 No. of employees	2019 No. of employees
HKD1,000,001 to HKD1,500,000	**1**	1
HKD1,500,001 to HKD2,000,000	**0**	1
HKD2,000,001 to HKD2,500,000	**1**	0
HKD2,500,001 to HKD3,000,000	**1**	1
HKD3,500,001 to HKD4,000,000	**0**	1
HKD7,500,001 to HKD8,000,000	**0**	1

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out on pages 19 to 20 of the annual report.

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

As at 31 December 2020, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

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

Name of Director	**Company/ Name of Associated Corporation**	**Long/Short Position**	**Capacity**	**Total Number of Ordinary Shares**	**Percentage of the Company's Issued Share Capital as at 31 December 2020** (Note 1)
Wei Ching Lien	Company	Long position	Interest of spouse	450,072,000 (Note 2)	38.81%
Chen Bin Bo	Company	Long position	Beneficial owner	1,000,000 (Note 3)	0.09%
Chin Chien Ya	Company	Long position	Beneficial owner	250,000 (Note 4)	0.02%
Huang Chiung Hui	Company	Long position	Beneficial owner Interest of spouse	500,000 120,000 (Note 5)	0.04% 0.01%
Wang Ching	Company	Long position	Beneficial owner	200,000 (Note 4)	0.02%
Yu Zheng	Company	Long position	Beneficial owner Interest of spouse	100,000 1,010,000 (Note 6)	0.01% 0.09%
Wu Tak Lung	Company	Long position	Beneficial owner	100,000 (Note 7)	0.01%
Wu Fred Fong	Company	Long position	Beneficial owner	70,000 (Note 8)	0.01%

Note 1: The percentage of the Company's issued share capital is based on the 1,159,655,500 Shares issued as at 31 December 2020.

Note 2: As at 31 December 2020, Mr. Chin (the spouse of Ms. Wei) held 450,072,000 shares of the Company through his wholly-owned company, Minth Holdings, which represented 38.81% of the total issued Shares. Accordingly, Ms. Wei is deemed to be interested in the 450,072,000 Shares in which Mr. Chin was interested. Ms. Wei was appointed as an executive Director and Chairperson of the Company on 28 May 2020.

Note 3: This figure represents the 1,000,000 Share Options granted to Mr. Chen under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Chen will acquire an aggregate of 1,000,000 Shares. Mr. Chen was appointed as an executive Director of the Company on 28 May 2020.

Note 4: These figures represent the Share Options granted to Ms. Chin and Dr. Wang under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Chin and Dr. Wang will acquire 250,000 Shares and 200,000 Shares respectively.

Note 5: These figures represent (i) 500,000 Share Options granted to Ms. Huang under the 2012 Share Option Scheme that are exercisable and (ii) 120,000 Shares Options granted to Mr. Bau Hsin Hong ("Mr. Bau") under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Huang will acquire 500,000 Shares. Since Ms. Huang is the spouse of Mr. Bau, she is also deemed to be interested in the aforesaid Shares in which Mr. Bau is interested. Ms. Huang resigned as an executive Director and Chairperson of the Company with effect from 28 May 2020 and Mr. Bau resigned from the Group with effect from 30 June 2020.

Note 6: These figures represent (i) 100,000 Share Options granted to Ms. Zheng under the 2012 Share Option Scheme that are exercisable and (ii) 1,010,000 Shares held by Mr. Wei. Upon exercise of the Share Options, Ms. Zheng will acquire 100,000 Shares. Since Ms. Zheng is the spouse of Mr. Wei, she is deemed to be interested in the aforesaid Shares in which Mr. Wei is interested.

Note 7: This figure represents the 100,000 Share Options granted to Mr. Wu under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Dr. Wang will acquire 100,000 Shares. Mr. Wu was appointed as an independent non-executive Director of the Company on 28 May 2020.

Note 8: This figure represents the 70,000 Share Options granted to Mr. Wu Fred Fong under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Wu Fred Fong will acquire 70,000 Shares. Mr. Wu Fred Fong retired as an independent non-executive Director of the Company with effect from 28 May 2020.

Other than as disclosed above, as at 31 December 2020, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

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

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

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

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

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

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

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

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

During the Review Year, the total number of Share Options that the Company granted to the employees including to the Directors amounted to 28,000,000. As at the date of the annual report, the number of Share Options that could still be granted under the 2012 Share Option Scheme was 22,432,000, representing approximately 1.93% of the 1,159,800,000 Shares in issue as at 26 March 2021, being the date of the annual report.

Details are as follows:

Name and category of participants	Outstanding as at 1 January 2020	Granted during the Review Year	Exercised during the Review Year	Lapsed during the Review Year	Outstanding as at 31 December 2020	Date of grant (Note 8)	Exercise period (Note 9)	Exercise price of the Share Options (HKD) (Note 10)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
	Number of Share Options (Note 1)								
Directors, chief executives, and substantial Shareholders and their respective connected persons									
Mr. Chen Bin Bo (Note 2)	–	1,000,000	–	–	1,000,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Ms. Chin Chien Ya (Note 3)	100,000	–	–	–	100,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	N/A
	–	150,000	–	–	150,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Ms. Huang Chiung Hui (Note 4)	1,000,000	–	1,000,000	–	–	25–3–2015	1–1–2016 to 31–12–2020	14.08	31.58
	500,000	–	–	–	500,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	N/A
Dr. Wang Ching	80,000	–	80,000	–	–	25–3–2015	1–1–2016 to 31–12–2020	14.08	31.68
	100,000	–	–	–	100,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	N/A
	–	100,000	–	–	100,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Ms. Yu Zheng	200,000	–	200,000	–	–	25–3–2015	1–1–2016 to 31–12–2020	14.08	33.05
	100,000	–	–	–	100,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	N/A
Mr. Wu Tak Lung (Note 5)	–	100,000	–	–	100,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Mr. Wu Fred Fong (Note 6)	140,000	–	140,000	–	–	25–3–2015	1–1–2016 to 31–12–2020	14.08	29.00
	100,000	–	30,000	–	70,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	39.05
Mr. Bau Hsin Hong (Note 7)	180,000	–	180,000	–	–	25–3–2015	1–1–2016 to 31–12–2020	14.08	31.19
	120,000	–	–	–	120,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	N/A
Subtotal	2,620,000	1,350,000	1,630,000	–	2,340,000				
Other Participants	7,932,500	–	7,912,500	20,000	–	25–3–2015	1–1–2016 to 31–12–2020	14.08	31.88
	21,172,000	–	123,000	2,336,000	18,713,000	10–4–2018	1–4–2019 to 31–12–2023	37.60	39.38
	–	26,650,000	–	–	26,650,000	28–7–2020	1–7–2021 to 31–12–2025	23.85	N/A
Subtotal	29,104,500	26,650,000	8,035,500	2,356,000	45,363,000				
Total	31,724,500	28,000,000	9,665,500	2,356,000	47,703,000				

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

Note 2: Mr. Chen was appointed as an executive Director of the Company with effect from 28 May 2020.

Note 3: The daughter of Ms. Wei Ching Lien, and an executive Director of the Company.

Note 4: Ms. Huang resigned as an executive Director and Chairperson of the Company with effect from 28 May 2020.

Note 5: Mr. Wu was appointed as an independent non-executive Director of the Company with effect from 28 May 2020.

Note 6: Mr. Wu Fred Fong retired as an independent non-executive Director of the Company with effect from 28 May 2020.

Note 7: Spouse of Ms. Huang, resigned from the Group with effect from 30 June 2020.

Note 8: 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) 25 March 2015, i.e. on 24 March 2015 was HKD14.02, (ii) 10 April 2018, i.e. on 9 April 2018 was HKD37.65, and (iii) 28 July 2020, i.e. on 27 July 2020 was HKD22.40.

Note 9: The option period for the Share Options granted on 25 March 2015 is for five years nine months and six 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 January 2016; (ii) up to a further 30% of the Share Options granted on or after 1 January 2017; and (iii) all of the remaining Share Options granted on or after 1 January 2018. 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 10: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

During the Review Year, the Grantees of the Share Option Scheme exercised 9,665,500 Share Options in accordance with the rules and terms of the Share Option Scheme, and 2,356,000 Share Options lapsed as a result of the resignations of grantees.

Apart from the 2012 Share Option Scheme as disclosed above, no option was granted, exercised, cancelled or lapsed during the Review Year. Particulars of the Company's 2012 Share Option Scheme are set out in note 41 to the consolidated financial statements.

SHARE AWARD SCHEME

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

EQUITY-LINKED AGREEMENTS

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

DIRECTORS' RIGHTS IN PURCHASING SHARES OR DEBENTURE

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the annual report, no transactions, arrangements or contracts of significance to which the Company, its subsidiaries, the controlling shareholder of 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.

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 2020, the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company, in the Shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Long/Short Position	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Chin Jong Hwa	Interest of controlled corporations	Long position	450,072,000 (Note 2)	38.81%
Minth Holdings Limited	Beneficial owner	Long position	450,072,000 (Note 3)	38.81%
Mitsubishi UFJ Financial Group, Inc.	Interest of controlled corporations	Long position	102,962,000 (Note 4)	8.88%
Matthews International Capital Management, LLC	Investment manager	Long position	80,091,000	6.91%
Citigroup Inc.	Interest of controlled corporations	Long Position	962,549	0.08%
		Short Position	358,194	0.03%
	Approved lending agent	Long Position	63,678,546 (Note 5)	5.49%

Note 1: The percentage of the Company's issued share capital of 1,159,655,500 Shares as at 31 December 2020.

Note 2: As at 31 December 2020, Minth Holdings was beneficially interested in 450,072,000 Shares. Minth Holdings was wholly-owned by Mr. Chin and he was therefore deemed to be interested in the entire 450,072,000 Shares held by Minth Holdings.

Note 3: As at 31 December 2020, Minth Holdings, a company wholly-owned by Mr. Chin, was beneficially interested in 450,072,000 Shares.

Note 4: As at 31 December 2020, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Mitsubishi UFJ Financial Group, Inc.

Note 5: As at 31 December 2020, 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 Citigroup Inc.

Other than as disclosed above, as at 31 December 2020, 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 purchased a total of 8,520,000 shares of the Company on the Stock Exchange at a consideration of approximately HKD250,743,000 pursuant to the rules of the Share Award Scheme and the terms of the trust deed.

Save as disclosed herein, 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

The Company entered into a framework agreement with Jiaxing Futing Mechanical Co., Ltd.* (嘉興富廷機械有限公司) ("Jiaxing Futing") on 28 December 2017 pursuant to which the Group would purchase finished or semi-finished moulds and related equipment and auxiliary materials (the "Framework Agreement") for the period from 28 December 2017 to 27 December 2020. The proposed annual caps for each of the three years ending 31 December 2018, 2019 and 2020 are RMB200,000,000 (equivalent to approximately HKD238,860,000), RMB200,000,000 (equivalent to approximately HKD238,860,000) and RMB200,000,000 (equivalent to approximately HKD238,860,000), respectively.

As Jiaxing Futing is a company indirectly wholly-owned by Mr. Chin, a substantial shareholder and an executive Director of the Company at the time, Jiaxing Futing is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between the Group and Jiaxing Futing contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company was informed that Jiaxing Futing is expected to cease production of the relevant materials in 2020, the Company has decided to purchase the relevant production equipment in addition to the materials it currently needs in order to ensure the ongoing operational needs of the Group is met.

On 6 May 2020, Jiaxing Shinyou Mould Tech Co., Ltd.* (嘉興信元精密模具科技有限公司), ("Shinyou Mould"), a wholly-owned subsidiary of the Company, entered into the purchase agreement with Jiaxing Futing, pursuant to which Jiaxing Futing agreed to sell and Shinyou Mould agreed to purchase the assets including raw material, low-value consumables, semi-finished moulds, fixed assets and intangible assets at the total consideration of approximately RMB27,247,000 (equivalent to approximately HKD29,869,000) ("the 2020 Purchase Agreement"). After the completion of the 2020 Purchase Agreement, the continuing connected transactions ceased.

Further details of the Framework Agreement and the 2020 Purchase Agreement are set out in the Company's announcements dated 28 December 2017 and 6 May 2020 respectively.

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

As Ningbo Chunmin Electronic is wholly-owned by Shun On Electronic Co., Limited* (淳安電子股份有限公司) ("Shun On Electronic") and Mr. Chin and his associates are together indirectly beneficially interested in 38.81% of Shun On Electronic, Ningbo Chunmin Electronic is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Purchase Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

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 2020 have been entered into by the Group:

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

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

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

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

(i) have not been approved by the Board;

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

(iii) have exceeded the cap.

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

REMUNERATION POLICY

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

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

The Company has adopted the 2012 Share Option Scheme as an incentive to Directors and eligible employees, details of the 2012 Share Option Scheme are set out on pages 34 to 36 of the annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND COMPLIANCE WITH MODEL CODE

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

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

MATERIAL LITIGATION AND ARBITRATION

On 11 April 2014, the Company was served with a petition by the Securities and Futures Commission, judgment and order were delivered on 6 November 2019 by the High Court (the "Case"). Details of the Case were set out in the Company's announcements dated 14 April 2014, 29 May 2014, 9 July 2014, 25 October 2019, 6 November 2019 and 7 July 2020, and its 2015–2019 annual reports and 2020 interim report.

On 7 July 2020, the High Court made an order dismissing Mr. Chin, former executive Director's application for exempting the three private companies from the disqualification order, and the disqualification order for Mr. Chin came into effect.

Save for the above which has now come to full conclusion, the Group was not engaged in any litigation or arbitration of material importance during the Review Year and up to the date of this report.

EVENT AFTER THE REPORTING PERIOD

On 4 March 2021, the Board of Directors further approved the proposed issue of no more than 204,670,588 ordinary shares to be subscribed for in RMB (the "RMB Shares"), to be listed on the Sci-Tech Board of the Shanghai Stock Exchange (the "RMB Share Issue"). A specific mandate to allot and issue RMB Shares pursuant to the RMB Share Issue and related matters, are conditional upon and subject to, among other things, market conditions, the approval by shareholders at the extraordinary general meeting of the Company and the necessary regulatory approval(s). Details of the proposed RMB Share Issue are set out in the Company's announcement dated 4 March 2021.

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

PRE-EMPTIVE RIGHTS

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

AUDITOR

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

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

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

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

Hong Kong, 26 March 2021

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 176, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 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 in the revenue recognition of automobile body parts *(Refer to Note 5 to the consolidated financial statements)* We identified the occurrence in the revenue recognition of automobile body parts as a key audit matter due to the significance of revenue recognition of automobile body parts to the Group's consolidated financial statements. For the year ended 31 December 2020, the Group has recognised revenue of RMB11,465,979,000 from its sales of automobile body parts, which accounted for 92.0% 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 in the revenue recognition of automobile body parts included: • Obtaining an understanding and testing the key internal controls in respect of the occurrence in the revenue recognition 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 in sales of automobile body parts during the current reporting period and inquiring the management to understand and evaluate the appropriateness of the reasons for the unusual fluctuations (if applicable); • Testing the sales of automobile body parts, on a sampling basis, by inspecting the relevant supporting documents on the completion of sales; • Sending audit confirmations to the customers, on a sampling basis, to verify validity and accuracy of trade receivables in relation to sales of automobile body parts; and • Visiting customer's site and interviewing the customers to whom the Group sells the automobile body parts, on a sampling basis, to verify occurrence in the revenue recognition of automobile body parts.

KEY AUDIT MATTERS (CONTINUED)

Key audit matters (Continued)	How our audit addressed the key audit matters (Continued)
Impairment assessment of trade receivables *(Refer to Notes 27 and 45 to the consolidated financial statements)* We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period. As at 31 December 2020, the Group's net trade receivables amounting to approximately Renminbi ("RMB") 3,302,430,000 (net of allowance for credit loss of RMB14,328,000), which represented approximately 12.1% of total assets of the Group. As disclosed in note 45 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and forward-looking information. In addition, trade receivables that are credit-impaired are assessed for ECL individually. The loss allowance amount of the credit-impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. As disclosed in note 45 to the consolidated financial statements, the Group recognised a net additional amount of RMB15,987,000 of impairment of trade receivables for the year ended 31 December 2020 and the Group's lifetime ECL on trade receivables as at 31 December 2020 amounted to approximately RMB14,328,000.	Our procedures in relation to impairment assessment of trade receivables included: • Understanding and evaluating the effectiveness of the design and implementation of key controls in relation to the Group's ECL on trade receivables; • Understanding and evaluating the appropriateness of the methods and models used by the management to determine the ECL on trade receivables; • Challenging management's basis and judgement in determining credit loss allowance on trade receivables as at 31 December 2020, including their identification of credit-impaired trade receivables, the reasonableness of management's grouping of the remaining trade debtors into different categories in the provision matrix, and the basis of estimated loss rates applied in each category in the provision matrix (with reference to historical default rates and forward-looking information); • Testing the integrity of information used by management to develop the provision matrix, including trade receivables ageing analysis as at 31 December 2020, on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents; • Evaluating the disclosures regarding the impairment assessment of trade receivables in notes 27 and 45 to the consolidated financial statements; and • Testing subsequent settlements of credit-impaired trade receivables, on a sample basis, by inspecting supporting documents in relation to cash receipt from trade debtors subsequent to the end of the current reporting period.

