Nexteer Automotive Group Limited
耐世特汽車系統集團有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1316)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021 CHANGE OF CHAIRMAN OF THE BOARD AND CHANGE IN COMPOSITION OF THE AUDIT AND COMPLIANCE COMMITTEE

The Board of Directors (the **Board**) of Nexteer Automotive Group Limited (the **Company**) announces that the audited consolidated results of the Company and its subsidiaries (collectively **we**, **us**, **our** or the **Group**) for the year ended December 31, 2021, together with the comparative figures for 2020, are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2021

	Notes	For the year ended December 31, **2021** *US$'000*	2020 *US$'000*
Revenue	*2*	**3,358,725**	3,032,210
Cost of sales	*3*	**(2,995,296)**	(2,620,834)
Gross profit		**363,429**	411,376
Engineering and product development costs	*3*	**(116,299)**	(153,576)
Selling and distribution expenses	*3*	**(17,662)**	(16,934)
Administrative expenses	*3*	**(131,391)**	(112,603)
Other gains (losses), net	*4*	**17,138**	(9,536)
Operating profit		**115,215**	118,727
Finance income	*5*	**4,426**	4,096
Finance costs	*5*	**(6,281)**	(9,156)
	5	**(1,855)**	(5,060)
Share of result of joint ventures		**653**	795
Profit before income tax		**114,013**	114,462
Income tax benefit	*6*	**12,390**	7,841
Profit for the year		**126,403**	122,303
Profit attributable to:			
Equity holders of the Company		**118,440**	116,766
Non-controlling interests		**7,963**	5,537
		126,403	122,303
Earnings per share for profit attributable to equity holders of the Company for the year (expressed in US$ per share)			
– Basic and diluted	*7*	**US$0.05**	US$0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2021

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Profit for the year	**126,403**	122,303
Other comprehensive (loss) income		
Item that will not be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plans, net of tax of US$452,000 (2020: (US$540,000))	**1,452**	(1,718)
Item that may be reclassified subsequently to profit or loss		
Exchange differences	**(24,525)**	38,698
	(23,073)	36,980
Total comprehensive income for the year	**103,330**	159,283
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**94,353**	151,509
Non-controlling interests	**8,977**	7,774
	103,330	159,283

CONSOLIDATED BALANCE SHEET
As at December 31, 2021

		As at December 31,	
		2021	2020
	Notes	***US$'000***	*US$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**988,896**	1,009,333
Right-of-use assets		**63,389**	57,339
Intangible assets		**708,807**	657,493
Deferred income tax assets		**11,361**	11,805
Investments in joint ventures		**22,904**	22,282
Other receivables and prepayments		**50,917**	51,482
		1,846,274	1,809,734
Current assets			
Inventories		**288,632**	234,047
Trade receivables	*9*	**626,078**	593,027
Other receivables and prepayments		**118,990**	115,497
Restricted bank deposits		**9**	12
Cash and cash equivalents		**326,516**	553,424
		1,360,225	1,496,007
Total assets		**3,206,499**	3,305,741

CONSOLIDATED BALANCE SHEET *(Continued)*
As at December 31, 2021

		As at December 31,	
		2021	2020
	Notes	***US$'000***	*US$'000*
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**32,377**	32,347
Other reserves		**33,893**	58,652
Retained earnings		**1,888,359**	1,791,003
		1,954,629	1,882,002
Non-controlling interests		**47,960**	38,983
Total equity		**2,002,589**	1,920,985
LIABILITIES			
Non-current liabilities			
Lease liabilities		**49,972**	43,827
Retirement benefits and compensations		**22,695**	25,061
Deferred income tax liabilities		**26,741**	62,848
Provisions		**60,608**	59,429
Deferred revenue		**86,737**	69,071
Other payables and accruals		**15,030**	16,982
		261,783	277,218
Current liabilities			
Trade payables	*10*	**666,501**	657,155
Other payables and accruals		**120,408**	132,105
Current income tax liabilities		**13,733**	12,392
Retirement benefits and compensations		**3,613**	3,381
Provisions		**17,388**	18,697
Deferred revenue		**23,691**	21,645
Lease liabilities		**12,390**	13,527
Borrowings		**84,403**	248,636
		942,127	1,107,538
Total liabilities		**1,203,910**	1,384,756
Total equity and liabilities		**3,206,499**	3,305,741

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

	Share capital US'000	Share premium US'000	Merger reserve US'000	Share-based compensation reserve US'000	Exchange reserve US'000	Retained earnings US'000	Sub-total US'000	Non-controlling interests US'000	Total US'000
As at January 1, 2020	32,347	–	113,000	6,916	(97,732)	1,757,450	1,811,981	39,675	1,851,656
Comprehensive income									
Profit for the year	–	–	–	–	–	116,766	116,766	5,537	122,303
Other comprehensive income (loss)									
Exchange differences	–	–	–	–	36,461	–	36,461	2,237	38,698
Actuarial losses on defined benefit plans, net of tax	–	–	–	–	–	(1,718)	(1,718)	–	(1,718)
Total other comprehensive income (loss)	–	–	–	–	36,461	(1,718)	34,743	2,237	36,980
Total comprehensive income	–	–	–	–	36,461	115,048	151,509	7,774	159,283
Transactions with owners									
Value of employee services provided under Share Option Scheme	–	–	–	7	–	–	7	–	7
Dividends paid to shareholders	–	–	–	–	–	(81,495)	(81,495)	–	(81,495)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(8,466)	(8,466)
Total transactions with owners	–	–	–	7	–	(81,495)	(81,488)	(8,466)	(89,954)
As at December 31, 2020	32,347	–	113,000	6,923	(61,271)	1,791,003	1,882,002	38,983	1,920,985
Comprehensive income									
Profit for the year	–	–	–	–	–	118,440	118,440	7,963	126,403
Other comprehensive (loss) income									
Exchange differences	–	–	–	–	(25,539)	–	(25,539)	1,014	(24,525)
Actuarial gains on defined benefit plans, net of tax	–	–	–	–	–	1,452	1,452	–	1,452
Total other comprehensive (loss) income	–	–	–	–	(25,539)	1,452	(24,087)	1,014	(23,073)
Total comprehensive (loss) income	–	–	–	–	(25,539)	119,892	94,353	8,977	103,330
Transactions with owners									
Value of employee services provided under Share Option Scheme	–	–	–	21	–	–	21	–	21
Transfer to share premium under exercise of share options	–	883	–	(883)	–	–	–	–	–
Proceeds from exercise of share options	30	1,804	–	–	–	–	1,834	–	1,834
Dividends paid to shareholders	–	(1,045)	–	–	–	(22,536)	(23,581)	–	(23,581)
Total transactions with owners	30	1,642	–	(862)	–	(22,536)	(21,726)	–	(21,726)
As at December 31, 2021	32,377	1,642	113,000	6,061	(86,810)	1,888,359	1,954,629	47,960	2,002,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1 GENERAL INFORMATION

Nexteer Automotive Group Limited (the **Company**) was incorporated in the Cayman Islands on August 21, 2012 as an exempted company with limited liability under Companies Law (as amended), of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company, together with its subsidiaries (collectively referred to as the **Group**), are principally engaged in the design and manufacture of steering and driveline systems, Advanced Driver Assistance Systems (**ADAS**) and Automated Driving (**AD**) and components for automobile manufacturers and other automotive-related companies. The Group's primary operations are in the United States of America (**USA** or **US**), Mexico, Poland and the People's Republic of China (**China**) and are structured to supply its customers globally. The principal markets for the Group's products are North America, Europe, South America, China and India.

The Company's directors regard Aviation Industry Corporation of China, Ltd. (**AVIC**), a company established in China, as being the ultimate holding company of the Company. The Company's immediate holding company is Nexteer Automotive (Hong Kong) Holdings Limited.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since October 7, 2013 (the **Listing**).

These consolidated financial statements (the **Consolidated Financial Statements**) are presented in thousands of US dollars (**US$'000**), unless otherwise stated. The Consolidated Financial Statements were approved by the Board of Directors of the Company (the **Board**) for issue on March 16, 2022.

Basis of Preparation

This Consolidated Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards **(IFRS)**, as issued by the International Accounting Standards Board **(IASB)**, disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

COVID-19 Update

Throughout 2020, the COVID-19 pandemic materially impacted the Group's business and results of operations. During the first quarter of 2020, the impact of COVID-19 was initially experienced primarily by operations in China. Following the declaration of COVID-19 as a global pandemic on March 11, 2020, government authorities around the world began to impose shelter-in-place orders and other restrictions. As a result, many original equipment manufacturers (**OEMs**) began suspending manufacturing operations, particularly in North America and Europe. This led to various temporary closures of, or reduced operations at, the Group's manufacturing facilities, late in the first quarter of 2020 and throughout the second quarter of 2020. During the second half of 2020, as the global management of COVID-19 evolved and government restrictions were removed or lessened, production levels improved, and substantially all of the Group's production facilities resumed closer to normal operations by the third quarter of 2020.

