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MINTH GROUP LIMITED

敏 實 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 425)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 18.6% to approximately RMB20,523.7 million (2022: approximately RMB17,306.4 million).
- Gross profit increased by approximately 17.5% to approximately RMB5,622.0 million (2022: approximately RMB4,784.2 million).
- Profit attributable to owners of the Company increased by approximately 26.8% to approximately RMB1,903.2 million (2022: approximately RMB1,500.6 million).
- Basic earnings per share increased to approximately RMB1.654 (2022: approximately RMB1.304).
- Capital expenditure decreased by approximately 5.2% to approximately RMB3,235.4 million (2022: approximately RMB3,414.3 million).
- Consolidated net asset value increased by approximately 8.1% to approximately RMB19,139.9 million (2022: approximately RMB17,698.1 million).

The board (the "Board") of directors (the "Directors") of Minth Group Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 (the "Review Year"), together with the comparative figures for the year ended 31 December 2022 reviewed by the Audit Committee of the Company (the "Audit Committee") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	**2023** **RMB'000**	2022 *RMB'000*
Revenue	3	**20,523,674**	17,306,393
Cost of sales		**(14,901,683)**	(12,522,240)
Gross profit		**5,621,991**	4,784,153
Investment income		**356,131**	286,410
Other income		**414,571**	315,084
Impairment losses under expected credit loss model, net of reversal		**(22,283)**	(27,444)
Other gains and losses	4	**83,038**	6,278
Distribution and selling expenses		**(791,910)**	(868,369)
Administrative expenses		**(1,449,490)**	(1,291,938)
Research expenditure		**(1,396,622)**	(1,172,394)
Interest expenses		**(515,499)**	(263,187)
Share of results of joint ventures		**37,930**	30,573
Share of results of associates		**(22,382)**	(20,097)
Profit before tax		**2,315,475**	1,779,069
Income tax expense	5	**(351,482)**	(248,708)
Profit for the year	6	**1,963,993**	1,530,361

	NOTE	2023 RMB'000	2022 RMB'000
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
Gain on remeasurement of defined benefit obligation		**1,150**	1,431
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**69,735**	13,347
Fair value (loss) gain on debt instruments measured at fair value through other comprehensive income		**(1,116)**	242
Other comprehensive income for the year, net of income tax		**69,769**	15,020
Total comprehensive income for the year		**2,033,762**	1,545,381
Profit for the year attributable to:			
Owners of the Company		**1,903,231**	1,500,584
Non-controlling interests		**60,762**	29,777
		1,963,993	1,530,361
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,979,753**	1,485,721
Non-controlling interests		**54,009**	59,660
		2,033,762	1,545,381
Earnings per share	8		
Basic		**RMB1.654**	RMB1.304
Diluted		**RMB1.654**	RMB1.304

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	NOTES	**2023** **RMB'000**	2022 RMB'000
Non-current assets			
Property, plant and equipment		**15,475,982**	13,435,289
Right-of-use assets		**1,057,581**	1,082,852
Goodwill		**98,030**	98,030
Other intangible assets		**112,323**	112,848
Interests in joint ventures		**274,546**	237,967
Interests in associates		**132,746**	155,913
Deferred tax assets		**418,768**	270,079
Prepayment for acquisition of property, plant and equipment		**944,330**	848,103
Derivative financial assets		**2,361**	6,053
Contract assets	11	**943,395**	867,992
Contract costs		**107,460**	133,687
Financial assets at fair value through profit or loss		**29,578**	28,269
Plan assets		**3,519**	2,212
Time deposits		**453,293**	–
		20,053,912	17,279,294
Current assets			
Inventories	9	**3,982,201**	3,633,134
Trade and other receivables	10	**6,609,980**	6,540,618
Contract assets	11	**263,034**	294,145
Derivative financial assets		**19,804**	87,241
Debt instruments at fair value through other comprehensive income		**584,837**	163,712
Loan receivable		**27,777**	–
Pledged bank deposits and time deposits		**1,840,456**	1,055,003
Cash and cash equivalents		**4,165,305**	4,220,651
		17,493,394	15,994,504