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 of the Company 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 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Revenue	5	**12,466,858**	13,198,189
Cost of sales		**(8,608,015)**	(9,076,750)
Gross profit		**3,858,843**	4,121,439
Investment income	7	**239,710**	126,389
Other income	8	**159,991**	200,467
Other gains and losses	9	**(31,389)**	69,441
Distribution and selling expenses		**(520,956)**	(538,679)
Administrative expenses		**(1,028,955)**	(1,048,052)
Research expenditure		**(764,187)**	(655,526)
Interest expenses		**(247,624)**	(157,819)
Share of profits of joint ventures		**11,618**	4,388
Share of profits (losses) of associates		**2,524**	(20,770)
Profit before tax		**1,679,575**	2,101,278
Income tax expense	10	**(216,587)**	(336,187)
Profit for the year	12	**1,462,988**	1,765,091
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Loss on remeasurement of defined benefit obligation		**(1,191)**	(871)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(49,557)**	30,457
Fair value gain on debt instruments measured at fair value through other comprehensive income		**1,672**	3,189
Other comprehensive (expense) income for the year, net of income tax		**(49,076)**	32,775
Total comprehensive income for the year		**1,413,912**	1,797,866
Profit for the year attributable to:			
Owners of the Company		**1,395,509**	1,690,300
Non-controlling interests		**67,479**	74,791
		1,462,988	1,765,091
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,348,770**	1,720,111
Non-controlling interests		**65,142**	77,755
		1,413,912	1,797,866
Earnings per share	15		
Basic		**RMB1.213**	RMB1.472
Diluted		**RMB1.210**	RMB1.466

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment	16	9,615,646	8,748,976
Right-of-use assets	17	959,635	988,425
Goodwill	18	98,030	98,030
Other intangible assets	19	78,198	56,554
Interests in joint ventures	20	136,812	90,194
Interests in associates	21	125,889	124,865
Deferred tax assets	24	157,670	187,079
Prepayment for acquisition of property, plant and equipment		185,970	57,391
Contract assets	28	695,413	576,542
Contract costs	28	170,794	128,891
Plan assets	42	2,043	1,942
		12,226,100	11,058,889
Current assets			
Inventories	25	2,384,748	2,039,976
Loan receivables	23	6,000	6,000
Property under development	26	13,405	19,308
Trade and other receivables	27	4,614,575	4,315,920
Contract assets	28	174,482	234,230
Derivative financial assets	30	4,834	3,204
Held-for-trading investments	29	450,625	—
Debt instruments at fair value through other comprehensive income	22	151,457	256,647
Pledged bank deposits	31	918,350	21,267
Bank balances and cash	31	6,008,272	5,687,234
		14,726,748	12,583,786
Assets classified as held for sale	11	252,897	—
		14,979,645	12,583,786
Current liabilities			
Trade and other payables	32	3,974,555	3,436,692
Tax liabilities		98,350	120,410
Borrowings	34	5,445,289	4,138,998
Lease liabilities	38	7,712	5,311
Contract liabilities	33	97,322	111,783
Derivative financial liabilities	30	4,969	2,640
		9,628,197	7,815,834
Liabilities classified as held for sale	11	4,770	—
		9,632,967	7,815,834
Net current assets		5,346,678	4,767,952
Total assets less current liabilities		17,572,778	15,826,841

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
Capital and reserves			
Share capital	35	116,069	115,227
Share premium and reserves		14,827,935	14,209,718
Equity attributable to owners of the Company		14,944,004	14,324,945
Non-controlling interests	36	368,891	418,749
Total equity		15,312,895	14,743,694
Non-current liabilities			
Deferred tax liabilities	24	107,111	94,944
Borrowings	34	1,073,911	—
Lease liabilities	38	11,595	93,568
Retirement benefit obligation	42	14,534	16,537
Derivative financial liabilities	30	20,181	—
Deferred income		28,209	13,653
Other long-term liabilities	43	1,004,342	864,445
		2,259,883	1,083,147
		17,572,778	15,826,841

The consolidated financial statements on pages 46 to 176 were approved and authorised for issue by the board of directors (the "Board") on 26 March 2021 and are signed on its behalf by:

Wei ChingLien
DIRECTOR

Chen BinBo
DIRECTOR

	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 options reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020	115,227	3,937,536	–	276,199	(20,093)	757,206	110,335	(2,730)	(57,806)	162,194	9,046,877	14,324,945	418,749	14,743,694
Profit for the year	–	–	–	–	–	–	–	–	–	–	1,395,509	1,395,509	67,479	1,462,988
Fair value gain on debt instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	–	1,672	–	–	–	1,672	–	1,672
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	(47,220)	–	–	(47,220)	(2,337)	(49,557)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	–	(1,191)	(1,191)	–	(1,191)
Total comprehensive income for the year	–	–	–	–	–	–	–	1,672	(47,220)	–	1,394,318	1,348,770	65,142	1,413,912
Recognition of equity-settled share-based payments (note 41)	–	–	–	–	–	–	–	–	–	66,307	–	66,307	–	66,307
Transfer to reserve fund	–	–	–	–	–	292,694	269,329	–	–	–	(562,023)	–	–	–
Transfer to other reserve for share option forfeited after the vesting date	–	–	–	–	10,687	–	–	–	–	(10,687)	–	–	–	–
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	–	(694,445)	(694,445)	–	(694,445)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(115,376)	(115,376)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	376	376
Treasury stock (note)	–	–	(222,075)	–	–	–	–	–	–	–	–	(222,075)	–	(222,075)
Exercise of share options	842	151,564	–	–	–	–	–	–	–	(31,904)	–	120,502	–	120,502
At 31 December 2020	116,069	4,089,100	(222,075)	276,199	(9,406)	1,049,900	379,664	(1,058)	(105,026)	185,910	9,184,727	14,944,004	368,891	15,312,895

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

In September 2020, the Group has purchased 8,520,000 issued ordinary shares from the market through the trustee, the consideration for which amounted to approximately HK$251,265,000 (equivalent to approximately RMB222,075,000). These ordinary shares purchased by trustee are accounted for as treasury stock and presented as a deduction to the reserve. Pursuant to the 2020 Share Award Scheme, in any event, the aggregate number of Shares held by the trustee (whether directly or indirectly through other controlled corporations) as a whole would not exceed 2% of the issued share capital of the Company at any time (on an actual basis as well as on a fully diluted basis). As at 31 December 2020, no eligible participants has yet been selected by the Board for participation in the 2020 Share Award Scheme.

	Share capital RMB'000	Share premium 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 options 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 2019	114,902	3,876,217	276,199	(22,930)	642,063	85,512	(5,919)	(85,299)	114,871	8,164,798	13,160,414	268,292	13,428,706
Profit for the year	–	–	–	–	–	–	–	–	–	1,690,300	1,690,300	74,791	1,765,091
Fair value gain on debt instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	3,189	–	–	–	3,189	–	3,189
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	27,493	–	–	27,493	2,964	30,457
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	(871)	(871)	–	(871)
Total comprehensive income for the year	–	–	–	–	–	–	3,189	27,493	–	1,689,429	1,720,111	77,755	1,797,866
Recognition of equity-settled share-based payments (note 41)	–	–	–	–	–	–	–	–	63,081	–	63,081	–	63,081
Non-controlling interest arising on the acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	71,652	71,652
Transfer to reserve fund	–	–	–	–	115,143	30,129	–	–	–	(145,272)	–	–	–
Transfer to other reserve for share option forfeited after the vesting date	–	–	–	2,837	–	–	–	–	(2,837)	–	–	–	–
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	–	(667,384)	(667,384)	–	(667,384)
Liquidation of a subsidiary	–	–	–	–	–	(5,306)	–	–	–	5,306	–	–	–
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	1,050	1,050
Exercise of share options	325	61,319	–	–	–	–	–	–	(12,921)	–	48,723	–	48,723
At 31 December 2019	115,227	3,937,536	276,199	(20,093)	757,206	110,335	(2,730)	(57,806)	162,194	9,046,877	14,324,945	418,749	14,743,694

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; and (iv) reserve transferred from share options reserve for share options forfeited after the vesting dates.

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 was measured as debt instruments at FVTOCI.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
Operating activities		
Profit before tax	**1,679,575**	2,101,278
Adjustments for:		
Finance costs	**247,624**	157,819
Interest income	**(239,710)**	(126,389)
Share of profits of joint ventures	**(11,618)**	(4,388)
Share of (profits) losses of associates	**(2,524)**	20,770
Depreciation of property, plant and equipment	**815,457**	750,881
Depreciation of right-of-use assets	**30,729**	26,365
Amortisation of other intangible assets	**33,445**	27,979
Share-based payment expense	**66,307**	63,081
Fair value changes of other financial assets at fair value through profit or loss ("FVTPL")	**(68,461)**	(58,978)
Fair value changes of derivative financial instruments	**15,619**	1,192
Gain on disposal of property, plant and equipment	**(6,616)**	(9,661)
Gain on disposal of subsidiaries (note 37)	**(1,001)**	—
Gain on deemed disposal of an associate	**—**	(836)
Impairment loss, net of reversal		
— property, plant and equipment	**16,378**	12,264
— financial assets and other items under expected credit loss model	**15,935**	1,305
— inventories	**78,312**	32,230
Net foreign exchange (gain) losses	**(29,674)**	23,297
Operating cash flows before movements in working capital	**2,639,777**	3,018,209
Increase in inventories	**(426,481)**	(81,072)
Decrease (increase) in property under development	**5,903**	(3,961)
Increase in trade and other receivables	**(300,356)**	(86,309)
Decrease in debt instruments at FVTOCI	**105,190**	82,406
Increase in contract assets	**(59,123)**	(228,439)
Increase in contract costs	**(41,903)**	(63,910)
Increase in trade and other payables	**368,457**	71,643
(Decrease) increase in contract liabilities	**(14,461)**	39,098
Cash generated from operations	**2,277,003**	2,747,665
Income taxes paid	**(196,754)**	(363,673)
Net cash from operating activities	**2,080,249**	2,383,992

	2020 RMB'000	2019 RMB'000
Investing activities		
Proceeds from redemption of other financial assets and derivative financial instruments	**8,227,371**	12,792,842
Interest received	**193,547**	96,432
Dividend received from a joint venture and an associate	**6,500**	10,000
Proceeds from disposal of property, plant and equipment	**60,579**	97,886
Proceeds from disposal of other intangible assets	**60**	3
Investment in other financial assets and derivative financial instruments	**(8,604,289)**	(12,732,608)
Purchases of property, plant and equipment	**(2,213,384)**	(1,535,793)
Payments for right-of-use assets	**(148,730)**	(138,910)
Purchases of other intangible assets	**(66,473)**	(21,286)
Government subsidy received relating to the purchase of property, plant and equipment and other intangible assets	**70,875**	87,691
Placement of pledged bank deposits	**(897,923)**	(69,072)
Withdrawal of pledged bank deposits	**840**	113,316
Net cash inflow arising on acquisition of a subsidiary	**—**	129,215
Net cash inflow arising on disposal of subsidiaries (note 37)	**6,496**	—
Net cash inflow arising on disposal of a joint venture	**—**	2,498
Loan to a joint venture	**—**	(2,000)
Payment for investment in a joint venture	**(40,000)**	—
Repayment from a joint venture	**—**	4,000
Bank balances and cash classified as held for sale (note 11)	**(7,246)**	—
Net cash used in investing activities	**(3,411,777)**	(1,165,786)
Financing activities		
Repayment of borrowings	**(16,680,256)**	(10,232,018)
Repayments of lease liabilities	**(5,617)**	(6,607)
New borrowings raised	**19,297,159**	10,246,170
Dividends paid to owners of the Company	**(694,445)**	(667,384)
Dividends paid to non-controlling shareholders	**(115,376)**	—
Interest paid	**(208,812)**	(149,634)
Proceeds from exercise of share options	**120,502**	48,723
Payment on repurchase shares as treasury stock	**(222,075)**	—
Loan from the government	**117,000**	800,100
Repayments of loan from the government	**—**	(104,412)
Loan from related companies	**92,800**	—
Repayments to related companies	**(30,000)**	—
Capital contributions from non-controlling shareholders	**376**	1,050
Net cash from (used in) financing activities (note 46)	**1,671,256**	(64,012)
Net increase in cash and cash equivalents	**339,728**	1,154,194
Cash and cash equivalents at the beginning of the year	**5,687,234**	4,521,870
Effect of foreign exchange rate changes	**(18,690)**	11,170
Cash and cash equivalents at the end of the year	**6,008,272**	5,687,234
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**6,008,272**	5,687,234

1. GENERAL INFORMATION

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

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effect

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

HKFRS 17	*Insurance Contracts and the related Amendments*[1]
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9 HKAS 39, HKFRS 7 HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[5]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[1]
Amendments to HKAS 16	*Property, Plant and Equipment — Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2018–2020*[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

The Directors anticipate that the application of all the 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 SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

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

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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.

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

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

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

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

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

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

3.2 Significant accounting policies (Continued)

Business combinations

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

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

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.

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

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

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

3.2 Significant accounting policies (Continued)

Goodwill

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Investments in associates and joint ventures

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Investments in associates and joint ventures (Continued)

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Non-current assets held for sale

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers

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

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

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

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

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

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

Existence of significant financing component

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

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

Contract costs

Incremental costs of obtaining a contract

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

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

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

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

3.2 Significant accounting policies (Continued)

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), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

Depreciation is recognised so as to write off the cost of assets other than construction in progress and freehold land 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.

Freehold land is carried at cost less any recognised impairment loss.

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.

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.

Property under development

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

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

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

3.2 Significant accounting policies (Continued)

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

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

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

Refundable rental deposits

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

Lease liabilities

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified 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 as a lessor

Classification and measurement of leases

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

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

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

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

3.2 Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Lease modification

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

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

Foreign currencies

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Borrowing costs

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

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

Government grants

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Taxation (Continued)

Deferred tax (Continued)

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

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

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

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

Employee benefits

Retirement benefit costs

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

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

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

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

3.2 Significant accounting policies (Continued)

Employee benefits (Continued)

Retirement benefit costs (Continued)

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

Defined benefit costs are categorised as follows:

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

The Group presents the first two components of defined benefit costs in profit or loss in the line item “administrative expenses”.

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.

Contributions from employees to defined benefit plans

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

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

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

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

3.2 Significant accounting policies (Continued)

Employee benefits (Continued)

Termination benefits

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

Short-term employee benefits

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

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

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

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.

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Intangible assets (Continued)

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.

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.

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

3.2 Significant accounting policies (Continued)

Impairment losses on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (see the accounting policy in respect of goodwill above and financial assets below)

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Impairment losses on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (see the accounting policy in respect of goodwill above and financial assets below) (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.

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.

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).

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

3.2 Significant accounting policies (Continued)

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.

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL. Except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is not held for trading.

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.

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Debt instruments classified as at FVTOCI

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

(iii) Financial assets at FVTPL

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors credit-impaired and/or collectively using a provision matrix with appropriate groupings.

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk

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

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

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

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

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

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

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

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimation ECL on trade receivables 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.

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

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

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

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

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

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.

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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 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.

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

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

Derivative financial instruments

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

Offsetting a financial asset and a financial liability

Where the Group has a legal right that is currently enforceable to set off the amount of the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

Equity-settled share-based payment transactions of the Company

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 by reference to the fair value of share options and awarded shares granted 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 options reserve or awarded shares reserve). At the end of the reporting period, the Group revises its estimates 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 options reserve or awarded shares reserve.

When the share options are exercised, the amount previously recognised in share options 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 options reserve will be transferred to other reserve.

When awarded shares are vested, the amount previously recognised in awarded shares reserve will be transferred to share capital and share premium.

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

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration 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. In addition, trade receivables with credit-impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 45 and 27 respectively.

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

The Directors determine the residual values, useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. In addition, the Directors assess impairment whenever events or changes in circumstances and technical innovation of automobile products indicate that the carrying amount of an asset may not be recoverable. As at 31 December 2020, the carrying amount of the Group's property, plant and equipment was RMB9,615,646,000 (net of accumulated impairment loss of RMB35,439,000) (2019: carrying amount of RMB8,748,976,000 (net of accumulated impairment loss of RMB41,634,000)).

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 items. As at 31 December 2020, the carrying amount of inventories was RMB2,384,748,000 (net of allowance for inventories of RMB138,704,000) (2019: carrying amount of inventories was RMB2,039,976,000 (net of allowance for inventories of RMB92,021,000)).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value measurements and valuation processes

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

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

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 2020, the fair values of held-for-trading investments, debt instruments at FVTOCI, derivative financial assets and derivative financial liabilities were estimated to be RMB450,625,000 (2019:nil), RMB151,457,000 (2019: RMB256,647,000), RMB4,834,000 (2019: RMB3,204,000) and RMB25,150,000 (2019: RMB2,640,000), respectively.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

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

	For the year ended 31 December 2019		
	Automobile body parts RMB'000	Moulds RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	11,895,949	1,302,240	13,198,189
Geographical markets			
The PRC	6,838,917	766,404	7,605,321
Other countries	5,057,032	535,836	5,592,868
Total	11,895,949	1,302,240	13,198,189

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

5. REVENUE (CONTINUED)

(ii) Performance obligations for contracts with customers

Sales of automobile body parts

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

Development of moulds

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

Where a contract contains both development of moulds and sales of the relevant automobile body parts, the mould development is regarded 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:

	2020 **Moulds** **RMB'000**	2019 Moulds RMB'000
Within one year	**1,154,446**	1,277,560
More than one year but not more than two years	**1,135,572**	836,438
More than two years	**359,271**	374,295
	2,649,289	2,488,293

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

In prior year, information reported to the Executive Directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on goods or services delivered or provided to the Group's customers in different geographic locations.

In the current year, the Group reorganised its internal reporting structure and information reported to the CODM changes to focus on types of goods or services delivered or provided, which resulted in changes to the composition of its reportable segments. Prior year segment disclosures have been represented to conform with the current year's presentation.