The global automotive industry continued to be impacted by the COVID-19 pandemic throughout 2021, particularly a result of supply shortages as OEM production demand continued to recover. The most significant supply shortage related to semiconductor chips, which impacted global industry production, and resulted in significant cancellations of planned OEM production. Supply shortages and the on-going volatility in OEM production schedules adversely impacted our manufacturing and material efficiencies during 2021. In addition, increases in certain commodity and logistics costs had an adverse impact on our operating results for the year ended December 31, 2021. It is possible a resurgence of the COVID-19 pandemic could result in adverse impacts in the future. Management cannot reasonably estimate the full impact the COVID-19 pandemic could have on the Group's financial condition, results of operations or cash flows in the future.

The Group assessed certain accounting matters that require consideration of forecasted financial information, including, but not limited to, its allowance for credit losses, the carrying value of the Group's intangible assets and other long-lived assets, and valuation allowances in context with the information reasonably available to the Group and the unknown future impacts of COVID-19 as at December 31, 2021 and through the date of this announcement. As a result of these assessments, there were no material increases in credit allowances or valuation allowances that impacted the Group's Consolidated Financial Statements as at and for the year ended December 31, 2021. However, the Group's future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to the Consolidated Financial Statements in future reporting periods. The Group recorded impairments to programme development intangible assets for the year ended December 31, 2021.

Given the ever-changing and uncertain worldwide situation regarding COVID-19 and its potential further impacts on the economies of afflicted regions, and the inherent difficulty in predicting potential further impact on the Group's facilities, employees, customers, suppliers and logistics providers, the Group has made assumptions based on best available information but due to the uncertainties related to COVID-19 the actual results may be materially different than the current assumptions used by management.

Accounting Policies

In addition to those described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2020, as described in those annual financial statements.

New/revised standards, amendments to standards and interpretations

The Group has adopted the following amendments which are relevant to the Group and mandatory for the accounting period beginning on January 1, 2021.

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to IFRS 16	Leases – COVID-19-Related Rent Concessions

The adoption of these amendments did not have a significant effect on the Consolidated Financial Statements.

2 REVENUE AND SEGMENT INFORMATION

2.1 Revenue from contracts with customers

The Group contracts with customers, which are generally automotive manufacturers and automotive original equipment manufacturers, to sell steering and driveline systems and components. In connection with these contracts the Group also provides tooling and prototype parts. The Group does not have material significant payment terms as payment is received shortly after the point of sale.

Performance obligations

The following summarises types of performance obligations identified in a contract with a customer.

Products	**Nature, timing of satisfaction of performance obligations, and payment terms.**
Production Parts	The Group recognises the majority of revenue for production parts at a point in time upon shipment to the customer and transfer of the title and risk of loss under standard commercial terms. A limited number of the Group's customer arrangements for customised products with no alternative use provide the Group with the right to payment during the production process. These revenues are recognised over time using the input method as performance obligations under the terms of a contract are satisfied. The amount of revenue recognised is based on the purchase order price. Customers typically pay for the product/prototype based on customary business practices with payment terms ranging from 30 to 90 days.
Tooling	The Group's development and sale of tooling for customers is performed in connection with the preparations to produce and sell products to its customers. Customers typically pay for the tooling in a lump sum upon acceptance. The Group recognises revenue for tooling over time using the input method as it satisfies its performance obligation. Revenue is recognised to the extent of costs incurred to date for reimbursable tooling from customers.
Engineering Design and Development/Prototypes	The Group recognises non-production related engineering design and development revenue, which is normally related to ADAS, performance improvement and business pursuit. The Group recognises revenue for non-production engineering design and development/prototypes revenue over time using the input method as it satisfies its performance obligations.

Contract balances

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on production parts, tooling and engineering design and development/prototypes. The contract assets are reclassified into the receivables balance when the rights to receive payment become unconditional. Contract assets are assessed for impairment under the expected credit loss method in IFRS 9. There have been no impairment losses recognised related to contract assets arising from the Group's contracts with customers. Contract liabilities are associated with consideration received from customers in advance of transferring goods promised in a contract. Recognition of revenue is deferred until the related performance obligations are satisfied in the future. The following table provides information about contract assets and contract liabilities from contracts with customers.

	Contract assets(i)	**Contract liabilities, Current**(ii)	**Contract liabilities, Non-current**(ii)
	US$'000	*US$'000*	*US$'000*
Balances as at December 31, 2021	43,791	23,691	86,737
Balances as at December 31, 2020	41,664	21,645	69,071
Change in account balance	2,127	2,046	17,666

(i) Contract assets are recorded within other current receivables and prepayments. As at January 1, 2020, contract assets amounted to US$33,572,000 in total.

(ii) Contract liabilities are recorded within deferred revenue. As at January 1, 2020, contract liabilities amounted to US$104,317,000 in total.

2.2 Segment information

The Group's segment information is presented on the basis of internal reports that are regularly reviewed by the Group's CEO in order to allocate resources to the segments and assess their performance. For each of the Group's reportable segments, the Group's CEO reviews internal management reports on a quarterly basis.

The Group classifies its businesses into three reportable segments: North America, Asia Pacific, and Europe, Middle East, Africa and South America (**EMEASA**). All of the Group's operating segments typically offer the same steering and driveline products. The 'Others' category represents parent company activities of the Company and activities of its non-operating direct and indirect subsidiaries, as well as elimination entries between segments.

The key performance indicators that the Group monitors to manage segment operations are:

- Operating income before interest, taxes, depreciation and amortisation (including reversal of impairment/impairment on property, plant and equipment and intangible assets) and share of results of joint ventures (**Adjusted EBITDA**).

- Total assets and total liabilities represent total current and non-current assets and total current and non-current liabilities of the segments and include assets and liabilities between operating segments.

Information about reportable segments and reconciliations of reportable segment revenues is as follows:

	North America *US$'000*	Asia Pacific *US$'000*	EMEASA *US$'000*	Others *US$'000*	Total *US$'000*
For the year ended December 31, 2021					
Total revenue	**1,977,545**	**839,954**	**587,146**	**–**	**3,404,645**
Inter-segment revenue	**(13,822)**	**(30,465)**	**(1,633)**	**–**	**(45,920)**
Revenue from external customers	**1,963,723**	**809,489**	**585,513**	**–**	**3,358,725**
Adjusted EBITDA	**164,294**	**151,005**	**37,609**	**7,855**	**360,763**
For the year ended December 31, 2020					
Total revenue	1,919,325	662,675	487,457	–	3,069,457
Inter-segment revenue	(14,193)	(21,246)	(1,808)	–	(37,247)
Revenue from external customers	1,905,132	641,429	485,649	–	3,032,210
Adjusted EBITDA	234,748	125,157	25,537	(7,430)	378,012

The revenue from external parties reported to the Group's CEO is measured in a manner consistent with that in the Consolidated Financial Statements.

Reconciliations of reportable segment total assets and liabilities are as follows:

	North America *US$'000*	Asia Pacific *US$'000*	EMEASA *US$'000*	Others *US$'000*	Total *US$'000*
As at December 31, 2021					
Total assets	**1,950,573**	**993,050**	**495,148**	**(232,272)**	**3,206,499**
Total liabilities	**746,943**	**385,554**	**247,416**	**(176,003)**	**1,203,910**
As at December 31, 2020					
Total assets	1,940,556	1,071,161	499,523	(205,499)	3,305,741
Total liabilities	694,149	347,863	241,282	101,462	1,384,756

Reconciliations of reportable segment Adjusted EBITDA to the Group's profit before income tax are as follows:

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Adjusted EBITDA from reportable segments	**360,763**	378,012
Depreciation and amortisation expenses	**(252,757)**	(228,575)
Reversals of (impairments) on property, plant and equipment and intangible assets	**7,209**	(30,710)
Finance income	**4,426**	4,096
Finance costs	**(6,281)**	(9,156)
Share of results of joint ventures	**653**	795
Profit before income tax	**114,013**	114,462

In presenting information on the basis of geography, segment revenue is based on the geographical location of subsidiaries and segment assets and liabilities are based on geographical location of the assets.

Adjusted EBITDA includes a non-cash component for revenue recognised from deferred revenue. For the year ended December 31, 2021, the North America segment and Asia Pacific segment recognised US$18,741,000 (2020: US$21,640,000) and US$604,000 (2020: US$12,195,000), respectively.