	NOTES	2023 RMB'000	2022 RMB'000
Current liabilities			
Trade and other payables	12	**7,004,330**	5,765,470
Tax liabilities		**226,173**	156,684
Borrowings		**5,851,363**	7,192,399
Lease liabilities		**19,604**	19,087
Contract liabilities		**139,650**	176,622
Derivative financial liabilities		**1,773**	3,638
Other long-term liability due within one year	13	**874,500**	–
		14,117,393	13,313,900
Net current assets		**3,376,001**	2,680,604
Total assets less current liabilities		**23,429,913**	19,959,898
Capital and reserves			
Share capital		**116,269**	116,255
Share premium and reserves		**18,202,228**	16,801,496
Equity attributable to owners of the Company		**18,318,497**	16,917,751
Non-controlling interests		**821,382**	780,368
Total equity		**19,139,879**	17,698,119
Non-current liabilities			
Deferred tax liabilities		**222,853**	181,581
Borrowings		**3,836,960**	1,005,797
Lease liabilities		**66,574**	80,878
Retirement benefit obligation		**–**	2,749
Derivative financial liabilities		**6,265**	–
Deferred income		**44,553**	27,058
Other long-term liabilities	13	**112,829**	963,716
		4,290,034	2,261,779
		23,429,913	19,959,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

In the opinion of the Directors of the Company, 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.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

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

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

Amendments to HKFRSs in issue but not yet effect

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

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

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

3. SEGMENT INFORMATION

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2023

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

4. OTHER GAINS AND LOSSES

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

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

5. INCOME TAX EXPENSE

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

6. PROFIT FOR THE YEAR

	2023	2022
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**4,955**	5,820
Other staff's salaries and allowances	**3,865,713**	3,234,103
Other staff's related welfares and benefits	**302,286**	250,892
Other staff's retirement benefits scheme contributions	**229,476**	185,242
Other staff's share-based payments	**22,568**	46,348
Total staff costs	**4,424,998**	3,722,405
Depreciation of property, plant and equipment	**1,302,281**	1,038,397
Depreciation of right-of-use assets	**46,665**	45,612
Amortisation of other intangible assets	**44,964**	37,154
Amortisation of contract costs	**29,792**	30,890
Total depreciation and amortisation	**1,423,702**	1,152,053

7. DIVIDENDS

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

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

No dividend has been proposed by the Directors for the year ended 31 December 2023.

8. EARNINGS PER SHARE

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

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

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

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

9. INVENTORIES

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

10. TRADE AND OTHER RECEIVABLES

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

* The companies are those in which Mr. Chin Jong Hwa ("Mr. Chin") and his family have control.

The Group normally grants to customers a credit period of 60 days to 90 days (2022: 60 days to 90 days) effective from the invoice date. The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

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

11. CONTRACT ASSETS

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

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.

12. TRADE AND OTHER PAYABLES

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

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

Note: During the year of 2020, a subsidiary of the Company located in Mexico received the notice of penalty of Mexican Peso ("MXN") 161,195,000 (equivalent to RMB57,656,000) from the local customs in relation to alleged violation of certain local regulations. The Group had accrued the corresponding provision and at the same time submitted an appeal to local contentious-administrative federal court. During the current year, such appeal was concluded with an amount of MXN76,396,000 (equivalent to RMB31,941,000) which was paid in full while the over-provision was reversed accordingly.

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

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

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

Bills payables held by the Group as at 31 December 2023 will mature within 6 months (2022: within 6 months).

13. 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 a period of 5 years, whose only investment target is Jiaxing Minhua Automotive Parts Co., Ltd.* (嘉興敏華汽車零部件有限公司) ("Jiaxing Minhua"), a subsidiary of the Group. Pursuant to the agreement, the local government funds would contribute capital amounting to RMB800,000,000 into the Jiaxing Partnership. The local government funds would neither participate in Jiaxing Partnership's nor Jiaxing Minhua's operation and management. The local government funds would require the Group and the Group is obligated to redeem RMB800,000,000 of the capital contributed by the local government funds together with interest calculated based on the market interest rate, no later than the expiry of the operation period of Jiaxing Partnership. The interest could be recognised as a reduction of interest expenses incurred under the terms of the agreement when certain conditions are fulfilled during the operation period of Jiaxing Partnership. During the year ended 31 December 2022, the Group met certain conditions stipulated in the agreement under which corresponding government subsidies were recognised as a reduction of interest expenses incurred. The Group treats the capital contribution by the local government funds together with interest payable as a long-term liability and measures corresponding interest payable based on its best estimate. As at 31 December 2023, the carrying amount of this long-term liability together with the interest payable is RMB874,500,000 (31 December 2022: RMB855,900,000), which will be due within one year as disclosed in "Other long-term liability due within one year".