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 2020

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

6. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 December 2019

	Aluminium RMB'000	Plastic RMB'000	Battery-housing RMB'000	Metal & Trim RMB'000	Others RMB'000	Elimination RMB'000	Consolidated RMB'000
Revenue	3,253,595	3,930,394	6,768	4,980,902	1,649,478	(622,948)	13,198,189
Segment profit	1,019,000	1,207,508	311	1,460,588	433,912	120	4,121,439
Investment income							126,389
Other unallocated income, gains and losses							269,908
Unallocated expenses							(2,242,257)
Interest expenses							(157,819)
Share of profits of joint ventures							4,388
Share of losses of associates							(20,770)
Profit before tax							2,101,278
Income tax expense							(336,187)
Profit for the year							1,765,091

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, other gains and losses, distribution and selling expenses, administrative expenses, research expenditure, interest expenses and share of profits (losses) of associates and joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

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

	2020 RMB'000	2019 RMB'000
The PRC	**7,391,431**	7,605,321
Other countries	**5,075,427**	5,592,868
	12,466,858	13,198,189

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

	2020 RMB'000	2019 RMB'000
The PRC	**9,285,197**	8,777,343
Other countries	**2,781,190**	2,092,525
	12,066,387	10,869,868

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

Information about major customer

No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

7. INVESTMENT INCOME

	2020 RMB'000	2019 RMB'000
Interest on bank deposits	**239,360**	125,964
Interest on loan receivables	**350**	425
Total	**239,710**	126,389

8. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Government grants (note i)	**93,378**	138,280
Service and consultation income (note ii)	**20,282**	6,397
Sales of scrap and raw materials (note iii)	**13,450**	20,816
Rental income, net of outgoings	**10,233**	9,195
Indemnity income	**6,376**	7,877
Others	**16,272**	17,902
Total	**159,991**	200,467

Notes:

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

(ii) The Group provides certain maintenance, repairing and technical consultation services to customers, which are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. As a practical expedient, the Group has not disclosed the information of unsatisfied performance obligation since the performance obligation has an original expected duration of one year or less. The amounts shown in note 8 for the year have been offset by the relevant costs for service and consultation income of RMB4,454,000 (2019: RMB7,920,000).

(iii) Revenue for sales of scrap and raw materials is recognised when control of the materials has 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 RMB172,835,000 (2019: RMB174,766,000).

9. OTHER GAINS AND LOSSES

	2020 RMB'000	2019 RMB'000
Net foreign exchange loss	**(326)**	(5,619)
Fair value changes of derivative financial instruments	**(15,619)**	(1,192)
Fair value changes of other financial assets at FVTPL	**68,461**	58,978
Impairment loss recognised on trade and other receivables	**(15,935)**	(1,305)
Impairment loss for property, plant and equipment	**(16,378)**	(12,264)
Gain on disposal of property, plant and equipment	**6,616**	9,661
Gain on disposal of subsidiaries (note 37)	**1,001**	—
Gain on deemed disposal of an associate	**—**	836
Compensation from the legal proceeding	**—**	20,346
Provision (note)	**(52,875)**	—
Others	**(6,334)**	—
Total	**(31,389)**	69,441

Note: During the current year, a subsidiary of the Company located in Mexico received the notice of penalty of Peso Mexicano161,195,000 (equivalent to RMB52,875,000) from the local customs in relation to alleged violation of certain local regulations. The Group has submitted an administrative appeal which was dismissed by the local customs subsequent to the end of the reporting period on 1 March 2021 and is now preparing for a further appeal to the local contentious-administrative federal court. In the opinion of the Directors, it is probable that the Group will be required to settle such penalty if the further appeal is eventually dismissed. Hence, the Group has fully provided such penalty as at 31 December 2020.

10. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
Current tax:		
PRC Enterprise Income Tax	**261,609**	377,788
Other jurisdictions	**(653)**	10,665
Withholding tax paid	**—**	10,273
	260,956	398,726
Over provision in prior years:		
PRC Enterprise Income Tax	**(86,262)**	(52,677)
Deferred tax:		
Current year charge (credit) (note 24)	**41,893**	(9,862)
	216,587	336,187

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 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:

(1) 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 2020.

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

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

10. INCOME TAX EXPENSE (CONTINUED)

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

	2020 RMB'000	2020 %	2019 RMB'000	2019 %
Profit before tax	**1,679,575**		2,101,278	
Tax at the applicable income tax rate of 25% (2019: 25%) (note)	**419,894**	**25.0**	525,320	25.0
Tax effect of share of (profits) losses of associates and joint ventures	**(3,536)**	**(0.2)**	4,096	0.2
Tax effect of expenses not deductible for tax purpose	**30,797**	**1.8**	10,095	0.5
Tax effect of income not taxable for tax purpose	**(1,904)**	**(0.1)**	(5,828)	(0.3)
Tax effect of tax losses not recognised as deferred tax assets	**92,083**	**5.5**	43,117	2.1
Tax effect of utilisation of tax losses previously not recognised as deferred tax assets	**(39,529)**	**(2.4)**	(14,472)	(0.7)
Effect of tax concessions granted to the PRC subsidiaries	**(167,091)**	**(9.9)**	(188,253)	(9.0)
Withholding tax provision on the profits of the PRC subsidiaries	**21,233**	**1.2**	20,637	1.0
Tax effect of different tax rates of subsidiaries	**2,988**	**0.2**	(5,712)	(0.3)
Deferred tax charged at different tax rates	**232**	**–**	(136)	–
Super deduction for research and development expenses	**(52,318)**	**(3.1)**	–	–
Over provision in respect of prior years	**(86,262)**	**(5.1)**	(52,677)	(2.5)
Tax expense and effective tax rate for the year	**216,587**	**12.9**	336,187	16.0

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. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

On 30 December 2020, the Group enters into an agreement with an independent third party, pursuant to which, the Group agrees to sell and the independent third party agrees to buy the entire equity interest of the Group's subsidiary engaging in manufacturing and sales of automobile body parts for a cash consideration of RMB400,000,000, which will be settled by stages according to the schedule as stated in the agreement and the Group expects to receive majority of the settlement within twelve months upon completion of the disposal. The net proceed of disposal exceeds the carrying amount of the net assets of the subsidiary to be disposal of, and accordingly, no impairment loss has been recognised as at 31 December 2020.

The assets and liabilities attributable to the subsidiary, which is expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below).

The major classes of assets and liabilities of the subsidiary classified as held for sale are as follows:

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

12. PROFIT FOR THE YEAR

	2020 RMB'000	2019 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories as recognised	**8,608,015**	9,076,750
Directors' remuneration (note 13)	**8,171**	11,142
Other staff's salaries and allowances	**2,381,501**	2,475,565
Other staff's related welfares and benefits	**226,969**	240,479
Other staff's retirement benefits scheme contributions	**67,189**	112,016
Other staff's share-based payments	**63,651**	59,157
Total staff costs	**2,747,481**	2,898,359
Less: Staff costs included in research expenditure	**(387,770)**	(401,537)
	2,359,711	2,496,822
Remuneration of the Company's auditor	**3,730**	3,730
Depreciation of property, plant and equipment	**815,457**	750,881
Depreciation of right-of-use assets	**30,729**	26,365
Amortisation of other intangible assets	**33,445**	27,979
Less: Depreciation and amortisation included in research expenditure	**(30,470)**	(29,073)
Capitalised in inventories	**(674,261)**	(616,801)
	174,900	159,351
Write down of inventories (note)	**55,790**	32,230
Rental income	**(20,812)**	(17,954)
Less: Outgoings	**10,579**	8,759
	(10,233)	(9,195)
Research expenditure recognised as an expense and comprised:		
Staff costs	**387,770**	401,537
Cost of materials	**283,801**	165,119
Depreciation and amortisation expenses	**30,470**	29,073
Other operating costs	**62,146**	59,797
	764,187	655,526

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

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

(a) Directors' and Chief Executive's emoluments

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

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

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

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

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

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

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

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

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

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

		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
2019						
Executive directors:						
Mr. Chin (Resigned on 25 October 2019)	–	–	–	–	–	–
Zhao Feng (Resigned on 25 October 2019)	–	1,301	–	1,402	10	2,713
Huang Chiung Hui	–	3,189	804	1,402	13	5,408
Chin Chien Ya	–	1,195	149	280	73	1,697
	–	5,685	953	3,084	96	9,818

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

		Other emoluments				
	Fees RMB'000	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
Independent non-executive directors:						
Yu Zheng	182	–	–	280	–	462
Wang Ching	151	–	–	280	–	431
Wu Fred Fong	151	–	–	280	–	431
	484	–	–	840	–	1,324

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

During the year ended 31 December 2019, one director, Mr. Chin, waived emoluments of RMB600,000.

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

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

(b) Employees' emoluments

During the years ended 31 December 2019 and 2020, 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 2020, of the five highest-paid individuals, two (2019: two) were directors whose emoluments are set out above. The emoluments of the remaining three (2019: three) highest-paid individuals are as follows:

	Salaries and other benefits RMB'000	Performance related bonus RMB'000 (note)	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2020	**7,623**	**430**	**2,095**	**119**	**10,267**
2019	10,475	801	1,317	286	12,879

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:

	2020 No. of employees	2019 No. of employees
Hong Kong dollars ("HK$")		
HK$2,000,001 to HK$2,500,000	**2**	—
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**—**	1
HK$3,500,001 to HK$4,000,000	**—**	1
HK$4,500,001 to HK$5,000,000	**1**	—
HK$6,000,001 to HK$6,500,000	**—**	1
HK$7,000,001 to HK$7,500,000	**1**	—
HK$7,500,001 to HK$8,000,000	**—**	1

14. DIVIDENDS

	2020 RMB'000	2019 RMB'000
Dividends recognised as distribution during the year:		
2019 Final — HK$0.656 (2018 final dividend: HK$0.661) per share	**694,445**	667,384

At the annual general meeting held on 28 May 2020, a final dividend of HK$0.656 (2019: HK$0.661) per share totalling HK$754,876,000 (equivalent to RMB694,445,000) (2019: HK$759,452,000 (equivalent to RMB667,384,000)) in respect of the year ended 31 December 2019 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.572 per share totalling HK$663,233,000 (equivalent to RMB558,203,000) for the year ended 31 December 2020 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting to be held on 31 May 2021.

15. EARNINGS PER SHARE

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

	2020 RMB'000	2019 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**1,395,509**	1,690,300

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share(Note)	**1,150,185**	1,148,318
Effect of dilutive potential ordinary shares:		
Options	**3,274**	4,978
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,153,459**	1,153,296

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

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RMB'000	Buildings RMB'000	Furniture and equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2019	136,984	2,752,996	523,012	118,399	30,240	5,490,687	1,499,883	10,552,201
Exchange adjustments	8,424	15,567	6,763	73	146	20,152	6,824	57,949
Additions	18,662	35,222	24,200	363	2,191	236,723	1,345,968	1,663,329
Disposals	–	(4,230)	(6,994)	(13,992)	(1,445)	(170,143)	(12,346)	(209,150)
Arising on acquisition of a subsidiary (note i)	–	15,094	32	1,783	231	29,229	39	46,408
Reduction of government subsidies related to assets (note ii)	–	–	–	–	–	(72,979)	–	(72,979)
Transfers	–	277,991	44,151	11,707	2,108	1,044,218	(1,380,175)	–
At 31 December 2019	164,070	3,092,640	591,164	118,333	33,471	6,577,887	1,460,193	12,037,758
Exchange adjustments	(7,791)	(27,576)	(11,378)	(49)	(164)	(56,010)	(15,613)	(118,581)
Additions	654	18,915	10,805	2,645	4,642	165,279	1,862,590	2,065,530
Disposals	–	(7,819)	(24,886)	(737)	(2,466)	(168,342)	(6,455)	(210,705)
Disposal of subsidiaries (note 37)	–	(11,263)	(1,963)	–	(5)	(100)	(3,591)	(16,922)
Reduction of government subsidies related to assets (note ii)	–	(1,471)	(41)	–	–	(41,358)	–	(42,870)
Reclassify as held for sale assets (note 11)	–	(146,963)	(9,694)	–	(6,408)	(37,692)	(152)	(200,909)
Transfers	–	400,017	42,242	1,006	919	636,037	(1,080,221)	–
At 31 December 2020	**156,933**	**3,316,480**	**596,249**	**121,198**	**29,989**	**7,075,701**	**2,216,751**	**13,513,301**
DEPRECIATION AND IMPAIRMENT								
At 1 January 2019	–	583,286	311,389	57,987	20,235	1,645,049	1,134	2,619,080
Exchange adjustments	–	3,170	3,831	30	143	20,293	15	27,482
Provided for the year	–	138,791	67,243	11,918	2,926	530,003	–	750,881
Impairment loss recognised in profit or loss (note iii)	–	–	2,144	7,122	–	2,998	–	12,264
Eliminated on disposals	–	(2,321)	(6,026)	(9,863)	(758)	(100,201)	–	(119,169)
Write off (note iii)	–	–	–	–	–	(1,756)	–	(1,756)
At 31 December 2019	–	722,926	378,581	67,194	22,546	2,096,386	1,149	3,288,782
Exchange adjustments	–	(6,357)	(8,374)	(22)	(122)	(14,466)	(58)	(29,399)
Provided for the year	–	149,845	51,334	12,305	3,701	598,272	–	815,457
Impairment loss recognised in profit or loss (note iii)	–	–	1,172	3,236	–	9,888	2,082	16,378
Disposal of subsidiaries (note 37)	–	(1,790)	(338)	–	(1)	(36)	–	(2,165)
Eliminated on disposals	–	(829)	(19,671)	(737)	(1,868)	(107,157)	–	(130,262)
Write-off (note iii)	–	–	(10)	–	–	(26,470)	–	(26,480)
Reclassify as held for sale assets (note 11)	–	(22,407)	(4,766)	–	(1,971)	(5,512)	–	(34,656)
At 31 December 2020	**–**	**841,388**	**397,928**	**81,976**	**22,285**	**2,550,905**	**3,173**	**3,897,655**
CARRYING AMOUNT								
At 31 December 2020	**156,933**	**2,475,092**	**198,321**	**39,222**	**7,704**	**4,524,796**	**2,213,578**	**9,615,646**
At 31 December 2019	164,070	2,369,714	212,583	51,139	10,925	4,481,501	1,459,044	8,748,976

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

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

The Group has not pledged freehold land and buildings to secure any general banking facilities granted to group entities as at 31 December 2020 and 2019.

Note i During the year ended 31 December 2019, the Group obtained the control over Guangzhou Tokai (as defined in note 18) at the consideration of RMB1,913,000, upon which, Guangzhou Tokai became a non-wholly owned subsidiary of the Group. The acquisition is accounted for by acquisition method. Details of the acquisition are set out in note 37 to the consolidated financial statements of the Group for the year ended 31 December 2019.

Note ii During the year ended 31 December 2020, the Group received a government subsidy of RMB42,870,000 (2019:RMB72,979,000) towards the cost of construction of its buildings, plant and machinery, and a government subsidy of RMB7,680,000 (2019:RMB1,059,000) towards the cost of other intangible assets (note19), both of which have been treated as a deduction from the carrying amount of the relevant assets. For assets under construction, the relevant government subsidy of RMB9,349,000 (2019:RMB13,653,000)received has been treated as deferred income to deduct the carrying amount of the relevant assets upon the completion of the construction.

Note iii During the year ended 31 December 2020, the Group recognised an impairment loss of RMB16,378,000 relating to furniture and equipment, leasehold improvements, plant and machinery and construction in progress (2019: furniture and equipment, leasehold improvements and plant and machinery with carrying amount of RMB12,264,000).

During the year ended 31 December 2020, the Group wrote off the impairment on furniture and equipment, plant and machinery with a carrying amount of RMB26,480,000 (2019: plant and machinery with carrying amount of RMB1,756,000).

17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	**Buildings** RMB'000	**Motor vehicles** RMB'000	**Machinery** RMB'000	**Total** RMB'000
As at 31 December 2020					
Carrying amount	944,538	14,615	482	—	959,635
As at 31 December 2019					
Carrying amount	889,428	98,721	276	—	988,425
For the year ended 31 December 2020					
Depreciation charge	(23,182)	(7,258)	(289)	—	(30,729)
For the year ended 31 December 2019					
Depreciation charge	(20,566)	(5,205)	(451)	(143)	(26,365)

17. RIGHT-OF-USE ASSETS (CONTINUED)

	2020 RMB'000	2019 RMB'000
Expense relating to short-term leases and leases of low-value assets	**63,063**	50,032
Total cash outflow for leases	**217,410**	195,548
Additions to right-of-use assets (note i)	**166,651**	224,873
Modification of leases (note ii)	**81,579**	—

Note i: During the year ended 31 December 2020, the Group recognised RMB148,730,000 (2019: RMB138,910,000) right-of-use assets in respect of newly obtained land use right located in the PRC.

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

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

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

The Group has obtained the land use right certificates for all leasehold lands except for leasehold lands with carrying amount of RMB151,757,000 (2019:RMB60,378,000) in which the Group is in the process of obtaining.

The Group regularly entered into short-term leases for machinery and equipment and motor vehicles. As at 31 December 2020 and 2019, 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 RMB19,307,000 are recognised with related right-of-use assets of RMB15,097,000 as at 31 December 2020 (2019: lease liabilities of RMB98,879,000 and related right-of-use assets of RMB98,997,000). 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 2020 and 2019, the Group has not entered into any new leases that are not yet commenced.

18. GOODWILL

	2020 RMB'000	2019 RMB'000
Cost and carrying amount		
Balance at beginning of year	**98,030**	97,505
Arising from acquisition of Guangzhou Tokai Minth Automotive Parts Co., Ltd. ("Guangzhou Tokai")	**–**	525
Balance at end of year	**98,030**	98,030

The goodwill held by the Group as at 31 December 2020 arose on (i) the acquisition of a subsidiary, Jiaxing Minrong Automotive Parts Co., Ltd. ("Jiaxing Minrong") in 2006; (ii) the acquisition of a subsidiary, Plastic Trim International, Inc. ("PTI") in 2014; (iii) the acquisition of a subsidiary, Jiaxing Dura Minth Automotive Parts Co., Ltd. ("Jiaxing Dura") in 2016; (iv) the acquisition of a subsidiary, United Alloy-Tech. (BVI) Company LTD. ("UATC") in 2018 and (v) the acquisition of a subsidiary, Guangzhou Tokai in 2019.