The geographic distribution of revenue for the years ended December 31, 2021 and 2020 is as follows:

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
North America:		
US	**1,170,664**	1,092,048
Mexico	**793,059**	813,084
Asia Pacific:		
China	**686,098**	571,152
Rest of Asia Pacific	**123,391**	70,277
EMEASA:		
Poland	**365,950**	347,353
Rest of EMEASA	**219,563**	138,296
	3,358,725	3,032,210

The geographic distribution of non-current assets excluding deferred income tax assets as at December 31, 2021 and 2020 is as follows:

	As at December 31,	
	2021	2020
	US$'000	*US$'000*
North America:		
US	**1,017,273**	973,702
Mexico	**277,756**	275,965
Asia Pacific:		
China	**282,280**	277,330
Rest of Asia Pacific	**31,003**	30,270
EMEASA:		
Poland	**153,674**	171,143
Rest of EMEASA	**70,488**	68,002
Others	**2,439**	1,517
	1,834,913	1,797,929

Disaggregation of revenue

	North America	**Asia Pacific**	**EMEASA**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***
For the year ended December 31, 2021				
Electric Power Steering (**EPS**)	**1,281,116**	**526,451**	**517,935**	**2,325,502**
Steering Columns and Intermediate Shafts (**CIS**)	**293,916**	**15,794**	**8,076**	**317,786**
Hydraulic Power Steering (**HPS**)	**120,119**	**2,280**	**14,549**	**136,948**
Driveline Systems (**DL**)	**268,572**	**264,964**	**44,953**	**578,489**
	1,963,723	**809,489**	**585,513**	**3,358,725**

	North America	Asia Pacific	EMEASA	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
For the year ended December 31, 2020				
EPS	1,165,793	431,064	461,327	2,058,184
CIS	326,242	12,351	4,928	343,521
HPS	106,398	3,088	10,534	120,020
DL	306,699	194,926	8,860	510,485
	1,905,132	641,429	485,649	3,032,210

Revenue by type

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Production parts	**3,311,240**	2,997,133
Tooling	**32,914**	29,553
Engineering design and development/prototypes	**14,571**	5,524
	3,358,725	3,032,210

Customers amounting to 10 percent or more of the Group's revenue are as follows and reported in North America, Asia Pacific and EMEASA segments:

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
GM	**1,069,513**	1,069,939
Customer A[(i)]	**906,206**	810,527
Customer B	**559,709**	524,104
	2,535,428	2,404,570

Note:

(i) Subsequent to December 31, 2020, customer A merged with another customer of the Group. Revenue from customer A for the year ended December 31, 2020 has been updated to include revenue from the other party to the merger.

3 EXPENSE BY NATURE

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Inventories used, including finished goods and work-in-progress	**2,106,884**	1,815,292
Employee benefit costs	**489,739**	455,422
Temporary labour costs	**107,687**	105,257
Supplies and tools	**193,743**	179,088
Depreciation on property, plant and equipment	**134,065**	122,010
Depreciation on right-of-use assets	**13,394**	13,208
Amortisation on intangible assets	**105,298**	93,357
Impairment (reversals) charges on		
– trade receivables (note 9)	**(370)**	689
– intangible assets[(i)]	**(7,209)**	34,147
– property, plant and equipment	**–**	(3,437)
(Reversals of write-down) write-down of inventories	**(2,403)**	2,304
Warranty expenses	**14,446**	10,745
Auditors' remuneration		
– audit services	**1,785**	2,256
– non-audit services	**208**	1,963
Others	**103,381**	71,646
Total cost of sales, engineering and product development costs, selling and distribution, and administrative expenses	**3,260,648**	2,903,947

Note:

(i) The amount represents impairments of US$1,465,000 (2020: US$34,147,000) related to programme cancellations and declining volumes on specific customer programmes as set out in note 8. The amount for the year ended December 31, 2021 also included income received of US$8,674,000 due to customer recovery for a previously cancelled customer programme.

4 OTHER GAINS (LOSSES), NET

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Foreign exchange gains (losses), net	**10,236**	(6,349)
Loss on disposal of property, plant and equipment	**(2,224)**	(9,608)
Others	**9,126**	6,421
	17,138	(9,536)

5 FINANCE INCOME/FINANCE COSTS

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Finance income		
Interest on bank deposits	**4,426**	4,096
Finance costs		
Interest on bank borrowings	**6,090**	4,157
Interest on notes	**3,753**	14,687
	9,843	18,844
Interest on leases	**3,201**	3,574
Other finance costs	**2,956**	3,299
	16,000	25,717
Less: amount capitalised in qualifying assets	**(9,719)**	(16,561)
	6,281	9,156
	1,855	5,060

6 INCOME TAX BENEFIT

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Current income tax expense	**(23,770)**	(3,073)
Deferred income tax benefit	**36,160**	10,914
	12,390	7,841

The Coronavirus Aid, Relief, and Economic Security (**CARES**) Act was passed by the US Congress signed into law on March 27, 2020. The CARES Act provided for a carryback of any net operating loss (**NOL**) arising in a taxable year beginning after December 31, 2017 and before January 1, 2021, to each of the five taxable years preceding the taxable year in which the loss arises (**Carryback Period**). As a result of this provision, taxpayers take into account such NOLs in the earliest taxable year in the Carryback Period, carrying forward unused amounts to each succeeding taxable year. The Group has applied this provision to its tax calculation for the 2020 US tax NOL for the year ended December 31, 2021 and recognised a benefit of US$6,832,000 for the NOL carryback (2020: US$9,809,000).

Taxation on the Group's profits has been calculated on the estimated assessable profits for both years at the statutory rates of 21%, 25% and 19% in US, China and Poland, respectively, from where the Group's profits were mainly generated.

The tax on the Group's profit before tax differs from the theoretical amount that would arise from tax calculated at rates applicable to profits in respective countries of the combined entities as follows:

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Profit before income tax	**114,013**	114,462
Tax calculated at rates applicable to profits in respective countries	**(29,924)**	(28,274)
Expenses not deductible for tax purposes	**(484)**	(299)
Non-taxable income	**10,863**	12,462
Tax credits[(i)]	**13,713**	12,126
Preferential rates and tax holidays[(ii)]	**13,359**	8,790
Tax losses and deductible temporary differences for which no deferred tax was recognised	**(209)**	(4,261)
Rate benefit on US net operating loss[(iii)]	**6,832**	9,809
US state and withholding taxes[(iv)]	**(6,899)**	(2,573)
Others	**5,139**	61
Income tax benefit	**12,390**	7,841

Notes:

(i) Mainly represents research and royalty incentives.

(ii) Derived mainly from profits subject to preferential tax rate in China for high-technology enterprises. Also includes tax exemption through 2026 for the Group's investment in Special Economic Zones in Poland according to the relevant Polish tax rules.

(iii) The US CARES Act NOL carryback provided a permanent tax rate benefit.

(iv) Includes withholding taxes on intercompany dividends anticipated to be paid in the foreseeable future.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended December 31, **2021**	2020
Profit attributable to the equity holders of the Company (US$'000)	**118,440**	116,766
Weighted average number of ordinary shares in issue (thousands)	**2,509,004**	2,507,545
Basic earnings per share (in US$)	**0.05**	0.05

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise of shares issued under the Scheme that are vested as at December 31, 2021. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year ended December 31, 2021) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares within the denominator for calculating diluted earnings per share. For the years ended December 31, 2021 and 2020, the details are within the table below.

	For the year ended December 31, **2021**	2020
Profit attributable to the equity holders of the Company, used to determine diluted earnings per share (US$'000)	**118,440**	116,766
Weighted average number of ordinary shares in issue (thousands)	**2,509,004**	2,507,545
Adjustment for share options (thousands)	**2,527**	285
Weighted average number of ordinary shares in issue for calculating diluted earnings per share (thousands)	**2,511,531**	2,507,830
Diluted earnings per share (in US$)	**0.05**	0.05

8 DIVIDENDS

	For the year ended December 31,	
	2021	2020
	US$'000	*US$'000*
Dividend proposed of US$0.0095 (2020: US$0.0094) per share	**23,843**	23,571

This 2021 dividend was proposed by the directors of the Board (the **Directors**) at a meeting held on March 16, 2022, the date of approval of these Consolidated Financial Statements, which is not reflected as a dividend payable in these Consolidated Financial Statements.

9 TRADE RECEIVABLES

	As at December 31,	
	2021	2020
	US$'000	*US$'000*
Trade receivables, gross	**573,535**	570,845
Notes receivable	**54,617**	24,747
Less: provision for impairment	**(2,074)**	(2,565)
	626,078	593,027

As at January 1, 2020, trade receivables from contracts with customers and notes receivable amounted to US$538,825,000 and US$5,850,000, respectively.

Certain customers in China pay for goods and services through the use of notes receivable. The Group had notes receivable outstanding in the amount of US$54,617,000 as at December 31, 2021 (December 31, 2020: US$24,747,000). As at December 31, 2021, notes receivable totaling US$9,398,000 (December 31, 2020: US$9,235,000) were pledged to guarantee notes payable in the same amount recorded within trade payables as set out in note 10. The bank notes receivable are measured at fair value through other comprehensive income (**FVOCI**).

Credit terms range primarily from 30 to 90 days after the invoice date depending on the customer and the geographical region. Ageing analysis of trade and notes receivable based on invoice date is as follows:

	As at December 31,	
	2021	2020
	US$'000	*US$'000*
0 to 30 days	**430,460**	400,588
31 to 60 days	**177,563**	173,045
61 to 90 days	**16,361**	8,721
Over 90 days	**3,768**	13,238
	628,152	595,592

The provision for impairment of receivables includes estimates and assessments of individual receivables based on the expected credit loss method.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 which requires the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses below incorporate forward-looking information, such as industry data and macro-economic factors.

Trade receivables of US$2,074,000 were non-credit impaired as at December 31, 2021 on which provisions were made (December 31, 2020: US$2,565,000).

Movement on the provision for the impairment of trade receivables is as follows:

	For the year December ended 31,	
	2021	2020
	US$'000	*US$'000*
As at January 1	**2,565**	1,721
(Reversal) addition	**(370)**	689
Exchange differences	**(121)**	155
As at December 31	**2,074**	2,565

The carrying amounts of trade receivables pledged as collateral were US$362,585,000 as at December 31, 2021 (December 31, 2020: US$371,104,000).