* *The English names are for identification purposes only.*

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

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

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

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

COMPANY OVERVIEW

The Group is primarily engaged in two major businesses, namely the research and development ("R&D"), production and sales of auto parts, as well as that of toolings and moulds. The auto part business of the Group mainly includes metal and trim products, plastic products, aluminium products and battery housing products. The tooling and mould business mainly includes various moulds, gauges and fixtures for the development, processing and production of automobile exterior decorative parts and body structural parts. As a globalized supplier, the Group has established worldwide presence through the development of R&D, design, production and sales networks in China, the US, Mexico, Germany, the United Kingdom, Serbia, the Czech Republic, Thailand, Japan and South Korea etc. Together with the new bases in France and Poland that have entered the production line commissioning and trial production stages, the Group is committed to continuously providing customers with quality services and products.

During the Review Year, the four product business units ("BUs") of the Group, namely plastic products, aluminium products, metal and trim products, and battery housing products, continued to maintain effective collaboration with cross-functional departments and production plants to further improve operational efficiency. By building regional "major hubs" worldwide and extending satellite factories around the hubs, the Group was able to achieve the parallel development of synergy in global production capacity and independent regional operations; and by continuing to enhance the "Glocal" (global + local) business philosophy, the Group fortified its core competitiveness in terms of technology, product and talent. The Group has established a platform to conduct cost assessment for all of its products. Specific products already in mass production were given priority during the optimisation process through benchmarking against products of the same type to minimise waste, cut cost and enhance efficiency. Meanwhile, in consideration of practical requirements in its business development, the Group carried out reasonable production capacity planning and investment, and established systematic management process for the entire asset life cycle, thereby achieving a production capacity layout that is most in line with Minth's global operations.

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

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

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

During the Review Year, in accordance with the "Minth Group Internal Control and Risk Management Policy" and the "Guidelines on Internal Control and Risk Management of Minth Group", the Group continued to promote risk assessment in various functional departments and operating units, listing potential risks at each level and carrying out effective risk response and management. Adhering to its development strategy, the Group continued to update and maintain the authorization framework system by closely integrating its internal control with process optimization and leveraging its digital management platform to gradually build a framework system to facilitate process-centred internal control and management. Meanwhile, with its continued efforts to expand the scope of internal audit, the Group has extended the coverage to the Asia-Pacific, Europe and North America regions of its operations during the Review Year, achieving full audit coverage of the Group's major plants in all regions across the world, in order to reduce internal and external compliance risks and improve the operational efficiency and effectiveness. Following the successful certification of the Company's subsidiary Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零部件有限公司) with ISO37001 anti-bribery management system in 2022, Ningbo Shintai Machines Co., Ltd.* (寧波信泰機械有限公司) and Zhejiang Minneng Technology Co., Ltd.* (浙江敏能科技有限公司) (both subsidiaries of the Company) have also successfully obtained the ISO37001 anti-bribery management system certification during the Review Year. The Group continued to improve its anti-corruption system and strengthen anti-corruption advocacy and education. With the help of "Minth Group Limited Code of Business Conduct and Ethics" and the "Minth Group Limited Whistleblowing Procedures for Ethics and Compliance", amongst other system documents, which specify and standardize the Group's requirements and commitments on business ethics and compliance, the Group protects and rewards the reporting of various non-compliances and violations of business ethics, and is committed to creating a favourable environment of business ethics for the Group and all of its stakeholders to firmly safeguard the lawful rights and interests of the Group and all of its stakeholders. Based on the above relevant measures, the Group continued to improve its audit and supervision, internal control and risk management models, thereby improving its capability in risk management and control and securing a reasonable assurance that potential risks are contained within tolerable limits. These measures have effectively safeguarded and promoted the sustainable and steady development of the Group.