Impairment test on goodwill

(i) Jiaxing Minrong

As at 31 December 2020, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (2019: 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 2020 and 2019, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(ii) PTI

As at 31 December 2020, the carrying amount of goodwill allocated to the cash-generating unit of moulding and extrusion manufacturing of PTI is RMB31,131,000 (2019: 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 2020 and 2019, the recoverable amount of the cash-generating unit is greater than the carrying amount.

18. GOODWILL (CONTINUED)

Impairment test on goodwill (Continued)

(iii) Jiaxing Dura

As at 31 December 2020, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Dura is RMB36,821,000 (2019: 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 2020 and 2019, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(iv) UATC

As at 31 December 2020, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of UATC is RMB14,277,000 (2019: 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 2020 and 2019, the recoverable amount of the cash-generating unit is greater than the carrying amount.

(v) Guangzhou Tokai

As at 31 December 2020, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Guangzhou Tokai is RMB525,000 (2019: 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 2020 and 2019, the recoverable amount of the cash-generating unit is greater than the carrying amount.

19. OTHER INTANGIBLE ASSETS

	Emission rights RMB'000	Patent RMB'000	Technical know-how and trademark RMB'000	Total RMB'000
COST				
At 1 January 2019	11,066	1,621	202,517	215,204
Additions	980	1,265	19,041	21,286
Acquisition of a subsidiary	—	—	1,019	1,019
Disposals	—	—	(111)	(111)
Exchange adjustments	—	—	292	292
Reduction of government subsidies related to assets (note 16 – note (ii))	—	—	(1,059)	(1,059)
At 31 December 2019	12,046	2,886	221,699	236,631
Additions	—	1,940	64,533	66,473
Reclassify as held for sale assets (note 11)	—	—	(5,574)	(5,574)
Disposals	(13)	—	—	(13)
Exchange adjustments	—	—	(1,189)	(1,189)
Reduction of government subsidies related to assets (note 16 – note (ii))	—	—	(7,680)	(7,680)
At 31 December 2020	**12,033**	**4,826**	**271,789**	**288,648**
AMORTISATION				
At 1 January 2019	4,786	1,621	145,516	151,923
Charge for the year	3,732	160	24,087	27,979
Eliminated on disposals	—	—	(108)	(108)
Exchange adjustments	—	—	283	283
At 31 December 2019	8,518	1,781	169,778	180,077
Charge for the year	2,489	382	30,574	33,445
Eliminated on disposals	(13)	—	—	(13)
Reclassify as held for sale assets (note 11)	—	—	(2,025)	(2,025)
Exchange adjustments	—	—	(1,034)	(1,034)
At 31 December 2020	**10,994**	**2,163**	**197,293**	**210,450**
CARRYING AMOUNT				
At 31 December 2020	**1,039**	**2,663**	**74,496**	**78,198**
At 31 December 2019	3,528	1,105	51,921	56,554

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

20. INTERESTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in joint ventures	**128,955**	88,955
Exchange adjustments	**620**	620
Share of post-acquisition profits, net of dividends received	**7,237**	619
	136,812	90,194

As at 31 December 2020 and 2019, the Group had interests in the following joint ventures:

Name of entity	Country of incorporation and operation	Attributable equity interest of the Group		Share capital	Principal activities
		2020 %	2019 %		
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**	50	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**	51	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 (note i)**	40 (note i)	US$18,000,000	Manufacture and sale of soft automotive interior trim materials and provide relevant technical services
Minth Haila Automotive Parts Co., Ltd.* ("Minth Haila") 敏實海拉(嘉興)汽車零部件有限公司	The PRC	**50 (note ii)**	N/A	RMB37,000,000	Design, manufacture, develop and sales of automobile body parts
Jiaxing Minshuo Intelligent Technology Co., Ltd.* ("Jiaxing Minshuo") 嘉興市敏碩智能科技有限公司	The PRC	**30 (note ii)**	N/A	RMB10,000,000	Design, manufacture, develop and sales of automobile body parts

* The English names are for identification purposes only.

Notes:

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

(ii) Minth Haila and Jiaxing Minshuo were established by the Group and independent third parties during the current year.

20. INTERESTS IN JOINT VENTURES (CONTINUED)

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

(a) Wuhan Minth Nojima

	2020 RMB'000	2019 RMB'000
Current assets	**123,833**	86,114
Non-current assets	**10,226**	12,120
Current liabilities	**69,615**	33,869
Non-current liabilities	**4**	5
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**19,890**	38,235

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**183,526**	155,810
Profit for the year	**10,080**	8,515
Dividend declared from the joint venture to the Group	**5,000**	10,000
The above profit for the year include the following: Depreciation and amortisation	**2,121**	2,470
Interest income	**719**	922
Income tax expense	**3,552**	2,439

20. INTERESTS IN JOINT VENTURES (CONTINUED)

(a) Wuhan Minth Nojima (Continued)

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

	2020 RMB'000	2019 RMB'000
Net assets of Wuhan Minth Nojima	**64,440**	64,360
Proportion of the Group's ownership interest in Wuhan Minth Nojima	**50%**	50%
Carrying amount of the Group's interest in Wuhan Minth Nojima	**32,220**	32,180

(b) HaMinGi

	2020 RMB'000	2019 RMB'000
Current assets	**109,650**	49,096
Non-current assets	**59,309**	64,686
Current liabilities	**43,886**	22,971
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**60,097**	14,000

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**115,793**	75,503
Profit for the year	**34,262**	9,724
The above profit for the year include the following: Depreciation and amortisation	**7,246**	6,430
Interest income	**259**	81
Income tax expense	**3,323**	—

20. INTERESTS IN JOINT VENTURES (CONTINUED)

(b) HaMinGi (Continued)

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

	2020 RMB'000	2019 RMB'000
Net assets of HaMinGi	**125,073**	90,811
Proportion of the Group's ownership interest in HaMinGi	**40%**	40%
Carrying amount of the Group's interest in HaMinGi	**50,029**	36,324

Aggregate information of joint ventures that are not material

	2020 RMB'000	2019 RMB'000
The Group's share of loss	**(7,127)**	(3,759)
Aggregate carrying amount of the Group's interests in these joint ventures	**54,563**	21,690

21. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Cost of unlisted investments in associates	**207,026**	207,026
Exchange adjustments	**(289)**	(289)
Share of post-acquisition losses, net of dividends received	**(22,458)**	(23,482)
Impairment (note i)	**(58,390)**	(58,390)
	125,889	124,865

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

21. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 December 2020 and 2019, the Group had interests in the following associates:

Name of entity	Country of incorporation and operation	Attributable equity interest of the Group		Share capital		Principal activities
		2020 %	2019 %	**2020**	2019	
Jiaxing TAB-MINTH Mobility Equipment Co., Ltd.* 嘉興豐實福祉汽車部件有限公司	the PRC	**35.00**	35.00	**US$1,000,000**	US$1,000,000	Wholesale, sales agency and import and export of automobile parts, and relevant technical consultancy, assembly and maintenance services
Wuhan Sankei Minth Automotive Parts Co., Ltd. ("Wuhan Sankei Minth")* 武漢三惠敏實汽車零部件有限公司	the PRC	**30.00**	30.00	**US$7,500,000**	US$7,500,000	Manufacture and sales of exhaust systems for automobiles
Clean Wave	the USA	**13.20 (note i)**	13.20 (note i)	**Ordinary share: US$11,439 Preferences share: US$27,126,263**	Ordinary share: US$11,439 Preferences share: US$27,126,263	Producing the next generation of electric motors, power electronic controls for electric & hybrid electric vehicles
Yuyao Minyong Automotive Parts Co., Ltd.* 余姚市敏永汽車零部件有限公司	the PRC	**30.00**	30.00	**RMB10,000,000**	RMB10,000,000	Design and manufacture of automotive parts and mould
Seat Metal Parts China Co., Ltd. ("Seat Metal Parts")* 浙江車精汽車部件有限公司	the PRC	**10.00 (note ii)**	10.00 (note ii)	**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)**	16.18 (note iii)	**US$130,000,000**	US$130,000,000	Design, development and wholesale of automobile body parts for electric vehicle

* The English names are for identification purposes only.

Note i: The board of directors of Clean Wave consists of 4 directors, of which one is appointed by Enboma Investments Limited ("Enboma"), a wholly-owned subsidiary of the Company. The Company is of the opinion that Enboma has the right to appoint one director and therefore has significant influence over Clean Wave. As a result, it is treated as an associate of the Group.

Note ii: The board of directors of Seat Metal Parts consists of 3 directors, of which one is appointed by Minth Investment Limited* (明柘投資有限公司) ("Minth Investment"), a wholly-owned subsidiary of the Group. The Company is of the opinion that Minth Investment has the right to appoint one director and therefore has significant influence over Seat Metal Parts. As a result, it is treated as an associate of the Group.

Note iii: The board of directors of Jiangsu Min'an consists of 3 directors, of which one is appointed by Cheerplan (China) Investments Co., Ltd.* (展圖(中國)投資有限公司) ("Cheerplan China"), a wholly-owned subsidiary of the Group. The Company is of the opinion that the Group has the right to appoint one director and therefore has significant influence over Jiangsu Min'an. As a result, it is treated as an associate of the Group.

Pursuant to the supplementary agreement entered into on 31 December 2019, all shareholders of Jiangsu Min'an agreed to share the paid-in capital based on the actual payment by the respective shareholders, while other equity interest other than the paid-in capital are shared based on the proportion of subscribed registered capital. Therefore, as at 31 December 2019, the Group held 16.18% of Jiangsu Min'an's paid-in capital based on the Group's actual payment of USD16,500,000 and 12.69% of other equity interest based on the Group's proportion of subscribed registered capital in Jiangsu Min'an.

As at 31 December 2020, all shareholders of Jiangsu Min'an have paid in full the subscribed registered capital, therefore the Group held 12.69% of Jiangsu Min'an's equity interest.

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.

21. INTERESTS IN ASSOCIATES (CONTINUED)

(a) Jiangsu Min'an

	2020 RMB'000	2019 RMB'000
Current assets	**71,042**	94,922
Non-current assets	**889,820**	1,340,011
Current liabilities	**109,156**	632,759
Non-current liabilities	**251,531**	358,017

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**2,745**	2,133
Loss for the year	**(34,661)**	(101,154)

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

	2020 RMB'000	2019 RMB'000
Net assets of Jiangsu Min'an	**600,175**	444,157
Proportion of the Group's ownership interest in the Jiangsu Min'an	**12.69%**	16.18% (Note 21(iii))
Other adjustment (Note 21 (iii))	**–**	8,695
Carrying amount of the Group's interest in the Jiangsu Min'an	**76,162**	80,560

21. INTERESTS IN ASSOCIATES (CONTINUED)

(b) Wuhan Sankei Minth

	2020 RMB'000	2019 RMB'000
Current assets	**128,843**	111,886
Non-current assets	**27,160**	26,648
Current liabilities	**43,345**	31,214

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**187,387**	220,972
Profit for the year	**10,335**	6,228
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:

	2020 RMB'000	2019 RMB'000
Net assets of Wuhan Sankei Minth	**112,658**	107,320
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	**33,797**	32,196

Aggregate information of associates that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of profit	**3,822**	3,056
Aggregate carrying amount of the Group's interests in these associates	**15,930**	12,109

22. DEBT INSTRUMENTS AT FVTOCI

	2020 RMB'000	2019 RMB'000
Bills receivables	**151,457**	256,647

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 2020 will mature within 9 months (2019: within 9 months).

Details of impairment assessment are set out in note 45.

23. LOAN RECEIVABLES

As of 31 December 2019, the loan receivable was due from an associate of the Group, carrying an interest rate of 6.175% per annum with maturity date on 13 December 2020. Upon maturity on that date, the Group entered an extension agreement with the associate to further extend for one year, which will be due on 13 December 2021, which other terms recognised unchanged.

	2020 RMB'000	2019 RMB'000
Analysed for reporting purposes as:		
Current assets	**6,000**	6,000
Non-current assets	**—**	—
	6,000	6,000

24. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current year:

Deferred tax assets have not been offset:

	Allowance for financial assets RMB'000	Allowance for inventories RMB'000	Impairment for property, plant and equipment RMB'000	Unrealised profit for intra-group transactions RMB'000	Temporary differences of expense RMB'000	Tax losses carry forwards RMB'000	Retirement benefit obligation RMB'000	Total RMB'000
At 1 January 2019	2,997	6,189	10,415	53,774	22,324	47,678	5,831	149,208
(Charge) credit to profit or loss	(307)	6,854	(4,329)	(823)	37,861	(1,808)	–	37,448
Arising on acquisition of a subsidiary	–	–	–	–	202	–	–	202
Credit to other comprehensive income for the year	–	–	–	–	–	–	221	221
At 31 December 2019	**2,690**	**13,043**	**6,086**	**52,951**	**60,387**	**45,870**	**6,052**	**187,079**
(Charge) credit to profit or loss	**(687)**	**11,914**	**(317)**	**(2,877)**	**(9,409)**	**(23,101)**	**–**	**(24,477)**
Credit to other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**317**	**317**
At 31 December 2020	**2,003**	**24,957**	**5,769**	**50,074**	**50,978**	**22,769**	**6,369**	**162,919**

Deferred tax liabilities have not been offset:

	Temporary differences of income RMB'000	**Fair value adjustments on acquisition of subsidiaries** RMB'000	**Withholding tax on undistributed dividends** RMB'000	**Total** RMB'000
At 1 January 2019	(17,817)	(73)	(49,515)	(67,405)
Charge to profit or loss	(16,237)	(985)	(10,364)	(27,586)
Exchange adjustments	—	47	—	47
At 31 December 2019	**(34,054)**	**(1,011)**	**(59,879)**	**(94,944)**
Credit (charge) to profit or loss	**3,787**	**30**	**(21,233)**	**(17,416)**
At 31 December 2020	**(30,267)**	**(981)**	**(81,112)**	**(112,360)**

24. DEFERRED TAXATION (CONTINUED)

Deferred tax assets or liabilities shown after net offsets:

	Amount offset against each other at the end of 2020 RMB'000	Deferred tax assets or liabilities after offset at the end of 2020 RMB'000
Deferred tax assets	5,249	157,670
Deferred tax liabilities	5,249	107,111

At the end of the reporting period, the Group has unused tax losses of RMB1,133,145,000 (2019: RMB1,012,083,000) available for offset against future profits. A deferred tax asset of RMB22,769,000 (2019: RMB45,870,000) has been recognised in respect of such losses. No deferred tax asset has been recognised in respect of the remaining RMB1,053,249,000(2019: RMB884,378,000) due to the unpredictability of future profit streams.

	2020 RMB'000	2019 RMB'000
Tax loss expire in 2020	–	37,147
Tax loss expire in 2021	55,112	71,554
Tax loss expire in 2022	104,967	136,414
Tax loss expire in 2023	256,196	281,117
Tax loss expire in 2024	283,085	293,582
Tax loss expire in and after 2025	353,889	64,564
	1,053,249	884,378

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. 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 RMB4,860 million as 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 RMB30,770,000 (2019: RMB16,328,000) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

25. INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials	801,655	646,068
Work in progress	595,667	545,747
Finished goods	987,426	848,161
	2,384,748	2,039,976

During the year, allowance for inventories amounting to RMB55,790,000 (2019: RMB32,230,000) has been recognised in cost of sales.

26. PROPERTY UNDER DEVELOPMENT

Property under development mainly represents land and buildings under construction located in Jiaxing City, Zhejiang Province, the PRC. The land are held under medium-term lease and are for construction of residential properties.

During the current year, property under development amounting to RMB5,903,000 (2019: RMB539,000) was completed and sold.

27. TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables		
— associates	**12,920**	15,292
— joint ventures	**10,713**	7,593
— non-controlling shareholders of subsidiaries	**134**	38
— other related parties*	**1,680**	342
— third parties	**3,291,311**	3,324,966
Less: Allowance for credit losses	**(14,328)**	(16,258)
	3,302,430	3,331,973
Bills receivables**	**68,985**	—
Other receivables	**207,913**	182,487
Less: Allowance for credit losses	**(1,574)**	(1,769)
	206,339	180,718
	3,577,754	3,512,691
Prepayments	**704,705**	567,915
Prepaid expense	**31,968**	22,398
Value-added tax recoverable	**202,487**	137,015
Insurance recoverables for loss of property, plant and equipment	**—**	24,403
Interest receivable	**97,661**	51,498
Total trade and other receivables	**4,614,575**	4,315,920

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

** The balance represents bills receivables held by the Group which is measured at amortised cost since the bills are held within a business model whose objective is to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Bills receivables held by the Group as at 31 December 2020 will mature within 9 months.

As at 1 January 2019, trade receivables from contracts with customers amounted to RMB3,117,535,000.

27. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group normally grants a credit period of 60 days to 90 days (2019: 60 days to 90 days) to customers effective from the invoice date. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2020 RMB'000	2019 RMB'000
Age		
0 to 90 days	**3,020,718**	3,012,651
91 to 180 days	**143,121**	230,558
181 to 365 days	**61,298**	11,951
1 to 2 years	**75,755**	73,261
Over 2 years	**1,538**	3,552
	3,302,430	3,331,973

As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate gross amount of RMB121,796,000 (2019: RMB108,042,000) which are past due as at the reporting date. The Directors have considered the recoverable amount and credit quality of the relevant customers and concluded that the ECL is not significant to the Group. The Group does not hold any collateral over these balances.