10 TRADE PAYABLES

	As at December 31,	
	2021	2020
	US$'000	*US$'000*
Trade payables	**625,288**	630,583
Notes payable	**41,213**	26,572
	666,501	657,155

Certain vendors in China are paid for goods and services through the use of notes payable. Included in trade payables are notes payable issued to suppliers outstanding in the amount of US$41,213,000 as at December 31, 2021 (December 31, 2020: US$26,572,000). As at December 31, 2021, notes payable totaling US$9,398,000 (December 31, 2020: US$9,235,000) were pledged by notes receivable in the same amount recorded within trade receivables as set out in note 9.

The ageing analysis of trade payables based on invoice date is as follows:

	As at December 31,	
	2021	2020
	US$'000	*US$'000*
0 to 30 days	**389,542**	371,088
31 to 60 days	**176,742**	180,727
61 to 90 days	**52,492**	64,261
91 to 120 days	**9,693**	15,906
Over 120 days	**38,032**	25,173
	666,501	657,155

FINANCIAL REVIEW

Financial Summary

The Group navigated another challenging year as the residual impacts of the 2020 COVID-19 pandemic continued to place a strain on the automotive industry. Inflationary pressures and volatility in automotive original equipment manufacturer (**OEM**) production schedules, especially during the second half of 2021, pressured the Group's profit margins despite experiencing an increase in revenue when compared with 2020. The Group's revenue increased by 10.8% for the year ended December 31, 2021 compared with 2020, with all three geographical segments positively impacted as OEM vehicle production recovered from the significant adverse operating environment experienced during 2020 as a result of the global pandemic. As reported by IHS Markit Ltd. (January 2022), global OEM vehicle production increased by 2.5% during 2021 when compared with 2020.

Although the Group's 2021 revenue significantly improved compared with last year as highlighted above, our financial performance was tempered by industry-wide headwinds that began to emerge in early 2021 and accelerated through the remainder of the year. These headwinds included, among other factors, global shortages in the supply of various sub-components of raw materials, principally semiconductor chips, rising commodity costs, dramatic increases in transportation and logistics costs and continued impacts from the health crisis in various countries in which the Group operates in or is served by its established supply chain partners. These headwinds resulted in many OEM's needing to quickly and significantly adjust or suspend vehicle production during 2021, with the second half of the year being the most impacted. The Group's North America, Europe and South America OEM customers were the most impacted by these factors which adversely impacted the financial performance of the Group's North America and EMEASA segments. The lapse of government funding support in some key areas, notably the lapse of a major employment tax credit in the US as well as an engineering-related subsidy from the Chinese government, also contributed to increased costs during 2021. Compared with the year ended December 31, 2020, full-year 2021 gross profit of US$363.4 million decreased by 11.7%; profit before income tax of US$114.0 million decreased by 0.4%; profit attributable to equity holders of the Company of US$118.4 million improved by 1.4%; and Adjusted EBITDA of US$360.8 million decreased by 4.6%.

The Group recorded an income tax benefit of US$12.4 million for the year ended December 31, 2021, US$4.6 million higher when compared with 2020. The increased benefit was a result of preferential tax rates and tax holidays mainly in China and Poland, offset by withholding taxes due to finalising an audit. In both 2020 and 2021, income tax benefits reflect the carryback of a US pre-tax loss generated during the period to prior tax years as provided for under the provisions of the CARES Act, which was enacted in March 2020 to provide economic support to enterprises as result of the COVID-19 pandemic.

For the year ended December 31, 2021, the Group's net cash generated from operating activities was US$287.4 million, a decrease of US$132.4 million compared with US$419.8 million for the year ended December 31, 2020. Despite slightly higher net earnings, the decrease in cash flows from operating activities was primarily attributable to higher working capital investment, increased inventory levels resulting from semiconductor shortages and other commodity constraints and extended logistics and transportation schedules experienced during 2021 when compared with 2020.

The cash from operating activities less cash used in investing activities was positive US$1.7 million for 2021, a decrease of US$130.1 million, compared with US$131.8 million for the year ended December 31, 2020. The decrease in cash flow along with the decrease in net debt driven by the early redemption and pay-off of the US$250.0 million 5.875% senior notes due 2021 (**Notes**) in April 2021, offset by net borrowings of US$85.0 million under the Group's US revolving credit facility, resulted in a lower ending cash balance of US$326.5 million as at December 31, 2021 compared with US$553.4 million as at December 31, 2020.

A summary comparison of the Group's financial performance for the first half of 2021 compared with the second half of 2021 for selected metrics is provided in the table below:

Results (US$'000)	**H1 2021**	**H2 2021**	**Change**
Revenue	1,734,394	1,624,331	(6.3%)
Gross profit	226,472	136,957	(39.5%)
Gross profit margin (as % of revenue)	13.1%	8.4%	(4.7%)
Profit attributable to equity holders	83,143	35,297	(57.5%)
Profit margin (as % of revenue)	4.8%	2.2%	(2.6%)
EBITDA	212,890	147,873	(30.5%)
EBITDA margin (as % of revenue)	12.3%	9.1%	(3.2%)
Net (decrease) increase in cash and cash equivalents	(225,223)	(1,684)	(99.3%)

Operating Environment

The global automotive market has a direct impact on our business and operating results. Factors affecting the industry include macro-economic influences such as consumer confidence, fluctuations in commodity prices, currency, fuel prices and regulatory environments. The ability to secure material and components from our supply-base is also critical, as evidenced by the semiconductor chip shortage which provided a significant industry-wide challenge in 2021. The Company operates primarily in the US, Mexico, China, Poland, India, Morocco and Brazil.

Global OEM light vehicle production rebounded significantly during 2021 when compared with 2020 as a result of the COVID-19 pandemic's impact on the first half of 2020. OEM light vehicle production was most heavily impacted in the second quarter of 2020 as North America, Europe and South America OEM and supplier manufacturing operations were impacted by government mandated shutdowns from mid-March through the latter part of May of 2020.

According to IHS Markit Ltd. (January 2022), global OEM light vehicle production for the year ended December 31, 2021 increased by 2.5% compared to the year ended December 31, 2020; although OEM vehicle production across all major regions served by the Group significantly decelerated in the second half of 2021, reflecting industry-wide supply shortages and logistics and transportation constraints, resulting in a year-over-year decline of 16.0% in global OEM light vehicle production when compared with the same period in 2020. The change in OEM light vehicle production for the first half, second half and year ended December 31, 2021 compared with the same periods in 2020 for key markets served by the Group is provided in the table below:

	H1 2021	**H2 2021**	**Full-Year 2021**
North America	32%	(21%)	0.1%
China	25%	(10%)	4.0%
India	83%	(8%)	25%
Europe	28%	(29%)	(5.0%)
South America	62%	(10%)	16.1%

The Group conducts its business from a global operating footprint to service its broad customer base and, accordingly, the financial results of the business are impacted by changes in foreign currencies measured against the US dollar, principally the European euro (**Euro**) and the Chinese renminbi (**RMB**). The Group's financial results were also favourably impacted by foreign currency translation as the US dollar weakened against both the Euro and RMB during 2021 compared with a year ago.

During the year ended December 31, 2021, the Group successfully launched 36 new customer programmes – 19 programmes in Asia Pacific, 6 programmes in EMEASA and 11 programmes in North America. Of the 36 customer programme launches, 32 represented new conquest business for the Group, 4 represented incumbent business and 15 represented EV programmes.

Revenue

The Group's revenue for the year ended December 31, 2021 was US$3,358.7 million, an increase of US$326.5 million, or 10.8%, compared with US$3,032.2 million for the year ended December 31, 2020. As highlighted in the preceding narrative, the recovery in OEM light vehicle production across all geographic markets served by the Group was the principal factor driving significantly higher revenue for the year ended December 31, 2021 when compared with 2020. Foreign currency translation further improved the Group's revenue by approximately US$56.7 million, principally impacting the Asia Pacific and EMEASA segments, given the weakening of the US dollar against the RMB and EURO during 2021 compared with a year ago. Customer recoveries, principally resulting from the pass through of raw material commodity increases, further increased revenue during 2021 by about US$52.6 million. Adjusting for favourable foreign currency translation and customer commodity recoveries, Nexteer's revenue rose by 7.2% in 2021 compared with a year ago, outperforming the revenue increase in OEM production for served markets by 470 basis points. This performance reflected the on-going benefit from the launch of new and conquest customer programmes in both 2021 and 2020 and favourable vehicle mix.

We measure the results of our operations by geographic segment regions. The change in revenue is analysed by volume, mix, price and foreign currency translation impact. Volume measure changes are driven by the volume of products sold and mix changes are driven by the type of products sold. Price measures the impact of changes within the pricing structure of each product sold. The impact of foreign currency translation is measured by the changes in foreign currencies measured against the US dollar.

Revenue by Geographical Segments

The following table sets forth revenue by geographic segments for the years indicated:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	US$'000	*%*	*US$'000*	*%*
North America	**1,963,723**	**58.5**	1,905,132	62.8
Asia Pacific	**809,489**	**24.1**	641,429	21.2
EMEASA	**585,513**	**17.4**	485,649	16.0
Total	**3,358,725**	**100.0**	3,032,210	100.0

The changes in revenue by geographical segments are primarily due to the following:

- North America segment – Revenue increased by US$58.6 million, or 3.1%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The most significant factor contributing to the increase in revenue was an improved OEM demand environment, with North America OEM light vehicle production and full-size truck production for 2021 increasing by 0.1% and 12.4%, respectively, compared with the same period in 2020, which was partially offset by customer pricing and a Columns programme transition in the first half of 2020. Customer recoveries, principally the pass through of commodities inflation, further increased revenue by about US$38.7 million in 2021 compared to 2020. Adjusting for foreign currency translation and customer commodity recoveries, North America adjusted revenue increased by 1.0% compared to the change in OEM customer production of 0.1%, outperforming the market by 90 basis points.