Business and Operation Layout

During the Review Year, the Group's revenue was approximately RMB20,523,674,000, representing an increase of approximately 18.6% as compared with approximately RMB17,306,393,000 in the same period in 2022. In particular, the Group's revenue from China was approximately RMB10,556,206,000, representing an increase of approximately 11.1% as compared with approximately RMB9,501,699,000 in the same period in 2022, which was primarily attributable to both the growth in orders from existing businesses and the increment brought by new mass production projects of Chinese OEM customers, as well as the continued mass production of the battery housing business in China. The Group's international revenue was approximately RMB9,967,468,000, representing an increase of approximately 27.7% as compared with approximately RMB7,804,694,000 for the same period in 2022, which was primarily attributable to the mass production of battery housing projects in European region and the strong growth in traditional product business from the US, Japanese and European OEM customers in North American region.

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

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

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

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

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

During the Review Year, the Group carried out ISO50001 energy management internal audit, management review and certification, with a certification coverage rate of around 86%. The Group has established energy management functions, annual performance targets, energy-saving management technical solutions and daily review systems at the plants, BUs and group levels. During the Review Year, the Group's energy conservation and carbon reduction results continued to improve, with energy consumption per RMB10,000 of output reduced by approximately 8.1% year-on-year. During the Review Year, the Group continued to enhance its digital EHS management and carbon emission management. With the six modules launched on the Group's digital EHS system, namely the workplace accident management system, construction management system, EHS red line management system, EHS hidden-danger management system, hazardous waste management system and carbon emission management system, the Group has comprehensively improved its EHS management efficiency, EHS risk prevention capability and emergency handling capability in its global factories. In particular, the Group has also launched the carbon emission management system, which is able to measure and verify carbon emission intensity and carbon footprint, as well as to manage energy-saving and low-carbon projects, in a bid to facilitate the Group to achieve its goals of carbon peak and carbon neutrality.

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

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

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

Research and Development

R&D and innovation are important pillars to corporate development and the Group attaches great importance to R&D planning. Given the four disruptive trends in the global automotive industry, namely the electrification and intelligence trends which have already been given great impetus to, and the gradually rising trends of internet connectivity and shared mobility, the Group actively responded to changes and developments within and outside the automotive industry, laid down the fundamental innovation-driven strategy, optimised the R&D organisational structure, strengthened the self-initiated R&D and innovative research capability in respect of basic materials, products and technology, and continued to increase its investments in R&D. Through in-depth exchange with customers including traditional OEMs, NEV start-ups and battery makers, the Group strived to firmly grasp the differences in product and technology requirements of various customers and the development trend; and through proactive self-innovation and cooperation with world leading enterprises, to promote technical breakthrough of processing technology. The Group prospectively improved the R&D capability and management efficiency as a whole to further solidify its presence in core components for NEVs and promoted the integration of intelligent products and exterior decorative parts, thus consolidating its position as a core strategic partner to OEM customers.

The Group will continue to engage in innovative R&D and deployment, devote itself to the business development of products including battery housings, body and chassis structural parts and intelligent integrated exterior products, and contribute to the evolution of the automotive industry such as low carbon and intelligence. The Group has made tremendous progress in these fields, which lays a solid foundation for the Group's future sustainable development. During the Review Year, the Group continued to win nominations from traditional OEMs, NEV start-ups and battery makers. It newly secured a giga casting battery housing project for a PHEV model, further consolidating the Group's leading position as one of the largest battery housing suppliers in the world. The Group paid close attention to the development trend of battery housing products and technology and conducted independent R&D to ensure its products and technology cater for market demands, while providing customers with better innovative solutions. The Group continued to carry out R&D of and could offer multiple cell-to-body (CTB) solutions for battery housings from different perspectives, such as structure, battery adaptability, application and materials. The Group has been proactively tapping into complementary parts of battery housing and successfully developed products, such as front and rear crash management systems, subframes and other die casting structural parts, and started to see order inflows, which would facilitate the Group to achieve integration of battery housings and body and chassis structure progressively, while also promoting a significant increase in the Group's content value per vehicle.