Details of the provision of ECL of trade and other receivables for the years ended 31 December 2020 and 2019 are set out in note 45.

The Group's trade and other receivables which are not denominated in the functional currencies of the respective group entities are as follows:

Original currencies	**US$** RMB'000	**Japanese Yen ("JPY")** RMB'000	**Euro ("EUR")** RMB'000	**HK$** RMB'000	**Mexico Peso ("MXN")** RMB'000
At 31 December 2020	**132,475**	**88**	**269,526**	**1,895**	**11,519**
At 31 December 2019	138,366	69	166,198	1,126	27,247

28. CONTRACT ASSETS AND CONTRACT COSTS

Contract assets

	2020 RMB'000	2019 RMB'000
Moulds development	**869,895**	810,772
Less: Allowance for credit losses	**—**	—
	869,895	810,772

	2020 RMB'000	2019 RMB'000
Current	**174,482**	234,230
Non-current	**695,413**	576,542
	869,895	810,772

As at 1 January 2019, contract assets amounted to RMB582,333,000.

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 costs

	2020 RMB'000	2019 RMB'000
Incremental costs to obtain contracts	**170,794**	128,891

Note: Contract costs capitalised as at 31 December 2020 relate to the incremental costs paid to strategic customers, in order to secure new sale and purchase agreements for the Group's products. Contract costs are recognised in the consolidated statement of profit or loss in the period in which revenue from the related product sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB20,258,000 (2019: RMB11,082,000). There was no impairment in relation to the costs capitalised during the year ended 31 December 2020 (2019: 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.

29. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments represented the Group's investment in a private equity investment fund for the purpose of participating in the subscription of new shares issued in the domestic capital markets, and the Group measures the relevant financial assets at fair value through profit and loss.

30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2020 RMB'000	2019 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	**4,427**	3,104
Structural option contracts (b)	**407**	100
	4,834	3,204
Derivative financial liabilities		
Foreign exchange forward contracts (a)	**4,269**	2,640
Structural option contracts (b)	**700**	—
Interest rate swap contracts (c)	**20,181**	—
	25,150	2,640

	2020 RMB'000	2019 RMB'000
Analysed for reporting purpose as:		
Current assets	**4,834**	3,204
Current liabilities	**4,969**	2,640
Non-current liabilities	**20,181**	—
	25,150	2,640

30. 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 2020

Notional amount	Maturity dates	Exchange rates
Sell US$22,000,000 Buy RMB147,406,458	29 January 2021 to 28 April 2021	US$1: RMB6.5651 to US$1: RMB6.8582
Sell EUR14,000,000 Buy RMB111,287,320	04 January 2021 to 26 February 2021	EUR1:RMB7.8537 to EUR1:RMB8.0485
Sell RMB63,481,703 Buy EUR 8,000,000	04 January 2021 to 29 January 2021	RMB1:EUR 0.1242 to RMB1:EUR0.1273
Sell RMB81,236,460 Buy US$ 12,000,000	29 January 2021	RMB1:US$ 0.1471 to RMB1:US$ 0.1479
Sell EUR 1,000,000 Buy JPY 125,050,000	25 January 2021	EUR1:JPY 125.0500

31 December 2019

Notional amount	Maturity dates	Exchange rates
Sell US$29,000,000 Buy RMB205,525,840	13 January 2020 to 30 June 2020	US$1: RMB7.0150 to US$1: RMB7.1464
Sell RMB128,169,220 Buy US$18,000,000	28 February 2020	RMB1: US$0.1396 to RMB1: US$0.1414
Sell EUR6,000,000 Buy US$6,725,428	31 January 2020 to 31 March 2020	EUR1:US$1.1182 to EUR1:US$1.1233
Sell EUR5,000,000 Buy RMB39,385,437	17 January 2020 to 31 March 2020	EUR1:RMB7.8558 to EUR1:RMB7.9078

30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(b) Structural option contracts

31 December 2020

As of 31 December 2020, the Group had the following outstanding structural option contracts:

A structural option contract begins on 9 December 2020 with settlement date at 22 March 2021 regarding US$ against CNY:

At each valuation date:

(i) if the US$ to CNY reference rate (the "Reference Rate 1"), as defined in the agreement, is below 6.4000(the "Fade Rate 1"), there would have no settlements;

(ii) if the Reference Rate 1 is equal to or between the Fade Rate 1 and 6.5800 (the "Strike Rate 1"), net settlement is calculated based on the difference between the Reference Rate 1 and the Strike Rate 1 times a notional amount of US$2,000,000, settled in CNY equivalent; and

(iii) if the Reference Rate 1 is greater than the Strike Rate 1, net settlement is calculated based on the difference between the Reference Rate 1 and the Strike Rate 1 times a notional amount of US$4,000,000, settled in CNY equivalent.

31 December 2019

As of 31 December 2019, the Group had the following outstanding structural option contracts:

A structural option contract begins on 1 July 2019 with settlement date at 3 January 2020 regarding US$ against CNY:

At each valuation date:

(iv) if the US$ to CNY reference rate (the "Reference Rate 1"), as defined in the agreement, is below 6.9800 (the "Strike Rate 1"), a fix amount of CNY100,000 will be received as option premium on settlement date; and

(v) if the Reference Rate 1 is greater than the Strike Rate 1, a gross settlement is calculated based on the Strike Rate 1 times a notional amount of US$2,000,000, settled in CNY equivalent.

30. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONTINUED)

(c) Interest rate swap contracts

31 December 2020

Major terms of the contracts outstanding at 31 December 2020 are as follows:

Notional amount	Maturity dates	Swaps
US$ 10,000,000	06/02/2023	Interest from fixed rate 1.3585% to US$-LIBOR on a quarterly basis
US$ 10,000,000	07/02/2023	Interest from fixed rate 1.4080% to US$-LIBOR on a quarterly basis
US$ 10,000,000	12/02/2023	Interest from fixed rate 1.3800% to US$-LIBOR on a quarterly basis
US$ 20,000,000	24/02/2023	Interest from fixed rate 1.4000% to US$-LIBOR on a quarterly basis
US$ 10,000,000	26/02/2023	Interest from fixed rate 1.3000% to US$-LIBOR on a quarterly basis
US$ 10,000,000	26/02/2023	Interest from fixed rate 1.2500% to US$-LIBOR on a quarterly basis
US$ 10,000,000	28/02/2023	Interest from fixed rate 1.2000% to US$-LIBOR on a quarterly basis
US$ 10,000,000	02/03/2023	Interest from fixed rate 1.1500% to US$-LIBOR on a quarterly basis
US$ 10,000,000	03/03/2023	Interest from fixed rate 1.0500% to US$-LIBOR on a quarterly basis
US$ 10,000,000	17/03/2023	Interest from fixed rate 0.5000% to US$-LIBOR on a quarterly basis
US$ 10,000,000	24/02/2023	Interest from fixed rate 1.4130% to US$-LIBOR on a quarterly basis
US$ 10,000,000	25/02/2023	Interest from fixed rate 1.3500% to US$-LIBOR on a quarterly basis

All the above derivative instruments are carried at fair value. The fair value measurement of the derivative instruments is disclosed in note 45(c).

31. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from 0.01% to 4.52% (2019: zero to 5.00%) per annum. The pledged bank deposits carry interest at fixed interest rates which range from 1.35% to 4.25% (2019: 1.35% to 2.75%) per annum.

As at 31 December 2020 and 2019, pledged bank deposits mainly represent deposits pledged to banks to secure short-term banking facilities including bills payables granted to the Group for purchases of materials for manufacturing and are therefore classified as current assets.

The Group's pledged bank deposits and certain bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currencies	US$ RMB'000	EUR RMB'000	HK$ RMB'000	JPY RMB'000	MXN RMB'000
At 31 December 2020	**251,727**	**73,584**	**39,709**	**35,251**	**7,619**
At 31 December 2019	165,948	50,372	8,055	32,491	3,850

32. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables		
— associates	**48,838**	38,749
— joint ventures	**9,168**	6,933
— non-controlling shareholders of subsidiaries	**1,831**	8,126
— other related parties*	**32,219**	63,942
— third parties	**2,111,587**	1,796,868
	2,203,643	1,914,618
Bills payables	**246,551**	228,097
Other payables		
— associates	**61**	227
— joint ventures	**63,402**	12
— non-controlling shareholders of subsidiaries	**28,580**	26,586
— other related parties*	**4,440**	21
	96,483	26,846
	2,546,677	2,169,561
Payroll and welfare payables	**411,918**	481,355
Advance from customers	**—**	4,986
Consideration payable of acquisition of property, plant and equipment	**247,848**	231,757
Technology support services fees payable	**9,676**	5,985
Freight and utilities payable	**120,437**	87,953
Other tax payable	**138,680**	48,218
Interest payable	**—**	8,927
Deposits received	**5,221**	5,888
Provision (note 9)	**52,875**	—
Others	**441,223**	392,062
Total trade and other payables	**3,974,555**	3,436,692

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

The average credit period on purchases of goods is 30 days to 90 days (2019: 30 days to 90 days).

32. 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:

	2020 RMB'000	2019 RMB'000
Age		
0 to 90 days	**2,016,243**	1,748,184
91 to 180 days	**113,588**	79,500
181 to 365 days	**30,586**	43,131
1 to 2 years	**31,313**	37,720
Over 2 years	**11,913**	6,083
	2,203,643	1,914,618

Bills payables held by the Group as at 31 December 2020 will mature within 6 months (2019: 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 2020	**64,283**	**62,741**	**54,406**	**22,934**	**127,339**
At 31 December 2019	36,580	52,894	22,399	6,551	83,221

33. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
Sales of automobile body parts	**27,365**	22,097
Sales of moulds	**69,957**	89,686
	97,322	111,783

As at 1 January 2019, contract liabilities amounted to RMB72,685,000.

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.

	2020 RMB'000	2019 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	**91,908**	54,436

34. BORROWINGS

	2020 RMB'000	2019 RMB'000
Secured (note)	**770,790**	50,000
Unsecured	**5,748,410**	4,088,998
	6,519,200	4,138,998
Fixed-rate borrowings	**2,672,520**	550,000
Variable-rate borrowings	**3,846,680**	3,588,998
	6,519,200	4,138,998
Carrying amount repayable:		
Within one year	**5,445,289**	4,138,998
Within a period of more than two years but not exceeding five years	**1,073,911**	—
	6,519,200	4,138,998

Note: As at 31 December 2020 and 2019, the balance was secured by pledged bank deposits and bills receivables of the Group.

The Group has variable-rate borrowings which carry interest at the London Inter-Bank Offered Rate and Hong Kong Inter-Bank Offered Rate. Interest is repriced every one month, three months or one year.

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

	2020	2019
Effective interest rate:		
Fixed-rate borrowings	**3.05% to 4.35%**	3.05% to 3.92%
Variable-rate borrowings	**0.30% to 4.79%**	0.20% to 4.79%

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currencies	**US$** RMB'000	**HK$** RMB'000	**EUR** RMB'000
At 31 December 2020	**1,355,222**	**197,365**	**1,476,921**
At 31 December 2019	788,311	34,040	607,264

35. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2020	2019	**2020**	2019
	’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	
	2020	2019	**2020**	2019
	’000	’000	**RMB’000**	RMB’000
Issued and fully paid				
At beginning of year	**1,149,991**	1,146,253	115,227	114,902
Exercise of share options under the Company’s employee share option scheme (note 41)	**9,665**	3,738	842	325
At end of year	**1,159,656**	1,149,991	116,069	115,227

36. NON-CONTROLLING INTERESTS

	2020 RMB'000	2019 RMB'000
Balance at beginning of year	**418,749**	268,292
Share of total comprehensive income for the year	**65,142**	77,755
Capital contribution from non-controlling shareholders	**376**	1,050
Non-controlling interests arising on the acquisition of a subsidiary	**—**	71,652
Dividends declared to non-controlling shareholders during the year	**(115,376)**	—
Balance at end of year	**368,891**	418,749

As at 31 December 2020 and 2019, the Group had following subsidiaries with non-controlling interests:

Name of subsidiary	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	
		31/12/2020 %	31/12/2019 %	31/12/2020 RMB'000	31/12/2019 RMB'000	31/12/2020 RMB'000	31/12/2019 RMB'000
Guangzhou Minhui Automobile Parts Co., Ltd. ("Guangzhou Minhui")	the PRC as a foreign equity joint venture enterprise	**30**	30	**(995)**	18,514	**66,957**	71,590
Guangzhou Tokai	the PRC as a foreign equity joint venture enterprise	**50**	50	**28,760**	25,985	**80,421**	97,636
Wuhan Tokai Minth Automotive Parts Co., Ltd.	the PRC as a foreign equity joint venture enterprise	**50**	50	**39,931**	38,565	**135,029**	160,860
UATC(note)	Taiwan	**55.82**	55.82	**158**	(7,260)	**58,102**	58,924
Individually immaterial subsidiaries with non-controlling interests						**28,382**	29,739
						368,891	418,749

Note: UATC is listed on Taipei Exchange (GreTai Securities Market). The Group has the 44.18% ownership and Mr. Chin also holds 9.96% of the total issued share capital of UATC through his wholly-owned company. The remaining 45.86% of shareholdings are owned by thousands of shareholders. In addition, the Group has the right to appoint three out of four executive directors of the board of UATC.

The Directors assessed whether the Group has control over UATC based on whether the Group has the practical ability to direct the relevant activities of UATC unilaterally. In making the judgement, the Directors considered the Group's absolute size of holding in UATC and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the Directors concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of UATC and therefore the Group has control over UATC.

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

36. NON-CONTROLLING INTERESTS (CONTINUED)

(i) Guangzhou Minhui

	2020 RMB'000	2019 RMB'000
Current assets	**343,032**	209,097
Non-current assets	**240,292**	234,194
Current liabilities	**355,342**	191,212
Non-current liabilities	**21**	8,673
Equity attributable to owners of the Company	**161,004**	171,816
Non-controlling interests	**66,957**	71,590

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**721,994**	757,313
Expenses	**725,309**	695,599
(Loss) profit for the year	**(3,315)**	61,714
(Loss) profit attributable to owners of the Company	**(2,320)**	43,200
(Loss) profit attributable to non-controlling interests	**(995)**	18,514
Dividends declared to non-controlling shareholders	**3,638**	—
Net cash inflow from operating activities	**94,328**	122,140
Net cash outflow from investing activities	**(88,976)**	(92,707)
Net cash inflow (outflow) from financing activities	**46,872**	(30,233)
Net cash inflow (outflow)	**52,224**	(800)

36. NON-CONTROLLING INTERESTS (CONTINUED)

(ii) Guangzhou Tokai

	2020 RMB'000	2019 RMB'000
Current assets	**330,679**	302,201
Non-current assets	**63,719**	71,983
Current liabilities	**233,556**	178,912
Equity attributable to owners of the Company	**80,421**	97,636
Non-controlling interests	**80,421**	97,636

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**269,173**	253,353
Expenses	**211,653**	201,383
Profit for the year	**57,520**	51,970
Profit attributable to owners of the Company	**28,760**	25,985
Profit attributable to non-controlling interests	**28,760**	25,985
Dividends paid to non-controlling shareholders	**45,975**	—
Net cash inflow from operating activities	**130,312**	22,375
Net cash outflow from investing activities	**(12,842)**	(193)
Net cash outflow from financing activities	**(41,399)**	—
Net cash inflow	**76,071**	22,182

36. NON-CONTROLLING INTERESTS (CONTINUED)

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

	2020 RMB'000	2019 RMB'000
Current assets	**279,565**	282,193
Non-current assets	**139,524**	142,522
Current liabilities	**147,647**	102,567
Non-current liabilities	**10**	428
Equity attributable to owners of the Company	**136,403**	160,860
Non-controlling interests	**135,029**	160,860

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**433,699**	398,057
Expenses	**352,462**	320,927
Profit for the year	**81,237**	77,130
Profit attributable to owners of the Company	**41,306**	38,565
Profit attributable to non-controlling interests	**39,931**	38,565
Dividends paid to non-controlling shareholders	**65,762**	—
Net cash inflow from operating activities	**74,841**	126,751
Net cash outflow from investing activities	**(12,778)**	(155,121)
Net cash outflow from financing activities	**(50,814)**	—
Net cash inflow (outflow)	**11,249**	(28,370)

36. NON-CONTROLLING INTERESTS (CONTINUED)

(iv) UATC and UATC's subsidiary

	2020 RMB'000	2019 RMB'000
Current assets	**195,495**	122,337
Non-current assets	**116,685**	121,400
Current liabilities	**171,611**	105,784
Non-current liabilities	**35,628**	31,775
Equity attributable to owners of the Company	**45,987**	46,637
Non-controlling interests of UATC	**58,102**	58,924
Non-controlling interests of UATC's subsidiary	**852**	617

36. NON-CONTROLLING INTERESTS (CONTINUED)

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

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**209,017**	192,852
Expenses	**208,420**	205,764
Profit (loss) for the year	**597**	(12,912)
Profit(loss) attributable to owners of the Company	**126**	(5,746)
Profit(loss) attributable to non-controlling interests of UATC	**158**	(7,260)
Profit attributable to non-controlling interests of UATC's subsidiary	**313**	94
Profit(loss) for the year	**597**	(12,912)
Other comprehensive (expense) income attributable to owners of the Company	**(776)**	864
Other comprehensive (expense) income attributable to non-controlling interests of UATC	**(979)**	1,090
Other comprehensive (expense)income attributable to non-controlling interests of UATC's subsidiary	**(79)**	30
Other comprehensive (expense) income for the year	**(1,834)**	1,984
Total comprehensive expense attributable to owners of the Company	**(650)**	(4,882)
Total comprehensive expense attributable to non-controlling interests of UATC	**(821)**	(6,170)
Total comprehensive income attributable to non-controlling interests of UATC's subsidiary	**234**	124
Total comprehensive expense for the year	**(1,237)**	(10,928)
Net cash inflow (outflow) from operating activities	**68,104**	(12,519)
Net cash outflow from investing activities	**(8,407)**	(3,817)
Net cash (outflow) inflow from financing activities	**(7,447)**	3,303
Net cash inflow (outflow)	**52,250**	(13,033)

37. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2020

On 24 July 2020, Cheerplan China, a wholly-owned subsidiary of the Group entered into an equity transfer agreement with Zhejiang Minyuan Investment Co., Ltd., a related party, pursuant to which Cheerplan China agreed to dispose of the entire interest in Qingyuan Eden Ecological Agriculture Development Co., Ltd. at a consideration of RMB7,220,000. The disposal had been completed in July 2020.