- Asia Pacific segment – Revenue increased by US$168.1 million, or 26.2%, for the year ended December 31, 2021 compared to the year ended December 31, 2020. The most significant factor contributing to the revenue increase was higher OEM light vehicle production, with total Asia Pacific OEM production volumes higher by 5.1%, and China and India OEM production volumes higher by 4.0% and 25.0%, respectively, for the year ended December 31, 2021 compared with 2020. In addition to the improvement in the demand environment, the segment continued to benefit from new and carry-over revenue from new and conquest customer programme launches. Favourable foreign currency translation provided a further benefit of US$43.5 million as the US dollar weakened against the RMB during 2021 compared with 2020. Adjusting for foreign currency translation and customer commodity recoveries, Asia Pacific adjusted revenue increased by 18.4% compared to the change in OEM customer production of 5.1%, outperforming the market by 1,330 basis points.

- EMEASA segment – Revenue increased by US$99.9 million, or 20.6%, for the year ended December 31, 2021 when compared with the year ended December 31, 2020. Although OEM light vehicle production in the EMEASA segment fell by 2.5% during the year ended December 31, 2021 compared with 2020, the biggest contributor to the Group's increased revenue in the segment was the increase in South America OEM light vehicle production of 16.1%, tempered by a decrease in European OEM production of 5.0%. The segment also benefited from on-going customer programme growth in the segment's Morocco manufacturing facility, which began production in 2019, which increased revenue by US$47.4 million compared with a year ago. Favourable foreign currency translation provided a benefit of US$13.2 million as the US dollar weakened against the Euro during the year ended December 31, 2021 compared with 2020. Adjusting for foreign currency translation and customer commodity recoveries, EMEASA adjusted revenue increased by 16.4% compared to the change in OEM customer production of –2.5%, outperforming the market by 1,890 basis points.

Revenue by Products

The following table sets forth the Group's revenue by product lines for the years indicated:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	US$'000	*%*	*US$'000*	*%*
EPS	**2,325,502**	**69.2**	2,058,184	67.9
CIS	**317,786**	**9.5**	343,521	11.3
HPS	**136,948**	**4.1**	120,020	4.0
DL	**578,489**	**17.2**	510,485	16.8
	3,358,725	**100.0**	3,032,210	100.0

The Group experienced an increase in EPS revenue of US$267.3 million, or 13.0%, for the year ended December 31, 2021 compared with 2020, largely reflecting increased OEM light vehicle production volumes across all segments. EPS revenue was also bolstered by the launch of 11 customer programmes in 2021, including 8 new business launches in Asia Pacific and North America. CIS revenue decreased by US$25.7 million, or 7.5% for the year ended December 31, 2021 compared with a year ago, primarily driven by a North America customer programme transition which was completed in the first half of 2020 which impacted the comparison by approximately US$21.0 million. HPS revenue increased by US$16.9 million, or 14.1%, for the year ended December 31, 2021 compared with 2020. DL revenue increased by US$68.0 million, or 13.3%, for the year ended December 31, 2021 compared with last year, as a result of higher OEM light vehicle production and significant revenue from 18 new and carry-over customer programme launches primarily in China, India and Morocco.

Net Profit Attributable to Equity Holders

The Group's net profit attributable to equity holders of the Company for the year ended December 31, 2021 was US$118.4 million or 3.5% of total revenue, an increase of US$1.6 million, or 1.4%, compared to US$116.8 million, or 3.9% of total revenue for the year ended December 31, 2020. The increase was principally attributable to the following factors:

- The recovery of OEM light vehicle production across all regions served by the Group for the year ended December 31, 2021, following the adverse impact of the COVID-19 pandemic in 2020.

- The favourable earnings impact from the recovery in OEM light vehicle production, was primarily offset by several factors which impacted the automotive industry broadly including raw material commodity inflation, significant increases in transportation and logistics costs, operating inefficiencies arising from increasing supply chain constraints, most notably semiconductor chip shortages, which negatively impacted OEM vehicle production schedules during 2021 when compared with 2020.

- Profit before income taxes for the year ended December 31, 2021 also benefited from the non-recurrence of a product development intangible asset impairment of US$34.1 million related to customer programme cancellations and lower volume production expectations for specific programmes which was recognised in 2020 compared to net impairment reversals of US$7.2 million in 2021 related to recoveries received from customers for impairments recognised in prior years.

Cost of Sales

The Group's cost of sales for the year ended December 31, 2021 was US$2,995.3 million, an increase of US$374.5 million, or 14.3%, from US$2,620.8 million for the year ended December 31, 2020.

Raw material costs represent a significant portion of the Group's total cost of sales and for the year ended December 31, 2021 totaled US$2,101.4 million, or 62.6% of revenue, compared with US$1,823.5 million, or 60.1% of revenue, for 2020, reflecting an increase of US$277.9 million, or 15.2%. The increase in raw material costs was principally attributable to the increase in revenue for 2021 when compared with a year ago. Factors contributing to the increase in raw materials as a percent of revenue include commodity inflation, elevated logistics and transportation costs of inbound material, and lower annual supplier productivity gains resulting from increasing supply chain pressures experienced in 2021 compared with the prior year.

Depreciation and amortisation, including amortisation of capitalised product development costs, charged to cost of sales for the year ended December 31, 2021 was US$230.4 million, an increase of US$22.5 million, or 10.8% from US$207.9 million for the year ended December 31, 2020.

Amortisation of capitalised product development costs recorded as cost of sales amounted to US$104.0 million for the year ended December 31, 2021, representing 3.1% of revenue, an increase of US$13.5 million, or 14.9%, from US$90.5 million, representing 3.0% of revenue, for the year ended December 31, 2020. We expect amortisation to continue to increase in future years with the launch of new customer programmes that are currently in development.

Excluding raw material costs and depreciation and amortisation and fixed and intangible asset impairments, remaining manufacturing costs of US$663.5 million, or 19.8% of revenue for the year ended December 31, 2021 were higher by US$70.6 million, or 11.9%, when compared with US$592.9 million, or 19.6% of revenue, for one year ago, which was directly attributable to the increase in production for the year ended December 31, 2021. The Group also experienced significant increases in outbound logistics and transportation costs during 2021 related to both demand pressures and increased expedition of raw materials as a result of supply chain constraints. As a percent of revenue, cost of sales increased to 89.2% for the year ended December 31, 2021 compared with 86.4% a year ago.

Gross Profit

The Group's gross profit for the year ended December 31, 2021 was US$363.4 million, a decrease of US$48.0 million, or 11.7%, from US$411.4 million for the year ended December 31, 2020. Gross profit margin for the year ended December 31, 2021 was 10.8% compared with 13.6% for the year ended December 31, 2020. The decrease in gross profit was attributable to inflationary pressures and operational inefficiencies resulting from industry volatility during 2021, as outlined in the preceding cost of sales narrative.

Engineering and Product Development Costs

For the year ended December 31, 2021, the Group's engineering and product development costs charged to the income statement were US$116.3 million, representing 3.5% of revenue, a decrease of US$37.3 million, or 24.3%, as compared to US$153.6 million, or 5.1% of revenue for the year ended December 31, 2020. The Group recognised a net reversal of product development intangible asset impairment of US$7.2 million in 2021. The Group recorded a customer recovery from a previously impaired programme of US$8.7 million, with US$5.3 million recorded in the North America segment and US$3.4 million recorded in the EMEASA segment, partially offset by the Group recording impairment of US$1.5 million related to programme cancellations and declining volumes in the Asia Pacific segment and the North America segment in the amount of US$0.5 million and US$1.0 million, respectively. For the year ended December 31, 2020, the Group recognised product development intangible asset impairments of US$34.1 million related to customer programme cancellations and lower volume production expectations for specific programmes. The impairments were recorded as engineering and product development costs in the Asia Pacific segment and the North America segment in the amount of US$5.1 million and US$29.0 million, respectively. The intangible asset impairments recorded in the North America segment were a result of the Group's US domiciled intellectual property holdings arrangement.

Capitalised interest related to engineering development costs totalled US$9.7 million for the year ended December 31, 2021 and US$16.3 million for the year ended December 31, 2020. Depreciation and amortisation charged to engineering and product development costs for the year ended December 31, 2021 was US$12.0 million, an increase of US$1.1 million, or 9.7%, from US$10.9 million for the year ended December 31, 2020.

The Group's aggregate investment in engineering and product development costs is defined as the sum of costs charged to the consolidated income statement (excluding impairment charges associated with costs capitalised in prior periods) and total costs capitalised as intangible assets during the current period which will be amortised in future periods upon launch and start of production of related customer programmes currently in development. For the year ended December 31, 2021, the Group incurred an aggregate investment in engineering and product development costs of US$271.2 million, a decrease of US$2.5 million, or 0.9%, compared with US$273.7 million for the year ended December 31, 2020, reflecting cost actions taken to temper the earnings impact of a lower revenue environment.