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

As for intelligent exterior decorative products, the Group focused on the product R&D and expansion of intelligent front and rear modules and intelligent door systems to fully realise intelligent upgrade for exterior decorative products. In 2024, the Group will focus on expanding front and rear face assemblies, door assemblies and composite body structural parts. The Group has prospectively carried out R&D and planning for solutions of integrated intelligent front modules, which combine functions such as illumination, heating, wave transparency and automatic cleaning, and multiple industry-leading patents have already been authorised for those products and could be used for level 4 and above autonomous driving. The market penetration rate for several products has been increasing, including millimetre wave compatible radomes, LiDAR compatible radomes, intelligent illuminated grilles, etc. During the Review Year, the Group secured an order of intelligent illuminated bumpers for an NEV model of a well-known Chinese OEM, which marked as the first product of this type in the world and had successfully achieved mass production and delivery, and this facilitates the Company to maintain its leading role in the application of illuminated and body-colored technology. The Group has actively deployed in the field of intelligent door systems, including application scenarios such as intelligent access and automatic opening, by which the doors are able to open automatically through contactless biometric identification of car owner, and the Group's self-developed technologies, such as intelligent pillar cover with face recognition function, electric side door system and ultralight door assemblies, have started to see order inflows. The Group attaches great importance to customers' needs in forward-looking technology and has signed a cooperation agreement with a European OEM to jointly develop future-oriented intelligent door solutions. During the Review Year, the Group's first intelligent electric side door system successfully achieved mass production.

Furthermore, the Group also attaches great importance to technological R&D of new materials and has continuously increased its R&D investment in materials, mastering the technologies of four core materials, namely high-performance collision aluminium, high performance elastomer materials, functional plastics and green materials, as well as the related surface treatment technologies. In particular, the Group successfully developed the Minal® series aluminium alloy with 320Mpa ultra-high yield strength and crushing property which has reached advanced level in the global market. As at the end of the Review Year, the Group has over 50 core patents in terms of material formula and processing technology in relation to aluminium alloy, which have been widely applied in the battery housings and body and chassis structural parts of OEMs (such as BMW, Benz and Volkswagen), demonstrating the Group's comprehensive technological capability in both product and material, as well as its role as a leading Asia-Pacific or even global market player. Meanwhile, in response to the carbon neutrality targets in various markets in the world, the Group developed its proprietary ECO-ALUMIN® S series of environment-friendly aluminium, with a carbon emission of less than 2.5Kg. CO_2/Kg.AL. In the meantime, the Group focused on R&D and innovation of polymer materials and completed the development of various green and low carbon materials, including but not limited to Eco SupElast® green elastomer materials, Eco OleCom® green plastics and bio-based materials, which have been certified by a number of OEMs for material technology and have been successfully put into mass production and application, all of which will facilitate the Group to achieve the goal of carbon neutrality.

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

FINANCIAL REVIEW

Results

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

During the Review Year, the profit attributable to owners of the Company was approximately RMB1,903,231,000, representing an increase of approximately 26.8% from approximately RMB1,500,584,000 in 2022. This was mainly due to the significant increase in gross profit compared to 2022, which was attributable to factors such as economies of scale driven by revenue growth of the Group and mass production of new businesses such as battery housing and measures to increase efficiency and reduce costs implemented by each of the production lines during the Review Year. Meanwhile, the Group strictly managed and controlled its costs and expenses, which enabled the Group to maintain a better level of profitability in general.

Sales of Products

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

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

	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Customer category				
The PRC	**10,556,206**	**51.4**	9,501,699	54.9
Other countries	**9,967,468**	**48.6**	7,804,694	45.1
Total	**20,523,674**	**100.0**	17,306,393	100.0

Revenue from International Markets

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

Gross Profit

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

Investment Income

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

Other Income

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

Other Gains and Losses

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

Distribution and Selling Expenses

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

Administrative Expenses

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

Research Expenditure

During the Review Year, research expenditure of the Group amounted to approximately RMB1,396,622,000, representing an increase of approximately RMB224,228,000 from approximately RMB1,172,394,000 in 2022. It accounted for approximately 6.8% of the Group's revenue, which was maintained at the same level as that of 6.8% in 2022. It was mainly attributable to the Group's increase in revenue, while the Group prospectively continued to step up effort in R&D of innovative products including battery-housing, body and chassis components and intelligent exterior decorative parts during the Review Year due to the increasing customization demands of OEM customers and consumers with the continuous promotion of the four disruptive trends in automotive industry, and also the Group introduced senior R&D talents and strengthened technological breakthrough with a view to promoting long-term sustainable growth of the Group's performance with innovative R&D.