Consideration received

	RMB'000
Cash received	7,220

Analysis of assets and liabilities over which control was lost

	RMB'000
Property, plant and equipment	5,696
Right-of-use assets	7,578
Inventories	146
Trade and other receivables	1,428
Bank balances and cash	76
Trade and other payables	(702)
Borrowings	(1,000)
Lease liabilities	(7,384)
Net assets disposed of	5,838

Gain on disposal of a subsidiary

	RMB'000
Total consideration	7,220
Less: net assets disposed of	(5,838)
Gain on disposal	1,382

37. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2020 (Continued)

Net cash inflow arising on disposal of a subsidiary

	RMB'000
Cash consideration received	7,220
Less: bank balances and cash disposed of	(76)
	7,144

On 30 November 2020, UATC, a non-wholly owned subsidiary of the Group entered into an equity transfer agreement with Shenzhen Jiushan Technology Co., Ltd., a third party, pursuant to which UATC agreed to dispose the entire interest in Huizhou Jing Jiu Wang Alloy-Tech Co., LTD. at a consideration of RMB9,000,000. The disposal had been completed in November 2020.

Consideration received

	RMB'000
Deferred cash consideration (note)	9,000

Analysis of assets and liabilities over which control was lost

	RMB'000
Property, plant and equipment	9,061
Right-of-use assets	4,941
Trade and other receivables	5,283
Bank balances and cash	648
Trade and other payables	(5,075)
Lease liabilities	(5,477)
Net assets disposed of	9,381

Loss on disposal of a subsidiary

	RMB'000
Total consideration	9,000
Less: net assets disposed of	(9,381)
Loss on disposal	(381)

37. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2020 (Continued)

Net cash outflow arising on disposal of a subsidiary

	RMB'000
Cash consideration received	—
Less: bank balances and cash disposed of	(648)
	(648)

Note: Pursuant to the equity transfer agreement, the deferred consideration will be settled in cash by the purchaser on or before 30 November 2023.

38. LEASE LIABILITIES

	2020 **RMB'000**	2019 RMB'000
Lease liabilities payable:		
Within one year	**7,712**	5,311
Within a period of more than one year but not more than two years	**2,572**	3,792
Within a period of more than two years but not more than five years	**1,953**	2,976
Within a period of more than five years	**7,070**	86,800
	19,307	98,879
Less: Amount due for settlement within 12 months shown under current liabilities	**(7,712)**	(5,311)
Amount due for settlement after 12 months shown under non-current liabilities	**11,595**	93,568

The weighted average incremental borrowing rates applied to lease liabilities range from 1.30% to 4.75% (2019: 1.30% to 4.75%).

39. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The Group lets a part of its equipment and buildings under operating leases. Rental income earned during the year was RMB20,812,000 (2019: RMB17,954,000).

Undiscounted lease payments receivable on leases are as follows:

	2020 RMB'000	2019 RMB'000
Within one year	**5,337**	3,706
In the second to fifth year inclusive	**1,676**	3,046
	7,013	6,752

40. COMMITMENTS

	2020 RMB'000	2019 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisitions of property, plant and equipment	**604,926**	333,316

41. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme:

The Company's share option scheme (the "2005 Share Option Scheme") was adopted pursuant to a resolution passed on 13 November 2005 for the primary purpose of providing incentives to Directors and eligible employees, and originally adopted for a term of 10 years. Under the 2005 Share Option Scheme, the Board may grant options to eligible employees, including the Directors, to subscribe for the shares of the Company. The 2005 Share Option Scheme has been terminated and replaced by a new share option scheme, which was approved in the annual general meeting held on 22 May 2012 and will be valid for 10 years from the date of its adoption (the "2012 Share Option Scheme"). Detail of the 2012 Share Option Scheme refers to the announcement of the Company on 20 April 2012.

The Group has granted a series of share options in 2008, 2011, 2012, 2014 and 2015 under the 2005 Share Option Scheme and 2012 Share Option Scheme, respectively. On 10 April 2018, the Group granted 25,000,000 share options to certain directors and employees under the 2012 Share Option Scheme, pursuant to which, 30% of the granted options can be exercised on or after 1 April 2019, 30% of the granted options can be exercised on or after 1 April 2020 and the remaining 40% of options can be exercised on or after 1 April 2021. The exercise price is HK$37.60.

On 28 July 2020, the Company offered to grant share options to certain eligible participants who have contributed or will contribute to the Group as a reward or incentive under the 2012 Share Option Scheme to subscribe for a total of 28,000,000 ordinary shares of HK$0.10 each in the issued share capital of the Company. Exercise price of the share options granted is HK$23.85 per share, validity period of the share options are from 1 July 2021 to 31 December 2025.

41. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

At 31 December 2020, the total number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 47,703,000 (2019: 31,724,500), representing 4.11% (2019: 2.76%) of the shares of the Company in issue at end of the reporting period.

Details of the specific categories of options are as follows:

Option type	Date of grant	Tranche	Vesting period	Exercise period	Exercise price HK$	Fair value at grant date HK$
2015	25/03/2015	A	25/03/2015 to 31/12/2015	01/01/2016 to 31/12/2020	14.08	3.54
	25/03/2015	B	25/03/2015 to 31/12/2016	01/01/2017 to 31/12/2020	14.08	3.91
	25/03/2015	C	25/03/2015 to 31/12/2017	01/01/2018 to 31/12/2020	14.08	4.13
	25/03/2015	E	25/03/2015 to 31/12/2015	01/01/2016 to 31/12/2020	14.08	3.68
	25/03/2015	F	25/03/2015 to 31/12/2016	01/01/2017 to 31/12/2020	14.08	4.00
	25/03/2015	G	25/03/2015 to 31/12/2017	01/01/2018 to 31/12/2020	14.08	4.19
2018-I (note)	10/04/2018	A	10/04/2018 to 01/04/2019	02/04/2019 to 31/12/2023	37.60	9.25
	10/04/2018	B	10/04/2018 to 01/04/2020	02/04/2020 to 31/12/2023	37.60	9.61
	10/04/2018	C	10/04/2018 to 01/04/2021	02/04/2021 to 31/12/2023	37.60	9.80
	10/04/2018	E	10/04/2018 to 01/04/2019	02/04/2019 to 31/12/2023	37.60	9.25
	10/04/2018	F	10/04/2018 to 01/04/2020	02/04/2020 to 31/12/2023	37.60	9.61
	10/04/2018	G	10/04/2018 to 01/04/2021	02/04/2021 to 31/12/2023	37.60	9.80
2018-II	10/04/2018	A	10/04/2018 to 01/04/2019	02/04/2019 to 31/12/2023	37.60	9.25
	10/04/2018	B	10/04/2018 to 01/04/2020	02/04/2020 to 31/12/2023	37.60	9.61
	10/04/2018	C	10/04/2018 to 01/04/2021	02/04/2021 to 31/12/2023	37.60	9.80
2020(note)	28/07/2020	A	28/07/2020 to 01/07/2021	01/07/2021 to 31/12/2025	23.85	6.29
	28/07/2020	B	28/07/2020 to 01/07/2022	01/07/2022 to 31/12/2025	23.85	6.59
	28/07/2020	C	28/07/2020 to 01/07/2023	01/07/2023 to 31/12/2025	23.85	6.74
	28/07/2020	E	28/07/2020 to 01/07/2021	01/07/2021 to 31/12/2025	23.85	6.32
	28/07/2020	F	28/07/2020 to 01/07/2022	01/07/2022 to 31/12/2025	23.85	6.61
	28/07/2020	G	28/07/2020 to 01/07/2023	01/07/2023 to 31/12/2025	23.85	6.75

Note: For the share options granted in 2020, the tranche A, B and C are granted to Directors, while the tranche E, F and G are granted to employees.

41. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The following tables disclose movements of the Company's share options held by employees and directors during the year ended 31 December 2020 and 2019:

Year ended 31 December 2020:

Option type	Outstanding at 01/01/2020	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2020
2015-A	65,450	—	(65,450)	—	—
2015-B	2,218,950	—	(2,218,950)	—	—
2015-C	5,443,600	—	(5,443,600)	—	—
2015-E	—	—	—	—	—
2015-F	204,758	—	(204,758)	—	—
2015-G	1,599,742	—	(1,579,742)	(20,000)	—
2018-A	3,720,000	—	(66,500)	(579,000)	3,074,500
2018-B	3,720,000	—	(66,500)	(579,000)	3,074,500
2018-C	4,960,000	—	—	(772,000)	4,188,000
2018-E	2,937,600	—	(10,000)	(121,800)	2,805,800
2018-F	2,937,600	—	(10,000)	(121,800)	2,805,800
2018-G	3,916,800	—	—	(162,400)	3,754,400
2020-A	—	4,198,800	—	—	4,198,800
2020-B	—	4,198,800	—	—	4,198,800
2020-C	—	5,598,400	—	—	5,598,400
2020-E	—	4,201,200	—	—	4,201,200
2020-F	—	4,201,200	—	—	4,201,200
2020-G	—	5,601,600	—	—	5,601,600
	31,724,500	28,000,000	(9,665,500)	(2,356,000)	47,703,000
Exercisable at the end of the year					11,760,600
Weighted average exercise price	HK$30.53	HK$23.85	HK$14.45	HK$37.40	HK$29.53

41. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

Year ended 31 December 2019:

Option type	Outstanding at 01/01/2019	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31/12/2019
2014-I-A	185,550	—	(185,550)	—	—
2014-I-B	402,050	—	(402,050)	—	—
2014-I-C	1,105,400	—	(1,105,400)	—	—
2014-I-F	19,928	—	(19,928)	—	—
2014-I-G	200,572	—	(200,572)	—	—
2014-II-C	48,000	—	(48,000)	—	—
2015A	547,550	—	(459,900)	(22,200)	65,450
2015B	2,701,050	—	(459,900)	(22,200)	2,218,950
2015C	6,086,400	—	(613,200)	(29,600)	5,443,600
2015F	326,043	—	(104,142)	(17,143)	204,758
2015G	1,761,457	—	(138,858)	(22,857)	1,599,742
2018-I-A	420,000	—	—	—	420,000
2018-I-B	420,000	—	—	—	420,000
2018-I-C	560,000	—	—	—	560,000
2018-I-E	3,300,000	—	—	(362,400)	2,937,600
2018-I-F	3,300,000	—	—	(362,400)	2,937,600
2018-I-G	4,400,000	—	—	(483,200)	3,916,800
2018-II-A	3,780,000	—	—	(480,000)	3,300,000
2018-II-B	3,780,000	—	—	(480,000)	3,300,000
2018-II-C	5,040,000	—	—	(640,000)	4,400,000
	38,384,000	—	(3,737,500)	(2,922,000)	31,724,500
Exercisable at the end of the year					16,190,100
Weighted average exercise price	HK$29.49	—	HK$15.00	HK$36.68	HK$30.53

Note: The forfeiture represented the share options granted to the eligible directors and employees of the Group, which were forfeited upon their resignation in respective years.

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$19.53 (2019: HK$26.26).

41. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The fair value of the options granted on 28 July 2020 are RMB183,946,000, which was calculated using the Binomial model. The inputs into the model were as follows:

	2020 Option
Grant date share price	HK$23.85
Exercise price	HK$23.85
Expected volatility	40%
Option life	4.50years
Risk-free rate	0.34%
Expected dividend yield	2.70%
Early exercise multiple	1.83~1.86

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 4.50 years. The expected life used in the model has been adjusted, based on management's best estimate for the effects of behavioural considerations.

The Group recognised the total expense of RMB66,307,000 (2019: RMB63,081,000) for the year ended 31 December 2020 in relation to share options granted by the Company.

42. 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 RMB67,185,000 (2019: RMB111,346,000) represents contributions paid to the retirement benefits scheme by the Group in respect of the current year.

During the current year, pursuant to the notice released by the relevant PRC authority, certain domestic subsidiaries of the Company have been fully or partially waived to undertake a number of social securities including endowment insurance, unemployment insurance and employment injury insurance, totaling RMB48,820,000.

42. RETIREMENT BENEFITS SCHEME (CONTINUED)

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 2020 by Cuni, Rust & Strenk, Fellow of the Society of Actuaries in the USA. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The pension plan has been frozen since 1 January 2007.

The total cost charged to profit or loss is RMB48,000 (2019: RMB741,000), representing the net interest on the net defined benefit liability.

The actuarial valuation showed that the market value of plan assets was RMB45,345,000 (2019: RMB44,351,000) and that the actuarial value of these assets represented 75.73% (2019: 72.84%) of the benefits that had accrued to members. The shortfall of RMB14,534,000 (2019: RMB16,537,000) is to be cleared by the contributions to be made by the Group in the future years.

	2020 RMB'000	2019 RMB'000
Present value of funded defined benefit obligations	**59,879**	60,888
Fair value of plan assets	**(45,345)**	(44,351)
Funded status and net liability arising from defined benefit obligation	**14,534**	16,537

42. RETIREMENT BENEFITS SCHEME (CONTINUED)

Defined benefit plans (Continued)

(b) UATC

The Group sponsors a funded defined benefit plan for qualifying employees of UATC in Taiwan, China. The defined benefit plan is administered by a separate fund that is legally separated from the entity. The pension committee is composed of one or more members. The pension committee is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The pension committee is responsible for the investment policy with regard to the assets of the fund.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2020 by Professional Actuary Management Consulting Co., Ltd., Fellow of the Institute of Actuaries in Taiwan, China. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The total cost charged to profit or loss is RMB44,000(2019: RMB25,000), 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 RMB2,043,000 (2019: RMB1,965,000) 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:

	2020 **RMB'000**	2019 RMB'000
Present value of funded defined benefit obligations	**–**	(23)
Fair value of plan assets	**2,043**	1,965
Funded status and net asset arising from defined benefit obligation	**2,043**	1,942

43. OTHER LONG-TERM LIABILITIES

During the year ended 31 December 2019, the Group entered into an agreement with local government funds in the PRC to establish a partnership Jiaxing Minth Equity Investment Partnership Enterprise (Limited Partnership)* (嘉興敏實定向股權投資合夥企業(有限合夥)) ("Jiaxing Partnership") with an operation period of maximum 7 years, whose only investment target is Jiaxing Minhua Automotive Parts Co., Ltd.* (嘉興敏華汽車零部件有限公司) ("Jiaxing Minhua"), a subsidiary of the Group. Pursuant to the agreement, the local government funds would contribute capital amounting to RMB800,000,000 into the Jiaxing Partnership. The local government funds would neither participate in Jiaxing Partnership's nor Jiaxing Minhua's operation and management. The local government funds would require the Group and the Group is obligated to redeem RMB800,000,000 of the capital contributed by the local government funds pursuant to the agreement no later than the expiry of the operation period of Jiaxing Partnership. Therefore, the capital contribution by the local government funds is treated as a long-term liability. As at 31 December 2020, the carrying amount of this long-term liability together with the interest payable is RMB838,600,000.

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 2020, the carrying amount of this long-term liability together with the interest payable is RMB98,447,000.

During the year ended 31 December 2018, the Group entered into an agreement with a local government agency in the PRC, who agreed to inject capital contribution amounting to RMB60,000,000 into Jiaxing Guowei Automotive Parts Co., Ltd.* (嘉興國威汽車零部件有限公司) ("Jiaxing Guowei"), a subsidiary of the Group. Pursuant to the capital injection agreement, the local government agency would not participate in Jiaxing Guowei's operation and management. The local government agency would enforce the right requiring the Group, and the Group is obligated, to redeem the capital injection from local government agency within three years after the receipt of the capital. Therefore, the capital injection made by the local government agency is treated as a long-term liability. As at 31 December 2020, the carrying amount of this long-term liability together with the interest payable is RMB67,195,000.

* The English names are for identification purposes only.

44. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Saved as disclosed elsewhere, the Group has the following significant transactions with related/connected parties during the year and prior year:

Relationship with related/connected party	Nature of transactions	2020 RMB'000	2019 RMB'000
A joint venture, in which the Company has a 50% equity interest	Sales of finished goods	**49,896**	48,510
	Sales of raw materials	**1,095**	4,371
	Purchases of raw materials	**–**	28,818
	Purchases of finished goods/ semi-finished goods	**31,673**	5,662
	Consulting services income	**1,480**	1,022
	Property rentals income	**1,558**	–
A joint venture, in which the Company has a 51% equity interest	Property rentals income	**2,810**	–
A joint venture, in which the Company has a 50% equity interest	Consulting services income	**1,029**	–
	Proceeds from disposal of property,plant and equipment	**58,788**	–
	Purchases of finished goods/ semi-finished goods	**1,749**	–
	Consulting services charges	**1,830**	–
	Sales of finished goods	**933**	–
	Sales of raw materials	**1,020**	–
A joint venture, in which the Company has a 40% equity interest	Utilities income	**1,181**	944
	Property rentals income	**1,322**	1,160
	Consulting services income	**649**	–
A joint venture, in which the Company has a 51% equity interest	Purchases of raw materials	**–**	4,184
An associate, in which the Company has a 35% equity interest	Sales of raw materials	**–**	1,901
	Consulting service income	**11**	–
	Property rental income	**17**	–

44. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS (CONTINUED)

Relationship with related/connected party	Nature of transactions	2020 RMB'000	2019 RMB'000
An associate, in which the Company has a 10% equity interest	Purchase of finished goods/ semi-finished goods	**21,445**	–
An associate, in which the Company has a 30% equity interest	Sales of finished goods/raw materials	**2,117**	2,568
	Purchases of finished goods	**59,034**	22,675
	Purchases of raw materials	**21,550**	63,865
	Purchases of property, plant and equipment	**135**	6,383
	Purchases of finished moulds/ semi-finished moulds	**2,747**	–
An associate, in which the Company has a 30% equity interest	Sales of finished goods	**24,590**	39,966
	Utilities income	**–**	721
	Property rentals income	**1,554**	2,135
	Purchase of finished goods/ semi-finished goods	**23,454**	–
Non-controlling shareholders of subsidiaries	Sales of finished goods	**446**	438
	Purchases of raw materials and moulds	**9,349**	36,213
	Technology support services charges	**9,987**	33,537
Companies in which Mr. Chin and his family have control	Sales of raw materials	**–**	11
	Sales of moulds	**3,256**	73
	Purchases of finished goods	**44,300**	23,400
	Purchases of finished moulds/ semi-finished moulds	**13,165**	76,485
	Purchases of raw materials/ semi-finished goods	**5,888**	1,424
	Technology support services charges	**29**	18,398
	Purchases of property, plant and equipment	**21,231**	16,084
	Property rentals income	**1,705**	2,320

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

	2020 RMB'000	2019 RMB'000
Short-term benefits	**9,251**	14,723
Post-employment benefits	**99**	149
Share-based payments	**4,381**	4,569
	13,731	19,441

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

45. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 RMB'000	2019 RMB'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**10,584,138**	9,303,093
Derivative financial assets	**4,834**	3,204
Held-for-trading investments	**450,625**	—
Debt instruments at FVTOCI	**151,457**	256,647
Financial liabilities:		
Amortised cost	**10,947,499**	7,905,576
Derivative financial liabilities	**25,150**	2,640

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, bank balances and cash, pledged bank deposits, debt instruments at FVTOCI, derivative financial assets/liabilities, held-for-trading investments,borrowings, trade and other payables, lease liabilities and other long-term liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk

(i) Currency risk

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

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

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

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

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

	Liabilities		**Assets**	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
US$	**1,419,505**	824,891	**384,202**	304,314
EUR	**1,531,327**	629,663	**343,110**	216,570
JPY	**62,741**	52,894	**35,339**	32,560
HK$	**220,299**	40,591	**41,604**	9,181
MXN	**127,339**	83,221	**19,138**	31,097
	3,361,211	1,631,260	**823,393**	593,722

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

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

This sensitivity analysis details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2019: 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% (2019: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% (2019: 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% (2019: 5%) increase and decrease in US$ against the relevant foreign currencies. 5% (2019: 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% (2019: 5%) change in foreign currency rates.

	2020 RMB'000	2019 RMB'000
If RMB strengthens against US$	**44,749**	23,695
If RMB weakens against US$	**(44,749)**	(23,695)
If RMB strengthens against EUR	**50,857**	17,933
If RMB weakens against EUR	**(50,857)**	(17,933)
If RMB strengthens against JPY	**1,095**	854
If RMB weakens against JPY	**(1,095)**	(854)
If RMB strengthens against HK$	**7,783**	1,319
If RMB weakens against HK$	**(7,783)**	(1,319)
If US$ strengthens against EUR	**35**	24
If US$ weakens against EUR	**(35)**	(24)
If US$ strengthens against MXN	**4,727**	2,146
If US$ weakens against MXN	**(4,727)**	(2,146)
If US$ strengthens against JPY	**99**	86
If US$ weakens against JPY	**(99)**	(86)

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 31 and 34). 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.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate financial instruments (including bank balances and borrowings) at the end of the reporting period. The analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2019: 50 basis point) increase or decrease in interest rates on variable-rate bank balances and a 50 basis point (2019: 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 (2019: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would have increased/decreased by RMB15,026,000 (2019: increased/decreased by RMB14,137,000). If interest rates on variable-rate borrowings had been 50 basis point (2019: 50 basis point) higher/lower and all other variables were held constant, the Group's post-tax profit would have decreased/increased by RMB16,731,000 (2019: decreased/increased by RMB19,967,000). 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.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The Group performs impairment assessment under ECL model based on provision matrix, in order to ensure that adequate impairment losses are made for the trade receivables and contract assets, trade receivables that are credit impaired are assessed for ECL individually.

As part of the Group's impairment assessment, the Group uses provision matrix to assess the impairment for its customers 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 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.

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 issued 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.

Liquid funds

The Group's credit risk on liquid funds is low because most of bank deposits are deposited in or contracted with several state-owned banks with good reputation and with high credit ratings assigned by international credit-rating agencies. No recognition of ECL on bank balances and pledged bank deposits is considered necessary. In addition, there is no significant concentration of credit risk in respect of bank balances and pledged bank deposits.

The Group has concentration of credit risk on trade receivables. At 31 December 2020, the Group's ten largest customers accounted for 37% (2019: 37%) of the total trade receivables.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 75% (2019: 74%) of the total trade receivables as at 31 December 2020.

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	2020 Gross carrying amount RMB'000	2019 Gross carrying amount RMB'000
Debt instruments at FVTOCI	22	N/A	12-month ECL	**151,457**	256,647
Financial assets at amortised costs					
Loan receivables	23	(Note i)	12-month ECL	**6,000**	6,000
Pledged bank deposits	31	N/A	12-month ECL	**918,350**	21,267
Bank balances and cash	31	N/A	12-month ECL	**6,008,272**	5,687,234
Bills receivables	27	(Note i)	12-month ECL	**68,985**	—
Other receivables	27	(Note i)	12-month ECL	**304,000**	256,619
			Lifetime ECL (credit-impaired)	**1,574**	1,769
				305,574	258,388
Trade receivables	27	(Note ii)	Lifetime ECL (not credit-impaired)	**3,309,251**	3,336,539
			Lifetime ECL (credit-impaired)	**7,507**	11,692
				3,316,758	3,348,231
Other items					
Contract assets	28	(Note ii)	Lifetime ECL (not credit-impaired)	**869,895**	810,772

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Notes:

i. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2020

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Loan receivables	—	6,000	6,000
Other receivables	1,574	304,000	305,574
Bills receivables	—	68,985	68,985
	1,574	378,985	380,559

2019

	Past due RMB'000	Not past due/ No fixed repayment terms RMB'000	Total RMB'000
Loan receivables	—	6,000	6,000
Other receivables	1,769	256,619	258,388
	1,769	262,619	264,388

ii. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are credit-impaired, the Group determines ECL on these items by using a provision matrix.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

Notes: (Continued)

As part of the Group's credit risk management, trade receivables and contract assets have been grouped based on a systematic internal credit rating with reference to a matrix of factors including the customer's nature, ageing analysis, recent financial performance of the customer and historical credit loss experience. Each group consists of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. When assessing the internal credit rating of the customers, the rank and size of customers, the financial performance are considered. The following table provides information about the exposure to credit risk and ECL for trade receivables and contract assets which are assessed collectively based on provision matrix as at 31 December 2020 and 2019 within lifetime ECL (not credit-impaired).

2020	**Average loss rate**	**Impairment loss allowance RMB'000**	**Trade receivables gross carrying amount RMB'000**	**Contract assets gross carrying amount RMB'000**	**Total RMB'000**
Customer Group A	**0.15%**	**5,188**	**2,556,157**	**869,895**	**3,426,052**
Customer Group B	**0.60%**	**4,190**	**693,595**	**–**	**693,595**
Customer Group C	**0.65%**	**404**	**62,459**	**–**	**62,459**

2019	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	0.08%	2,622	2,348,292	810,772	3,159,064
Customer Group B	0.18%	1,679	933,242	–	933,242
Customer Group C	0.48%	265	55,005	–	55,005

During the year ended 31 December 2020, the Group provided RMB5,038,000 (2019: RMB4,451,000) impairment allowance for trade receivables based on the provision matrix and RMB12,942,000 (2019: RMB1,071,000) impairment allowance for credit-impaired debtors, respectively. The Directors considered the impairment allowance for contract assets was not significant to the Group based on the provision matrix.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	3,829	34,122	37,951
Impairment losses recognised	4,451	1,071	5,522
Impairment losses reversed	(1,189)	(4,032)	(5,221)
Transfer to credit-impaired	(2,525)	2,525	—
Write-offs	—	(21,994)	(21,994)
As at 31 December 2019	4,566	11,692	16,258
Impairment losses recognised	**5,038**	**12,942**	**17,980**
Impairment losses reversed	**(63)**	**(1,930)**	**(1,993)**
Transfer to credit-impaired	**(2,720)**	**2,720**	**—**
Write-offs	**—**	**(17,917)**	**(17,917)**
As at 31 December 2020	**6,821**	**7,507**	**14,328**

The Group writes off a trade receivable when there is information indicating that debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors have been placed under liquidation or have entered into bankruptcy proceedings.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Credit risk and impairment assessment (Continued)

The following table shows reconciliation of loss allowances that has been recognised for other receivables.

	12-month ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2019	—	—	6,350	6,350
Transfer to credit-impaired	—	(1,201)	1,201	—
Transfer to lifetime ECL	(8)	8	—	—
Impairment losses recognised	8	1,193	—	1,201
Impairment losses reversed	—	—	(197)	(197)
Write-offs	—	—	(5,585)	(5,585)
As at 31 December 2019	—	—	1,769	1,769
Transfer to credit-impaired	**—**	**(60)**	**60**	**—**
Transfer to lifetime ECL	**—**	**—**	**—**	**—**
Impairment losses recognised	**—**	**60**	**—**	**60**
Impairment losses reversed	**—**	**—**	**(112)**	**(112)**
Write-offs	**—**	**—**	**(143)**	**(143)**
As at 31 December 2020	**—**	**—**	**1,574**	**1,574**

Liquidity risk

The Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. In addition, the following tables detail the Group's liquidity analysis for its derivative instruments. The tables have been drawn up based on the undiscounted net inflows and outflows on those derivatives.

45. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate %	Repayable on demand or less than three months RMB'000	Three months to six months RMB'000	Six months to one year RMB'000	More than one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2020							
Non-derivative financial liabilities							
Trade and other payables	—	3,392,613	31,344	—	—	3,423,957	3,423,957
Lease liabilities	4.20	2,176	2,013	4,133	14,735	23,057	19,307
Borrowings	1.94	3,679,126	1,398,021	382,060	1,100,584	6,559,791	6,519,200
Other long-term liabilities	4.14	—	—	—	1,186,329	1,186,329	1,004,342
		7,073,915	1,431,378	386,193	2,301,648	11,193,134	10,966,806
Derivative-gross settlement							
Foreign currency forward contracts							
— inflow		(402,276)	(6,583)	—	—	(408,859)	(4,427)
— outflow		401,563	6,560	—	—	408,123	4,269
Structural option contracts							
— inflow		(407)	—	—	—	(407)	(407)
— outflow		693	7	—	—	700	700
Interest rate swap contracts							
— outflow		—	—	—	20,181	20,181	20,181
		(427)	(16)	—	20,181	19,738	20,316

	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
2019							
Non-derivative financial liabilities							
Trade and other payables	—	2,854,580	47,553	—	—	2,902,133	2,902,133
Lease liabilities	4.26	1,245	2,330	2,375	113,794	119,744	98,879
Borrowings	2.70	3,475,012	89,060	599,877	—	4,163,949	4,138,998
Other long-term liabilities	4.75	10,186	10,186	20,595	1,014,333	1,055,300	864,445
		6,341,023	149,129	622,847	1,128,127	8,241,126	8,004,455
Derivative-gross settlement							
Foreign currency forward contracts							
— inflow		(396,295)	(21,023)	—	—	(417,318)	(3,104)
— outflow		395,911	20,943	—	—	416,854	2,640
Structural option contracts							
— net inflow		(100)	—	—	—	(100)	(100)
		(484)	(80)	—	—	(564)	(564)

The amounts included above for variable-rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

45. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of derivative instruments is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

45. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
		31/12/2020	31/12/2019		
1)	Foreign exchange forward contracts	Assets – RMB4,427,000 Liabilities – RMB4,269,000	Assets – RMB3,104,000 Liabilities – RMB2,640,000	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	Liabilities – RMB 20,181,000	N/A	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 – RMB151,457,000	Assets – RMB256,647,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
4)	Structural option contracts	Assets – RMB407,000 Liabilities – RMB700,000	Assets – RMB100,000	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.
5)	Investment in private fund	Assets – RMB 450,625,000	N/A	Level 2	Net asset value determined based on the fair value of underlying assets which are observable and adjustments of related expenses.

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

45. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

Reconciliation of Level 3 fair value measurement:

31 December 2020

	Structured option contracts RMB'000
Opening balance	**100**
Fair value changes	**(293)**
Settlements	**(100)**
Closing balance	**(293)**

31 December 2019

	Structured option contracts RMB'000	Call option classified as derivative financial assets RMB'000	Total RMB'000
Opening balance	47	50	97
Fair value changes	4,120	—	4,120
Settlements	(4,067)	(50)	(4,117)
Closing balance	100	—	100

Of the total gains or losses for the period included in profit or loss, loss of RMB293,000 (2019: gain of RMB3,000) relates to structural option contracts (2019: structured option contracts and call option classified as derivative financial assets) held at the end of the current reporting period. Fair value gains or losses on structural option contracts and call option classified as derivative financial assets are included in 'other gains and losses'.

(d) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings, other long-term liabilities disclosed in notes 34 and 43 net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

	Lease liabilities RMB'000 (note 38)	Borrowings RMB'000 (note 34)	Other long-term liabilities RMB'000 (note 43)	Dividend payable RMB'000	Dividend payable to non-controlling interests RMB'000	Other payables to joint ventures RMB'000 (note 32)	Interest payable RMB'000 (note 32)	Total RMB'000
As at 1 January 2020	98,879	4,138,998	864,445	–	–	–	8,927	5,111,249
Financing cash flows	(5,617)	2,616,903	117,000	(694,445)	(115,376)	62,800	(208,812)	1,772,453
Non-cash changes:								
Net foreign exchange gains	5	(174,011)	–	–	–	–	–	(174,006)
Interest expenses	4,786	–	42,953	–	–	–	199,885	247,624
Dividends recognised as distribution	–	–	–	694,445	–	–	–	694,445
Dividends paid to non-controlling interests	–	–	–	–	115,376	–	–	115,376
Disposal of subsidiaries	(12,861)	(1,000)	–	–	–	–	–	(13,861)
Transfer to deferred income	–	–	(20,056)	–	–	–	–	(20,056)
Exchange differences arising on translation of foreign operation	–	(61,690)	–	–	–	–	–	(61,690)
Lease liabilities arising on the new lease agreements	13,275	–	–	–	–	–	–	13,275
Lease modification	(79,160)	–	–	–	–	–	–	(79,160)
At 31 December 2020	19,307	6,519,200	1,004,342	–	–	62,800	–	7,605,649

	Lease liabilities RMB'000 (note 38)	Borrowings RMB'000 (note 34)	Other long-term liabilities RMB'000 (note 43)	Dividend payable RMB'000	Interest payable RMB'000 (note 32)	Total RMB'000
As at 1 January 2019	18,674	4,091,130	162,912	—	7,436	4,280,152
Financing cash flows	(6,607)	14,152	695,688	(667,384)	(149,634)	(113,785)
Non-cash changes:						
Net foreign exchange gains	—	23,297	—	—	—	23,297
Interest expenses	849	—	5,845	—	151,125	157,819
Dividends recognised as distribution	—	—	—	667,384	—	667,384
Exchange differences arising on translation of foreign operation	—	10,419	—	—	—	10,419
Lease liabilities arising on the new lease agreements	85,963	—	—	—	—	85,963
At 31 December 2019	98,879	4,138,998	864,445	—	8,927	5,111,249

47. SUBSIDIARIES

Details of the Company's material subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group 2020	2019	Issued capital/ registered capital	Principal activities
Sinoone Holdings Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Decade Industries Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Mindway Holdings Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Forecast Industries Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Wealthfield Holdings Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
展圖控股有限公司 (Cheerplan Holdings Limited)	British Virgin Islands	**100%**	100%	US$1	Investment holding
恒銀國際有限公司 (Constant Gain International Limited)	British Virgin Islands	**100%**	100%	US$2	Investment holding
Franshoke Investments Limited	British Virgin Islands	**100%**	100%	US$1	Investment holding
Enboma	British Virgin Islands	**100%**	100%	US$39,000,000	Investment holding
Magic Figure Investments Limited	British Virgin Islands	**100%**	100%	US$1	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$344,801,918	Investment holding
展圖(香港)有限公司 (Cheerplan (HK) Limited)	Hong Kong	**100%**	100%	HK$4,620,219,992	Investment holding
泰琳發展有限公司 (Talentlink Development Limited)	Hong Kong	**100%**	100%	HK$10,000/ US$84,749,000	Investment holding
敏實財務有限公司 (Minth Financial Limited)	Hong Kong	**100%**	100%	HK$10,000	Bookkeeping service
明炻投資有限公司 (Minth Investment Limited)	Hong Kong	**100%**	100%	HK$42,534,337	Investment holding
銘仕國際有限公司 (Minth International Limited)	Hong Kong	**100%**	100%	HK$4,000,000	Import and export trading, logistics, technology import, and investment holding
嘉興司諾投資有限公司 (Jiaxing Sinoone Investments Co.,Ltd.)*	the PRC as a wholly-owned foreign investment enterprise ("WOFE")	**100%**	100%	US$436,620,000	Investment holding

47. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group 2020	2019	Issued capital/ registered capital	Principal activities
寧波信泰機械有限公司 (Ningbo Shintai Machines Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$27,340,000	Design, manufacture, development and sales of automobile body parts
天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.)*	the PRC as a foreign equity joint venture enterprise	**95.7%**	95.7%	US$11,550,000	Manufacture and sales of automobile body parts
廣州敏瑞汽車零部件有限公司 (Guangzhou Minrui Automobile Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	CNY115,750,000	Manufacture and sales of automobile body parts
嘉興敏惠汽車零部件有限公司 (Jiaxing Minhui automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$551,390,000	Manufacture and sales of automobile body parts
嘉興敏勝汽車零部件有限公司 (Jiaxing Minsheng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$107,400,000	Manufacture and sales of automobile body parts
Cheerplan China	the PRC as a WOFE	**100%**	100%	US$598,170,000	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$43,000,000	Manufacture and sales of automobile body parts
Jiaxing Guowei	the PRC as a WOFE	**100%**	100%	US$58,500,000	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

47. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group 2020	2019	Issued capital/ registered capital	Principal activities
Minth GmbH	Germany	**100%**	100%	EUR500,000	Customer service and market development
廣州敏實汽車零部件有限公司 (Guangzhou Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$30,000,000	Design, manufacture, development and sales of automobile body parts
煙臺和瑞汽車零部件有限公司 (Yantai Herui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
淮安和泰汽車零部件有限公司 (Huaian Hetai Automotive Parts Co., Ltd.)* (Note iii)	the PRC as a WOFE	**N/A**	100%	US$20,000,000	Manufacture, development and sales of automobile body parts and motor system for electric vehicle
淮安和通汽車零部件有限公司 (Huaian Hetong Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$12,000,000	Manufacture, development and sales of automobile body parts and motor system for electric vehicle
武漢和盛汽車零部件有限公司 (Wuhan Hesheng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$27,000,000	Design, manufacture, development and sales of automobile body parts
武漢東海敏實汽車零部件有限公司 (Wuhan Tokai Minth Automotive Parts Co., Ltd.)* (Note i)	the PRC as a foreign equity joint venture enterprise	**50%**	50%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
銘仕國際澳門離岸商業服務有限公司 (Minth International Macau Commercial Offshore Limited)	Macau	**100%**	100%	Macau Pataca 100,000	Import and export trading, logistics, technology import, and investment holding
江蘇和興汽車科技有限公司 (Jiangsu Hexing Automotive Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$160,000,000	Design, manufacture, development and sales of automobile body parts
Minth Automobile Part (Thailand) Co., Ltd.	Thailand	**100%**	100%	THB800,000,000	Manufacture and sales of automobile body parts
Minth Development (Thailand) Co.,Ltd.	Thailand	**100%**	100%	THB85,000,000	Manufacture and sales of automobile body parts

47. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group 2020	2019	Issued capital/ registered capital	Principal activities
北京敏實汽車零部件有限公司 (Beijing Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB115,000,000	Design, manufacture, development and sales of automobile body parts
鄭州敏惠汽車零部件有限公司 (Zhengzhou Minhui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB90,000,000	Design, manufacture and sales of automobile body parts
天津敏信機械有限公司 (Tianjin Minshin Machines Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$13,210,000	Research and development, design, production and sales of automobile parts and related products
敏實投資有限公司 (Minth Investment Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$449,500,000	Investment holding
清遠敏惠汽車零部件有限公司 (Qingyuan Minhui Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$27,300,000	Manufacture and sales of automobile body parts
CST GmbH	Germany	**100%**	100%	EUR250,000	Manufacture and sales of automobile body parts
湖州恩馳汽車有限公司 (Huzhou Enchi Automotive Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB324,350,000	Manufacture of bus and modified car
湖州敏馳汽車有限公司 (Huzhou Minchi Automotive Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$75,000,000	Development of pure electric vehicle, development and sales of new energy automobile body parts
嘉興裕廷房地產開發有限公司 (Jiaxing Yuting Properties Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB80,000,000	Develop and manage of ordinary real estate, property management
Plastic Trim International, Inc.	the USA	**100%**	100%	US$16,700,000	Design, manufacture, development and sales of automobile body parts
寧波敏實汽車電子科技有限公司 (Ningbo Minth Automotive Electronics Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$20,000,000	Design, manufacture, import and export of automobile electronic and optical parts

47. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group 2020	2019	Issued capital/ registered capital	Principal activities
嘉興敏德汽車零部件有限公司 (Jiaxing Dura Minth Automotive Parts Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	US$10,000,000	Design, manufacture, development and sales of automobile body parts
浙江敏泰科技有限公司 (Zhejiang Min Tai Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$40,000,000	Design, manufacture, and sales of automobile body parts
Minth Mexico, S.A. DE C.V.	Mexico	**100%**	100%	US$9,185,424	Design, manufacture, development and sales of automobile body parts
Minth Mexico Coating, S.A. de C.V.	Mexico	**100%**	100%	US$100,000,000	Design, manufacture, import, export and sales of automobile body parts
Minth Tennessee International, LLC	the USA	**100%**	100%	US$3,999,000	Design, manufacture and sales of automotive parts
Qingyuan Minth	the PRC as a WOFE	**100%**	100%	RMB397,000,000	Manufacture and sales of automobile body parts
浙江敏盛汽車零部件有限公司 (Zhejiang Minsheng Automotive Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$40,000,000	Manufacture and sales of automobile body parts
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$26,500,000	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$39,000,000	Design and manufacture of moulds
敏實汽車技術研發有限公司 (Minth Automotive Technology Research & Development Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$71,500,000	Design, manufacture and sales of metal moulds and automobile body parts manufacturing equipment
浙江信正精密科技有限公司 (Zhejiang Xinzheng Precision Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$25,000,000	Design, manufacture and sales of moulds

47. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group 2020	2019	Issued capital/ registered capital	Principal activities
浙江敏誠自動化科技有限公司 (Zhejiang Min Cheng Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB9,138,000	Design, manufacture and sales of automation machines, software and production lines
浙江敏實科技有限公司 (Zhejiang Minth Science & Technology Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB10,000,000	Design, manufacture and sales of metal moulds and automobile body parts manufacturing equipment
長春敏實汽車零部件有限公司 (Changchun Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$5,000,000	Manufacture and sales of automobile body parts
精確實業股份有限公司 (United Alloy-Tech Company Limited)	Taiwan	**44.18%**	44.18%	TWD1,500,000,000	Manufacture and sales of automobile body parts, bicycle parts and computer parts
惠州精玖旺硬質合金有限公司 (Huizhou Jing Jiu Wang Alloy-Tech Co., LTD.)* (note 37)	the PRC as a WOFE	**NA**	100%	US$5,000,000	Development, production and sales of carbide materials
中升興業股份有限公司 (SPTek Limited)	Taiwan	**89.10%**	89.10%	TWD120,000,000	Design and manufacture of automobile body parts
嘉興敏創股權投資有限公司 (Jiaxing Minchuang Equity Investment Co.,Ltd.)*	the PRC as a WOFE	**100%**	100%	RMB20,000,000	Investment holding
Jiaxing Partnership	the PRC as a limited partnership	**59.995%**	59.995%	RMB2,000,000,000	Investment holding
Guangzhou Tokai (Note i)	the PRC as a foreign equity joint venture enterprise	**50%**	50%	US$8,000,000	Manufacture and sales of automotive parts
嘉興敏信安全玻璃有限責任公司 (Jiaxing Minxin Safety Glass Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$50,000,000	Design and manufacture of automobile glass
寧波敏和金屬貿易有限責任公司 (Ning Bo Minhe Trading Co., Ltd.)*	the PRC as a foreign equity joint venture enterprise	**65%**	65%	RMB10,000,000	Trade and manufacture of metal products
瀋陽敏實汽車零部件有限公司 (Shenyang Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	**100%**	100%	US$20,000,000	Manufacture and sales of automobile body parts

47. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group		Issued capital/ registered capital	Principal activities
		2020	2019		
湖北敏實汽車零部件有限公司 (Hubei Minth Automotive Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	US$20,000,000	Manufacture and sales of automobile body parts
浙江敏能科技有限公司 (Zhejiang Minneng Technology Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB103,000,000	Manufacture and sales of automobile body parts
瀋陽敏能汽車零部件有限公司 (Shenyang Minneng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB74,000,000	Manufacture and sales of automobile body parts
湖北敏能汽車零部件有限公司 (Hubei Minneng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB500,000,000	Manufacture and sales of automobile body parts
鄭州敏能汽車零部件有限公司 (Zhengzhou Minneng Automotive Parts Co., Ltd.)*	the PRC as a WOFE	100%	100%	RMB49,000,000	Manufacture and sales of automobile body parts
Jiaxing Minhua	the PRC as a WOFE	100%	100%	RMB2,200,000,000	Manufacture and sales of automobile body parts
Minth Italy Logistics S.R.L. (Note iii)	Italy	NA	100%	EUR10,000	Logistics service
Minth Korea Co., Ltd.	Korea	100%	100%	US$84,760	Manufacture and sales of automobile body parts
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co.,Ltd.)*	the PRC as a WOFE	100%	100%	US$1,050,000	Manufacture and sales of automobile body parts
重慶長泰汽車零部件有限公司 (Chongqing Changtai Automobile Spare Parts Co.,Ltd.)*	the PRC as a WOFE	100%	100%	US$4,200,000	Manufacture and sales of automobile body parts
Guangzhou Minhui (Note i)	the PRC as a foreign equity joint venture enterprise	70%	70%	US$5,350,000	Manufacture and sales of automobile body parts
武漢敏惠汽車零部件有限公司 (Wuhai Minhui Automobile Parts Co.,Ltd.)*	the PRC as a WOFE	100%	100%	US$9,500,000	Manufacture and sales of automobile body parts
上海亞昊汽車產品設計有限公司 (Shanghai Cogen Research and Design Co.,Ltd.)*	the PRC as a WOFE	100%	100%	US$600,000	Design of automobile exterior, interior decorative parts

47. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group 2020	2019	Issued capital/ registered capital	Principal activities
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
淮安和欣日資工業園管理有限公司 (Huai An Hexin Japanese Industrial Zone Management Co., Ltd.)* (Note iii)	the PRC as a WOFE	**NA**	100%	RMB2,000,000	Management consulting
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
廣州藍聖智能科技有限公司 (Guangzhou Lasen Intelligent Co., Ltd.)* (Note iii)	the PRC as a WOFE	**NA**	100%	RMB16,000,000	Design, development, import and export of robot
敏實智能控股有限公司 (Minth Intelligence Holdings Limited)*	Hong Kong	**100%**	100%	US$10,000	Investment holding
清遠伊甸園生態農業發展有限公司 (Qingyuan Eden Ecological Agriculture Development Co., Ltd.)* (note 37)	the PRC as a WOFE	**NA**	100%	US$3,000,000	Agriculture
Minth Automotive Europe D.O.O	Serbia	**100%**	100%	RSD 100,000	Casting of light metals
Minth Automotive (UK) Company Limited	the United Kingdom	**100%**	100%	GBP 1	Manufacture and sales of electrical and electronic equipment
Minth Group US Holding Inc.	the USA	**100%**	100%	Shares: 1,000 non par value	Design, manufacture and sales of automotive parts
Mignen CR S.R.O (Note ii)	Czekh	**100%**	NA	CZK 275,000	Production, trade and service
Windsor Tooling International Inc. (Note ii)	Canada	**100%**	NA	CAD 100	General Business

47. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of Incorporation/ registration /operations	Attributable equity interest of the Group 2020	Attributable equity interest of the Group 2019	Issued capital/ registered capital	Principal activities
Mignen Turkey Otomotiv Anonim Sirketi (Note ii)	Turkey	100%	NA	Turkish Liras 100,000	Manufacture of other parts and accessories for the motor vehicles
Minth Automobile Parts Balkan doo Loznica (Note ii)	Slovenija	100%	NA	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) (Note ii)	Macau	100%	NA	MOP 100,000	Consulting service, business management
敏實(長春)貿易有限公司 (Minth (ChangChun) Trading Co., Ltd.)* (Note ii)	the PRC as a WOFE	100%	NA	RMB1,000,000	Trading
敏實(嘉興)托育服務有限公司 (Minth (Jiaxing) Nursery Services Co., Ltd.)* (Note ii)	the PRC as a WOFE	100%	NA	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 ii)	the PRC as a WOFE	100%	NA	RMB20,000,000	Automobile parts manufacturing, processing, sales
嘉興信鼎模具科技有限公司 (Jiaxing Xinding Mould Tech Co., Ltd.)* (Note ii)	the PRC as a WOFE	100%	NA	RMB100,000,000	Mould manufacturing
清遠敏宏汽車零部件有限公司 (Qingyuan Minhong Automotive Parts Co., Ltd.)* (Note ii)	the PRC as a foreign equity joint venture enterprise	100%	NA	US$2,800,000	Manufacture and sales of automobile body parts
嘉興敏華貿易有限公司 (Jiaxing Minhua Trading Co., Ltd.)* (Note ii)	the PRC as a foreign equity joint venture enterprise	100%	NA	RMB300,000,000	Manufacture and sales of automobile body parts

* The English names are for identification purposes only.

Note i By virtue of shareholders' agreement, or terms set out in the articles of association of the relevant entities, the Group has control over the entity in which the Group has the right to variable returns from its involvement with the entity and use its power to affect such returns through its majority voting power at meetings of the relevant governing body of the entity.

Note ii Wholly-owned Company Mignen CR S.R.O, Windsor Tooling International Inc., Mignen Turkey Otomotiv Anonim Sirketi, Minth Automobile Parts Balkan doo Loznica, Mignen Macau Limited, Minth (ChangChun) Trading Co., Ltd.* (敏實(長春)貿易有限公司), Minth (Jiaxing) Nursery Services Co., Ltd.* (敏實(嘉興)托育服務有限公司), Chengdu Minneng Anxin Automotive Parts Co., Ltd.* (成都敏能安芯汽車零部件有限公司), Jiaxing Xinding Mould Tech Co., Ltd.* (嘉興信鼎模具科技有限公司), Qingyuan Minhong Automotive Parts Co., Ltd.* (清遠敏宏汽車零部件有限公司) and Jiaxing Minhua Trading Co., Ltd.* (嘉興敏華貿易有限公司) have been established by the Group during the current year.

Note iii Huaian Hetai Automotive Parts Co., Ltd.* (淮安和泰汽車零部件有限公司), Minth Italy Logistics S.R.L, Huai An Hexin Japanese Industrial Zone Management Co., Ltd.* (淮安和欣日資工業園管理有限公司) and Guangzhou Lasen Intelligent Co., Ltd.* (廣州藍聖智能科技有限公司) have been deregistered during the current year.

None of the subsidiaries had issued any debt securities during the year or at the end of the year.

48. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2020	2019
	RMB'000	RMB'000
Unlisted investments in subsidiaries	**876,208**	842,918
Derivative financial assets	**1,231**	478
Bank balances and cash	**119,112**	128,655
Amounts due from subsidiaries	**15,657,240**	11,156,519
Other current assets	**24,268**	15,299
Total assets	**16,678,059**	12,143,869
Amounts due to subsidiaries	**8,222,775**	3,184,789
Borrowings	**3,019,291**	2,568,615
Other payables	**21,982**	6,678
Total liabilities	**11,264,048**	5,760,082
Net assets	**5,414,011**	6,383,787
Share capital	**116,069**	115,227
Treasury stock	**(222,075)**	—
Reserves	**5,520,017**	6,268,560
Total equity	**5,414,011**	6,383,787

48. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement in the reserves of the Company is set forth below:

	Share premium and retained profits RMB'000	Special reserve RMB'000	Other reserve RMB'000	Share options reserve RMB'000	Total RMB'000
At 1 January 2019	6,378,075	410,321	10,903	114,871	6,914,170
Total comprehensive income for the year	(89,705)	—	—	—	(89,705)
Transfer to other reserve for share options forfeited after the vesting date	—	—	2,837	(2,837)	—
Recognition of equity-settled share-based payments	—	—	—	63,081	63,081
Dividends recognised as distribution	(667,384)	—	—	—	(667,384)
Exercise of share options	61,319	—	—	(12,921)	48,398
At 31 December 2019	5,682,305	410,321	13,740	162,194	6,268,560
Total comprehensive expense for the year	**(240,064)**	**—**	**—**	**—**	**(240,064)**
Transfer to other reserve for share options forfeited after the vesting date	**—**	**—**	**10,687**	**(10,687)**	**—**
Recognition of equity-settled share-based payments	**—**	**—**	**—**	**66,307**	**66,307**
Dividends recognised as distribution	**(694,445)**	**—**	**—**	**—**	**(694,445)**
Exercise of share options	**151,563**	**—**	**—**	**(31,904)**	**119,659**
At 31 December 2020	**4,899,359**	**410,321**	**24,427**	**185,910**	**5,520,017**

49. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 4 March 2021, the Board of Directors further approved the proposed issue of no more than 204,670,588 ordinary shares to be subscribed for in RMB (the "RMB Shares"), to be listed on the Sci-Tech Board of the Shanghai Stock Exchange (the "RMB Share Issue"). A specific mandate to allot and issue RMB Shares pursuant to the RMB Share Issue and related matters, are conditional upon and subject to, among other things, market conditions, the approval by shareholders at the extraordinary general meeting of the Company and the necessary regulatory approval(s). Details of the proposed RMB Share Issue are set out in the Company's announcement dated 4 March 2021.