Selling, Distribution and Administrative Expenses

The Group's selling, distribution and administrative expenses for the year ended December 31, 2021 were US$149.1 million, representing 4.4% of revenue, an increase of US$19.6 million, or 15.1%, as compared to US$129.5 million, or 4.3% of revenue, for the year ended December 31, 2020. The increase in selling, distribution and general and administrative expense is attributable to several factors, including the lapse of a US employment tax credit of US$9.1 million, and increasing costs related to employee compensation plans and general corporate insurance coverages of US$4.2 million and US$3.0 million, respectively. Depreciation and amortisation charged to administrative expense for the year ended December 31, 2021 was US$10.3 million, an increase of US$0.5 million, or 5.8%, from US$9.8 million for the year ended December 31, 2020.

Other Gains (Losses), net

Other gains (losses), net represents gains attributable to foreign exchange transactions, losses on disposal of property, plant and equipment and others. Other gains (losses), net for the year ended December 31, 2021 was a gain of US$17.1 million, an increase of US$26.6 million compared to a loss of US$9.5 million for the year ended December 31, 2020. The increase was principally attributable to favourable foreign exchange and lower losses related to the disposal of property, plant and equipment, particularly in the Group's US DL business.

Finance Income/Finance Costs

Finance costs, net, consist of interest income and expense reduced by interest capitalised on qualifying assets and product development. The Group's net finance costs for the year ended December 31, 2021 were US$1.9 million, a decrease of US$3.2 million, or 63.3%, as compared to US$5.1 million from the year ended December 31, 2020. The early redemption of the Group's outstanding US Notes in the amount of $250.0 million, partially offset by net borrowings on the Company's US revolving credit facility, led to a significant reduction in finance costs during the year ended December 31, 2021, when compared with the same period of 2020.

Share of Results of Joint Ventures

Share of results of joint ventures relates to the Group's investments in Chongqing Nexteer Steering Systems Co., Ltd. (**Chongqing Nexteer**), Dongfeng Nexteer Steering Systems (Wuhan) Co., Ltd. (**Dongfeng Nexteer**) and CNXMotion, LLC (**CNXMotion**). For the year ended December 31, 2021, the Group's share of results of joint ventures amounted to US$3.7 million, US$0.0 million and (US$3.0 million) related to Chongqing Nexteer, Dongfeng Nexteer and CNXMotion, respectively (year ended December 31, 2020: US$3.1 million, (US$0.3 million) and (US$2.0 million). Chongqing Nexteer's profitability during the year ended December 31, 2021 was flat when compared with 2020. Dongfeng Nexteer was formed during 2017 and while production began during 2019, the joint venture has yet to achieve a level of customer production to offset the current cost structure and investment for the year ended December 31, 2021. CNXMotion is a research and development (**R&D**) entity focused on integrating lateral and longitudinal controls for mixed mode and AD applications. As an R&D entity, CNXMotion is not anticipated to generate direct revenue for the foreseeable future, but rather benefit the Company from the development and transfer of R&D that may be commercialised and used in the manufacture of future products.

Income Tax Benefit

The Group's income tax benefit was US$12.4 million for the year ended December 31, 2021, representing 10.9% of the Group's profit before income tax, compared with an income tax benefit of US$7.8 million, or 6.9% of profit before income tax, for the year ended December 31, 2020. The increased tax benefit was primarily the result of changes in the mix of income generated by US and non-US operations and an increased benefit due to preferential tax rates for tax holidays, mainly China and Poland. Income tax in 2021 and 2020 include tax benefits of $6.8 million and $9.8 million, respectively, resulting from US taxable losses available for carryback to prior years at a tax rate of 35% compared to the current statutory rate of 21%. In addition, during the year ended December 31, 2021, the Group reached final agreement with a taxing authority that certain dividends declared and paid by a subsidiary of the Group were subject to withholding tax under the tax law at the time such dividends were paid in the amount of US$2.4 million.

The CARES Act was passed by US Congress and signed into law on March 27, 2020. The CARES Act provided for a carryback of any net operating loss (**NOL**) arising in a taxable year beginning after December 31, 2017, and before January 1, 2021, to each of the five taxable years preceding the taxable year in which the loss arises (**Carryback Period**). As a result of this provision, taxpayers take into account such NOLs in the earliest taxable year in the Carryback Period, carrying forward unused amounts to each succeeding taxable year. The Company has applied this provision to its tax calculation for the US tax NOL in year 2020 and recognised a benefit for the NOL carryback for both years ended December 31, 2020 and December 31, 2021.

Provisions

As at December 31, 2021, the Group had provisions for litigation, environmental liabilities, warranties and decommissioning of US$78.0 million, a decrease of US$0.1 million as compared to US$78.1 million as at December 31, 2020. The decrease in provisions was principally due to the net change in warranty reserves reflecting US$14.8 million in cash payments on historical warranty provisions and net additions of US$14.4 million during 2021.

Liquidity and Capital Resources

Cash Flows

Our business requires a significant amount of working capital, which is primarily used to finance the purchase of raw materials, capital spending for customer programmes and engineering and product development costs. We have historically met our working capital and other capital requirements principally from cash generated from operations and borrowings from third-party financial institutions. We utilise a combination of strategies, including intercompany dividends, intercompany loan structures and other distributions and advances to provide the funds necessary to meet our global liquidity needs. The Company utilises a global cash pooling arrangement to consolidate and manage our global cash balances, which improves cash management efficiency. We believe that cash on hand and availability of borrowings under the Group's existing credit facilities will be adequate to fund our operations.

The following table sets forth a condensed consolidated statement of cash flows for the Group for the years indicated:

	For the year ended December 31, 2021	For the year ended December 31, 2020
	US$'000	*US$'000*
Cash (used in) generated from:		
Operating activities	**287,383**	419,845
Investing activities	**(285,664)**	(288,002)
Financing activities	**(215,448)**	(186,943)
Net decrease in cash and cash equivalents	**(213,729)**	(55,100)

Cash Flows Generated from Operating Activities

For the year ended December 31, 2021, the Group's net cash generated from operating activities was US$287.4 million, a decrease of US$132.4 million compared with US$419.8 million for the year ended December 31, 2020. Despite slightly higher net earnings, the decrease in cash flows from operating activities was primarily attributable to higher working capital investment, including increased inventory levels resulting from semiconductor shortages and other commodity constraints and extended logistics and transportation schedules experienced during 2021 when compared with 2020.

Cash Flows Used in Investing Activities

The Group's cash flows used in investing activities primarily reflect capital spending for purchases of machinery, equipment and tooling and capitalised engineering and product development costs as intangible assets to support customer programmes.

The following table sets forth the cash used in investing activities within the Group for the years indicated:

	For the year ended December 31, 2021	For the year ended December 31, 2020
	US$'000	*US$'000*
Purchase of property, plant and equipment	**(141,601)**	(149,741)
Addition of intangible assets	**(146,679)**	(137,734)
Other	**2,616**	(527)
Net cash used in investing activities	**(285,664)**	(288,002)

Cash Flows Used in Financing Activities

For the year ended December 31, 2021, the Group's net cash flow used in financing activities was US$215.4 million, an increase of US$28.5 million compared with US$186.9 million for the year ended December 31, 2020. The principal driver of the increase in net cash used in financing activities was the early redemption of the Group's outstanding US Notes of US$250.0 million in April 2021, partially offset by net borrowings on the Company's US revolving credit facility of US$85.0 million. Net cash flows used in (provided by) financing activities for 2021 included the net repayment of borrowings of US$164.5 million, repayments of lease liabilities of US$13.7 million, finance costs paid of US$15.5 million, dividends paid to shareholders of the Company of US$23.6 million and proceeds from the exercise of share options of (US$1.8 million).

Indebtedness

As at December 31, 2021, the Group's total borrowings was US$84.4 million, a decrease of US$164.2 million from US$248.6 million as at December 31, 2020. This decrease was primarily due to the early redemption of the Group's outstanding US Notes of US$250.0 million, partially offset by net borrowings on the Company's US revolving credit facility.

The following table sets forth the balances of short and long-term borrowing obligations within the Group for the years indicated:

	December 31, 2021	December 31, 2020
	US$'000	*US$'000*
Current borrowings	**84,403**	248,636
Total borrowings	**84,403**	248,636

The table below sets forth the maturity profile of borrowings within the Group for the years indicated:

	For the year ended December 31, 2021	For the year ended December 31, 2020
	US$'000	*US$'000*
Within 1 year	**84,403**	248,636
Total borrowings	**84,403**	248,636

Pledge of Assets

The Group has several secured borrowings at certain subsidiaries. Assets securing the borrowings differ by site and include accounts receivable, inventories, property, plant and equipment. As at December 31, 2021, the Group had approximately US$813.4 million total assets pledged as collateral, a decrease of US$52.8 million as compared with US$866.2 million as at December 31, 2020. The decrease in collateral pledged was directly related to decreases in the balances of the underlying assets pledged. No significant changes in collateral arrangements have occurred from December 31, 2020 to December 31, 2021.