Share of Results of Joint Ventures

During the Review Year, the Group's share of results of joint ventures amounted to a net profit of approximately RMB37,930,000, representing an increase of approximately RMB7,357,000 from a net profit of approximately RMB30,573,000 in 2022, which was mainly attributable to the increase in earnings of two of the joint ventures during the Review Year.

Share of Results of Associates

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

Income Tax Expense

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

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

Profits Attributable to Non-controlling Interests

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

Liquidity and Financial Resources

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

During the Review Year, the net cash flow from the Group's operating activities was approximately RMB3,365,907,000, indicating a sound cash flow condition.

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

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

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

The Group's current ratio as of 31 December 2023 was approximately 1.2, which remained at the similar level as that of approximately 1.2 as of 31 December 2022. As of 31 December 2023, the Group's gearing ratio was approximately 28.4% (31 December 2022: approximately 27.5%), which was a percentage based on interest-bearing borrowings divided by total assets.

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

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

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

COMMITMENTS

As at 31 December 2023, the Group had the following commitments:

	RMB'000
Capital commitment	
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:	
Acquisition of property, plant and equipment	662,368

INTEREST RATE AND FOREIGN EXCHANGE RISKS

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

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

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

As a result of the constant expansion of international sales and the drastic fluctuations in the currency market, the management of the Group is highly concerned about the foreign exchange risks, and would take the exchange rate expectations of relevant currencies into full consideration when deciding the billing currencies for relevant businesses. The Group controls and mitigates foreign exchange risks by closely monitoring the size of its assets and liabilities denominated in foreign currencies in day-to-day operations and by selecting local currencies as settlement currencies appropriately according to the Group's international strategic deployment to reduce the size of businesses denominated in foreign currencies. Meanwhile, the Group also uses forward exchange contracts, currency swaps, options, interest rate swaps and other financial derivative products to further prevent interest rate risks and foreign exchange risks.

CONTINGENT LIABILITIES

As of 31 December 2023, the Group had no contingent liabilities (31 December 2022: Nil).

MORTGAGED ASSETS

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

As of 31 December 2023, the Group had borrowings of RMB50,000,000, issued bills payables of approximately RMB985,396,000 due within 6 months and issued letters of guarantee of RMB136,680,000, which were pledged mainly by bills receivables with par value of approximately RMB284,281,000 and bank deposits of USD65,230,000 (equivalent to approximately RMB462,005,000) and RMB365,000,000. The borrowings are to be settled in RMB (31 December 2022: the Group had borrowings of approximately RMB798,971,000 and issued bills payables of approximately RMB290,403,000 due within 6 months, which were mainly pledged by bills receivables with par value of approximately RMB192,478,000 and bank deposits of RMB900,000,000. The borrowings are to be settled in RMB).

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Year, the Group's capital expenditure amounted to approximately RMB3,235,375,000 (2022: approximately RMB3,414,270,000), which was attributable to the Group's expansion of its R&D on innovative products and relevant technologies such as battery-housing, body and chassis components and intelligent exterior decorative parts, together with its product capacity layout in international markets during the Review Year. At the same time, the Group continued to exercise prudent control over capital expenditure in line with its asset-light strategy and exercised stringent control over the investments in fixed assets for its traditional product lines.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

OTHER MATTER

Subsequent to the notice of initiation of investigation dated 30 May 2023 that the Company's subsidiary Minth Mexico Coatings, S.A. de C.V. ("Minth Mexico") received from the Customs and Border Protection of the United States of America ("CBP") in relation to the alleged evasion of anti-dumping duty and countervailing duty

("AD/CVD") by transhipment of Chinese-origin aluminum automotive parts through Mexico, CBP conducted an on-site verification from 13 November through 16 November 2023, and then Minth Mexico received a notice of determination dated 27 February 2024 from the CBP, acknowledging that Minth Mexico has accepted that it imported a few entries of Chinese-origin aluminum automotive parts into the United States without declaring such merchandise as covered by AD/CVD due to an inadvertent mistake and that there is no evidence of evasion as beyond the few entries identified by Minth Mexico or as accused by the alleger. As such, CBP will continue to suspend liquidation of unliquidated entries of covered merchandise and may require transaction bond or additional security or cash deposit with respect to these covered merchandise. Such actions will not have any material adverse effect to the financial performance or business operations of the Minth Mexico.