Exposure to Currency Rate Fluctuations and Related Hedges

The Group seeks to limit its foreign currency exposure through matching its purchase of materials and sale of finished goods in the same currencies subject to sourcing constraints. The Group monitors its remaining foreign currency exposure regularly to reduce the risk of foreign currency fluctuations in its operations.

Gearing Ratio

The Group monitors capital structure on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total equity at the end of the respective year.

The gearing ratio as at December 31, 2021 was 4.2%, a decrease of 870 basis points as compared to 12.9% as at December 31, 2020. The gearing ratio improved as a result of slightly improved net earnings during the year ended December 31, 2021 and lower borrowings as at December 31, 2021.

COVID-19 and Related Factors Impacting Operations and Financial Performance

Throughout 2020, the COVID-19 pandemic materially impacted the Group's business and results of operations. During the first quarter of 2020, the impact of COVID-19 was initially experienced primarily by operations in China. Following the declaration of COVID-19 as a global pandemic on March 11, 2020, government authorities around the world began to impose shelter-in-place orders and other restrictions. As a result, many OEMs began suspending manufacturing operations, particularly in North America and Europe. This led to various temporary closures of, or reduced operations at, the Group's manufacturing facilities, late in the first quarter of 2020 and throughout the second quarter of 2020. During the second half of 2020, as the global management of COVID-19 evolved and government restrictions were removed or lessened, production levels improved, and substantially all of the Group's production facilities resumed closer to normal operations by the third quarter of 2020.

The global automotive industry continued to be impacted by the COVID-19 pandemic throughout 2021, particularly a result of supply shortages as OEM production demand continued to recover. The most significant supply shortage related to semiconductor chips, which impacted global industry production, resulting in significant cancellations of planned OEM vehicle production during the year. Supply shortages and the on-going volatility in OEM production schedules adversely impacted our manufacturing and material efficiencies in 2021. In addition, increases in certain commodity and logistics and transportation costs had an adverse impact on our operating results for the year ended December 31, 2021. While countries across the globe continue to roll-out vaccination and other health protocols to stem the on-going COVID-19 pandemic, new virus variants have emerged, and it is possible variants could continue to emerge resulting in continued adverse impacts in the future. Management cannot reasonably estimate the full impact the COVID-19 pandemic could have on the Group's financial condition, results of operations or cash flows in the future.

OTHER INFORMATION

Future Prospects

The Group strives to maintain a market-leading position in global advanced steering and driveline systems, including electrification, driver-assist and ADAS-enabling technologies. We boost our current position and future prospects by leveraging the following five Nexteer differentiators:

1. Relentless innovation

2. Depth and breadth of our product portfolio

3. Systems integration experience

4. In-house ownership of R&D and integrated product and process development

5. Global manufacturing footprint and prowess

Megatrends influencing the automotive industry and adjacent sectors, such as last-mile delivery, continue to present new and unique channels for Nexteer. We retain thoughtful alignment across our product lines with megatrends including ADAS – Advanced Safety & Performance, Software, Electrification, Mobility-as-a-Service and Connectivity. In many cases, our technologies create a natural fit for Nexteer to offer solutions to OEMs across these megatrends, which provides us a competitive advantage and positions us well for potential future opportunities as these megatrends continue to evolve and mature.

Backlog of Booked Business

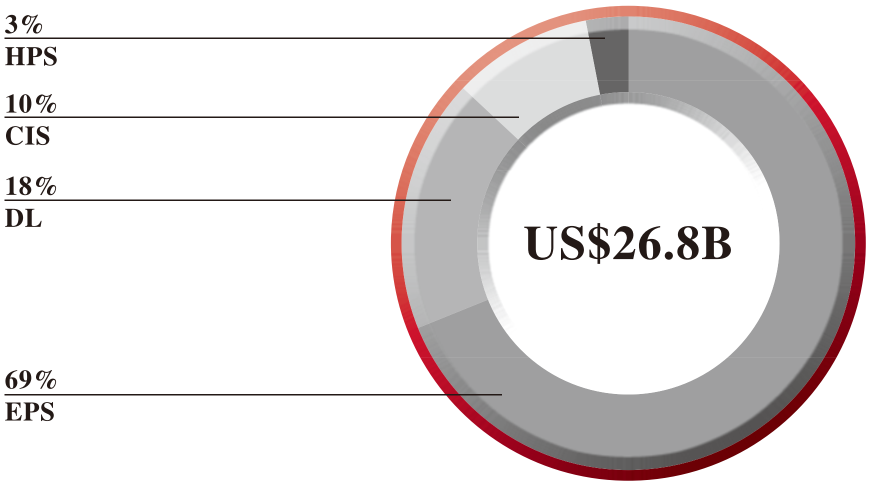
We begin to realise revenue under a new business contract as steering systems and DL products are first shipped to vehicle manufacturers at the time of product launch. Product launches have historically lagged the date of contract award by an average period of 24 to 30 months. We have calculated a booked business backlog value (the **Backlog of Booked Business, Booked Business** or **Backlog**) which includes the value of awarded business for as yet, undelivered product generating revenue between the time of launch through the end of the life of the respective award. A significant factor and input into the calculation of Nexteer's Backlog of Booked Business is forward year OEM production forecasts for awarded customer programmes. In determining forward year OEM production expectations, Nexteer considers reputable third-party automotive production forecasts, customer expectations and internal industry knowledge given past and current trends.

We estimate the value of all Booked Business under customer contracts that have been awarded, but for which we have undelivered products, was US$26.8 billion as at December 31, 2021 compared with US$24.6 billion as at December 31, 2020.

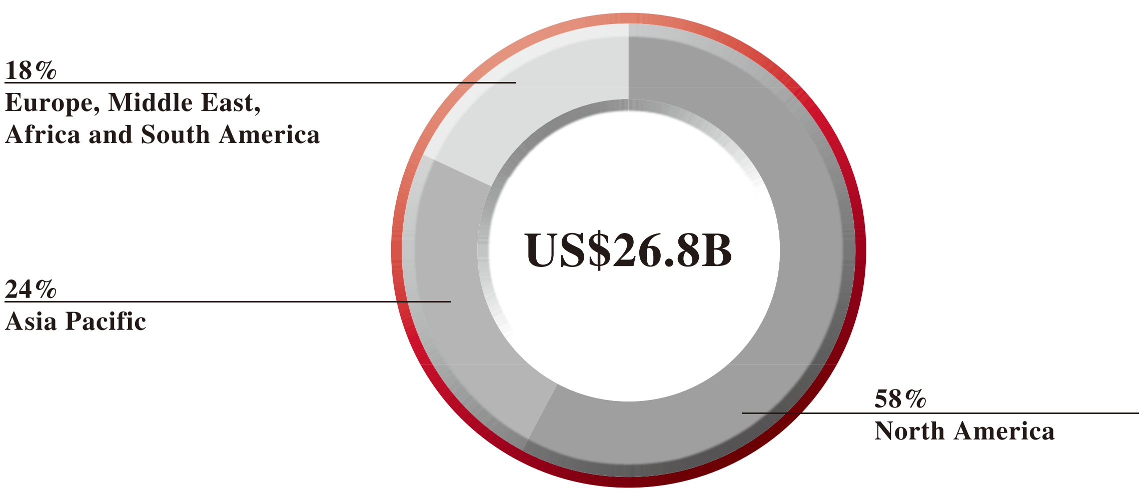
Bookings and the value of Booked Business are not measures defined by IFRS, and our methodology for determining Bookings and the Backlog may not be comparable to the methodology used by other companies in determining the value of their bookings or booked business. Assumptions relative to estimated lifetime programme volumes and contract performance remain unchanged from our disclosures in prior periods. Any modification, suspension or cancellation of the contracts related to the Booked Business by the Group's customers may have a substantial and immediate effect on the value of the Backlog. While we believe that our current Bookings and Backlog are relevant financial metrics, we must emphasise that the information set out in this section shall not constitute any forecast or prediction of the revenue and profits of the Group and the actual future value may differ from the estimated Bookings and Backlog due to various factors beyond the Group's control.

Backlog of Booked Business:

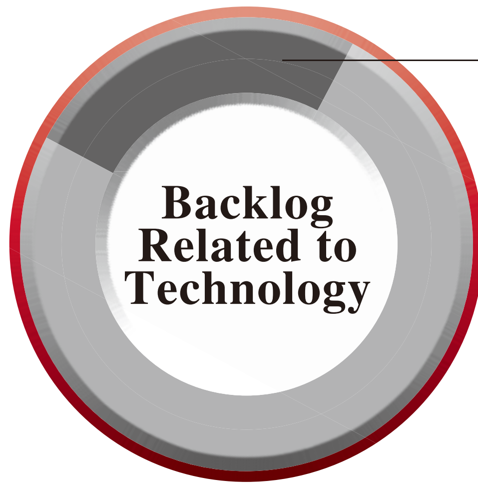
Backlog by Product Group



Backlog by Geographical Segments



Backlog by Product Related to Electric Vehicles (EVs)



Employees and Remuneration Policy

As at December 31, 2021, the Group had approximately 11,900 full-time employees. The Group's remuneration policies are formulated based on the performance of individual employees and the Company's performance and are reviewed regularly. Our full-time employees participate in various employee benefit plans including retirement benefits, extended disability benefits and workers' compensation. In addition, we have adopted employee incentive plans designed to attract, retain, motivate and encourage employees to commit to enhancing value for us and our shareholders as a whole. For example, the Group has retention programmes that include individual development plans, merit wage adjustments, annual incentive plans and promotions. We offer training programmes to our full-time employees and contract personnel which are designed to develop the skills that we need to meet our enterprise goals and customer requirements and to meet certain training requirements such as mandated customer or regulatory requirements and contractual obligations.

The Group also uses contract personnel to support the workload of the business where considered the most efficient. As at December 31, 2021, we had approximately 1,100 personnel engaged on a contract basis.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The Company recognises that sound corporate governance practices are fundamental to our effective and transparent operation and to the Group's ability to protect the rights of the Shareholders and enhance shareholder value.

The Company has adopted its own Internal Control and Corporate Governance Policies, which are based on the principles, provisions and practices set out in the Corporate Governance Code (the **Hong Kong CG Code**) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**).

In the opinion of the Directors, the Company has complied with all applicable code provisions set out in the Hong Kong CG Code and all applicable laws and regulations that have a significant impact on the business and operation of the Group throughout the year ended December 31, 2021.

The Company periodically reviews its corporate governance practices with reference to the latest developments of the Hong Kong CG Code.

COMPLIANCE WITH CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they complied with the required standards set out in the Model Code for the year ended December 31, 2021.

The Company has also adopted its own code of conduct regarding employees' securities transactions in terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

The Company maintains and regularly reviews a sensitivity list identifying factors or developments which are likely to give rise to the emergence of inside information or development of a false market for its securities.

The Company ensures that confidentiality agreements are signed by all relevant parties to a transaction that is likely to give rise to the emergence of inside information or development of a false market for its securities. The Company also adopts appropriate measures to maintain the confidentiality of the information, such as using project codes and restricting access to such information to a limited group of recipients on a need-to-know basis.

The Company organises periodic training as it deems necessary for employees who, because of their office or employment, are likely to be in possession of inside information in relation to the Company, to help them understand the Company's policies and procedures as well as their relevant disclosure duties and obligations.

THE AUDIT AND COMPLIANCE COMMITTEE

The Board established the Audit and Compliance Committee on June 15, 2013 and had provided clear written terms of reference as required by code provision C.4.1 in Part 2 of the Hong Kong CG Code. The terms of reference (as revised on March 12, 2019) are in compliance with Rule 3.21 of the Listing Rules and code provisions D.3.3 and A.2.1 in Part 2 of the Hong Kong CG Code. The Audit and Compliance Committee consists of Mr. WEI, Kevin Cheng, Mr. YICK, Wing Fat Simon, Mr. LIU, Ping (retired with effect from June 8, 2021), Mr. LEI, Zili (retired with effect from March 16, 2022) and Mr. WANG, Jian (appointed with effect from March 16, 2022). All members of the Audit and Compliance Committee are non-Executive Directors, among whom Mr. WEI, Kevin Cheng and Mr. YICK, Wing Fat Simon are Independent non-Executive Directors. The chairman of the Audit and Compliance Committee is Mr. WEI, Kevin Cheng who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit and Compliance Committee include, without limitation, assisting our Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control system of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit and Compliance Committee has met with the external auditor of the Group to review the accounting principles and practices adopted by the Company, the Group's 2021 annual results and the annual financial statements of the Group for the year ended December 31, 2021. The Audit and Compliance Committee also approved the annual results and the audited Consolidated Financial Statements for the year ended December 31, 2021 and submitted them to the Board for approval.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the year ended December 31, 2021, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Group after December 31, 2021 and up to the date of this announcement.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of approximately US$23.8 million, or approximately US$0.0095 per share of the Company (the **Share**), which represents approximately 20% of the Group's net profit attributable to equity holders for the year ended December 31, 2021, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (the **AGM**).

The payment shall be made in US dollars, except that payment to shareholders whose names appear on the register of members in Hong Kong shall be paid in Hong Kong dollars. The relevant exchange rate shall be the opening buying rate of Hong Kong dollars to US dollars as announced by the Hong Kong Association of Banks (www.hkab.org.hk) on the day of the approval of the distribution at the AGM.

CLOSURE OF REGISTER OF MEMBERS

The Company's AGM will be held on June 21, 2022. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from June 16, 2022 to June 21, 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on June 15, 2022.

The final dividend is payable on July 11, 2022 and the record date for entitlement to the proposed final dividend is June 29, 2022. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from June 27, 2022 to June 29, 2022, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (address as per above) for registration no later than 4:30 p.m. on June 24, 2022.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float as required by the Listing Rules up to the date of this announcement.

CHANGE OF CHAIRMAN OF THE BOARD AND CHANGE IN COMPOSITION OF THE AUDIT AND COMPLIANCE COMMITTEE

The Board announces that Mr. Jian WANG ("**Mr. WANG**"), a non-Executive Director of the Company, has tendered his resignation as the chairman of the Board (the "**Chairman of the Board**") with effect from March 16, 2022 due to personal work adjustment. Mr. WANG will continue to be a non-Executive Director of the Company after his resignation as the Chairman of the Board.

Mr. WANG has confirmed that he has no disagreement with the Board and there is no matter that needs to be brought to the attention of the shareholders of the Company in connection with his resignation as the Chairman of the Board.

Pursuant to the nomination by the Remuneration and Nomination Committee of the Board, the Board is pleased to announce that, Mr. Zili LEI ("**Mr. LEI**"), a non-Executive Director of the Company, was appointed by the Board as the Chairman of the Board with effect from March 16, 2022. Mr. LEI has ceased to be a member of the audit and compliance committee of the Company with effect from March 16, 2022.

The biographical details of Mr. LEI are set out below:

LEI, Zili (雷自力), aged 51, was appointed as our non-Executive Director on June 8, 2021 and the Chairman of the Board on March 16, 2022. Mr. LEI has over 26 years of relevant experience in the automotive industry. Mr. LEI serves as the chairman of Guizhou Guihang Automotive Components Co., Ltd. (a company listed on the Shanghai Stock Exchange, Stock Code: 600523) since December 2021. He serves as the chairman of AVIC Auto, the chairman and general manager of AVIC Hande (Beijing) Investment Holding Co., Ltd., a non wholly-owned subsidiary of AVIC Auto, the chairman of Henniges Automotive Holdings, Inc. since May 2021, the chairman and general manager of PCM China and the director of Nexteer Hong Kong since November 2020. From March 2013 to July 2020, he served as the executive director and general manager of AVIC Hubei Aviation Precision Machinery Technology Co., Ltd. From September 2000 to March 2013, he served successively as the deputy general manager, general manager of Hubei Aviation Precision Machinery Technology Co., Ltd. (a company listed on the Shenzhen Stock Exchange, Stock Code: 002013). From April 1995 to September 2000, he served successively as the planner, deputy manager and manager of the Planning Department of China Aviation Life-support Research Institute Jiali Branch. From July 1990 to April 1995, he served as the technician in the Petrochemical Department of China Aviation Life-support Research Institute. Mr. LEI graduated from the Department of Mechanical Engineering of Zhengzhou University of Aeronautics in July 1990, obtained a master's degree in business administration from Zhongnan University of Economics and Law in October 2005. Mr. LEI is currently a senior economist awarded by AVIC.

Mr. LEI has entered into a service contract with the Company for a term of three years with effect from June 8, 2021, subject to re-election and retirement as required by the Articles of Association. As a non-Executive Director and Chairman of the Board, Mr. LEI's director's fee is adjusted to US$124,000 per annum and he is entitled to receive a discretionary bonus as determined by the Board with reference to the experience, responsibility, workload, time devoted, contributing to the Group, emoluments paid by comparable companies and performance of the Group.

As at the date of this announcement, Mr. LEI did not have any interest in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. LEI is independent from and has no relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company; and Mr. LEI did not hold any directorship in any other listed public companies in the past three years or any other position with the Company or any of its subsidiaries.

Save as disclosed above, Mr. LEI confirms that there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules, and there is no other matter relating to his appointment which needs to be brought to the attention of the Shareholders.

The Board further announces that pursuant to the nomination by the Remuneration and Nomination Committee of the Board, Mr. WANG was appointed as a member of the audit and compliance committee of the Company with effect from March 16, 2022. As a non-Executive Director and a member of the audit and compliance committee of the Company, Mr. WANG's director's fee is adjusted to US$42,000 per annum and he is entitled to receive a discretionary bonus as determined by the Board with reference to the experience, responsibility, workload, time devoted, contributing to the Group, emoluments paid by comparable companies and performance of the Group.

FORWARD-LOOKING STATEMENTS

Any forward-looking statements and opinions contained within this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Company, the Directors and the employees of the Company assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

By order of the Board
Nexteer Automotive Group Limited
Yi FAN
Executive Director, Company Secretary

Hong Kong, March 16, 2022

As at the date of this announcement, the Company's Executive Directors are Mr. Guibin ZHAO (Chief Executive Officer and Vice Chairman), Mr. Robin Zane MILAVEC and Mr. Yi FAN, the non-Executive Directors are Mr. Zili LEI (Chairman), Mr. Jian WANG and Ms. Wendong ZHANG, and the Independent non-Executive Directors are Mr. Jianjun LIU, Mr. Kevin Cheng WEI and Mr. Wing Fat Simon YICK.