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

EMPLOYEES

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

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

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

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

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

SHARE OPTION SCHEME

On 22 May 2012, the Company adopted a conditional share option scheme for a period of ten years (which was renewed on 31 May 2022, collectively, the "Share Option Schemes") which aims at granting share options (the "Share Options") to qualified persons who have contributed or will contribute to the Group as a reward or incentive in accordance with the terms of the Share Option Schemes. Details of the above Share Option Schemes are set out in the circular of the Company dated 25 April 2022 in relation to its annual general meeting.

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 Share Award Scheme are to recognize 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 awarded shares from time to time. The details of the above Share Award Scheme are set out in the Company's announcement dated 28 July 2020.

FUTURE PROSPECTS AND STRATEGIES

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

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

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

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

In terms of operational improvement, the Group will further optimize strategic planning of all BUs, continue to enhance its operational capabilities, especially for its international factories, select model factories in different regions for management replication and cost benchmarking, establish comprehensively competitive strengths in technology, cost, personnel efficiency and resource utilization and utilize global resources to achieve local excellence, thereby achieving effective enhancement in profitability. In the meantime, the Group will continue to improve the global layout of its BUs, reinforce its Glocal management capabilities, enhance its local supply level and maximize the global replication or sharing of the advantages of its different factories in technologies, management, cost, resources and talents, thereby comprehensively enhancing the Group's global competitiveness.

The Group will continue to carry out the replacement and upgrade of its global application system through digital transformation, where a standardized data system with Minth characteristics will be developed to integrate the business process and structure for research, production, supply, sales, and services, thereby establishing a global operational platform to support its globally standardized operation and operational excellence.

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

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Review Year, the grantees of the Company's Share Option Schemes exercised 157,800 Share Options in accordance with the rules and terms of the Share Option Schemes and 19,298,600 Share Options lapsed as a result of the resignation of grantees and/or the expiry of exercise periods.

During the Review Year, the trustee of the Share Award Scheme did not purchase any shares of the Company ("Awarded Shares") on the Stock Exchange, and the Group did not grant any Awarded Shares to the grantees pursuant to the rules of the Share Award Scheme and the terms of the Trust Deed. 307,000 Awarded Shares were forfeited during the Review Year due to the resignation of grantees.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "Corporate Governance Code") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Save as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company did not comply with the Corporate Governance Code at any time during the Review Year.

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct and the code for dealing in the Company's securities by all Directors. Having made specific enquiries to all Directors, the Directors confirmed that they had strictly complied with the standards stipulated under the Model Code during the Review Year.

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

MATERIAL LITIGATION AND ARBITRATION

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

REVIEWED BY THE AUDIT COMMITTEE

The Company has established an Audit Committee to review and oversee the financial reporting procedures, internal control system and risk management activities of the Group. The Group's annual results for the year ended 31 December 2023 have been reviewed by the Audit Committee and approved by the Board for publication.

PROPOSED FINAL DIVIDEND

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU ON THIS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company's register of members on Tuesday, 28 May 2024, will be eligible to attend and vote at the annual general meeting. The register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024 (both days inclusive) during which no transfer of shares will be registered. In order to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, 27 May 2024.

APPRECIATION

The Board would like to take this opportunity to express its sincere appreciation to the shareholders, the management and all staff members for their unfailing support and dedication.

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

Hong Kong, 26 March 2024

As at the date of this announcement, the Board of the Company comprises Ms. Wei Ching Lien, Mr. Ye Guo Qiang and Ms. Zhang Yuxia, being executive Directors; Ms. Chin Chien Ya, being non-executive Director; and Dr. Wang Ching, Professor Chen Quan Shi, Mr. Mok Kwai Pui Bill, Mr. Tatsunobu Sako and Professor Meng Li Qiu being independent non-executive Directors.