MINTH GROUP LIMITED
敏 實 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 425)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 13.8% to approximately RMB11,090 million (the same period in 2023: approximately RMB9,747 million).
- Gross profit margin was approximately 28.5% (the same period in 2023: approximately 26.3%).
- Profit attributable to owners of the Company increased by approximately 20.4% to approximately RMB1,068 million (the same period in 2023: approximately RMB887 million).
- Basic earnings per share amounted to approximately RMB0.928 (the same period in 2023: approximately RMB0.771).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Minth Group Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2024 (the "Review Period"), together with the comparative figures for the six months ended 30 June 2023 (the "same period in 2023") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	3	**11,090,414**	9,747,406
Cost of sales		**(7,928,777)**	(7,184,673)
Gross profit		**3,161,637**	2,562,733
Investment income		**190,648**	171,409
Other income		**206,501**	148,007
Impairment losses under expected credit loss model, net of reversal		**(14,553)**	548
Other gains and losses	4	**20**	2,990
Distribution and selling expenses		**(531,118)**	(359,883)
Administrative expenses		**(742,501)**	(623,068)
Research expenditures		**(714,608)**	(615,618)
Interest expenses		**(290,690)**	(232,292)
Share of results of joint ventures		**21,439**	11,322
Share of results of associates		**(14,082)**	(9,921)
Profit before tax		**1,272,693**	1,056,227
Income tax expense	5	**(196,031)**	(158,756)
Profit for the period	6	**1,076,662**	897,471
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(74,456)**	162,517
Fair value loss on:			
debt instruments measured at fair value through other comprehensive income		**(230)**	(996)
Other comprehensive (expense) income for the period (net of income tax)		**(74,686)**	161,521
Total comprehensive income for the period		**1,001,976**	1,058,992

	Note	Six months ended 30 June 2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Profit for the period attributable to:			
Owners of the Company		**1,068,192**	887,300
Non-controlling interests		**8,470**	10,171
		1,076,662	897,471
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,013,624**	1,047,148
Non-controlling interests		**(11,648)**	11,844
		1,001,976	1,058,992
Earnings per share	*8*		
Basic		**RMB0.928**	RMB0.771
Diluted		**RMB0.928**	RMB0.771

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	Notes	At 30 June 2024 (Unaudited) *RMB'000*	At 31 December 2023 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**16,067,665**	15,475,982
Right-of-use assets		**1,046,364**	1,057,581
Goodwill		**98,030**	98,030
Other intangible assets		**96,664**	112,323
Interests in joint ventures		**276,491**	274,546
Interests in associates		**115,586**	132,746
Deferred tax assets		**459,113**	418,768
Prepayment for acquisition of property, plant and equipment		**454,666**	944,330
Contract assets	*10*	**1,065,596**	943,395
Contract costs		**101,470**	107,460
Financial assets at fair value through profit or loss		**29,180**	29,578
Plan assets		**2,303**	3,519
Time deposits		**756,115**	453,293
Derivative financial assets		**2,111**	2,361
		20,571,354	20,053,912
Current assets			
Inventories		**4,170,580**	3,982,201
Loan receivable		**26,509**	27,777
Trade and other receivables	*9*	**6,697,688**	6,609,980
Contract assets	*10*	**270,576**	263,034
Derivative financial assets		**8,673**	19,804
Debt instruments at fair value through other comprehensive income		**522,138**	584,837
Pledged bank deposits and time deposits		**806,591**	1,840,456
Cash and cash equivalents		**5,503,250**	4,165,305
		18,006,005	17,493,394

	Notes	At 30 June 2024 (Unaudited) *RMB'000*	At 31 December 2023 (Audited) *RMB'000*
Current liabilities			
Trade and other payables	*11*	**7,283,551**	7,004,330
Tax liabilities		**161,081**	226,173
Borrowings		**5,740,785**	5,851,363
Lease liabilities		**18,035**	19,604
Contract liabilities		**159,988**	139,650
Derivative financial liabilities		**16,237**	1,773
Other long-term liability due within one year	*12*	**883,800**	874,500
		14,263,477	14,117,393
Net current assets		**3,742,528**	3,376,001
Total assets less current liabilities		**24,313,882**	23,429,913
Capital and reserves			
Share capital		**116,269**	116,269
Share premium and reserves		**19,231,056**	18,202,228
Equity attributable to owners of the Company		**19,347,325**	18,318,497
Non-controlling interests		**810,366**	821,382
Total equity		**20,157,691**	19,139,879
Non-current liabilities			
Borrowings		**3,640,332**	3,836,960
Deferred tax liabilities		**270,644**	222,853
Lease liabilities		**74,183**	66,574
Derivative financial liabilities		**10,911**	6,265
Deferred income		**44,669**	44,553
Other long-term liability		**115,452**	112,829
		4,156,191	4,290,034
		24,313,882	23,429,913

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than addition/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following 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 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

2.1.1 Transition and summary of impact

The Group has applied the new accounting policy and the amendments retrospectively. The application of the amendments in the current period has the following impacts on borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date.

a) Borrowings which are subject to meeting certain conditions/covenants within 12 months from reporting date

The Group's right to defer settlement for borrowings of RMB1,459,425,000 and RMB1,101,960,000 as at 1 January and 31 December 2023, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group's other liabilities. The change in accounting policy does not have impact to the Group's profit or loss or earnings per share for the six months ended 30 June 2023.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, 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 segments:

For the six months ended 30 June 2024 (unaudited)

	Plastic	**Metal & Trim**	**Battery-housing**	**Aluminum**	**Others**	**Elimination**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue	**2,842,566**	**2,541,801**	**2,390,969**	**2,372,380**	**1,515,748**	**(573,050)**	**11,090,414**
Segment profit	**684,735**	**675,522**	**492,139**	**829,707**	**440,083**	**39,451**	**3,161,637**
Investment income							**190,648**
Other unallocated income and gains and losses							**191,968**
Unallocated expenses							**(1,988,227)**
Interest expenses							**(290,690)**
Share of results of joint ventures							**21,439**
Share of results of associates							**(14,082)**
Profit before tax							**1,272,693**
Income tax expense							**(196,031)**
Profit for the period							**1,076,662**

For the six months ended 30 June 2023 (unaudited)

	Plastic	Metal & Trim	Battery-housing	Aluminum	Others	Elimination	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	2,487,270	2,512,333	1,802,427	2,079,840	1,215,877	(350,341)	9,747,406
Segment profit	548,668	661,510	321,934	746,736	223,549	60,336	2,562,733
Investment income							171,409
Other unallocated income and gains and losses							151,545
Unallocated expenses							(1,598,569)
Interest expenses							(232,292)
Share of results of joint ventures							11,322
Share of results of associates							(9,921)
Profit before tax							1,056,227
Income tax expense							(158,756)
Profit for the period							897,471

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net foreign exchange gains	**22,977**	23,354
Losses on disposal of property, plant and equipment	**(5,934)**	(9,191)
Impairment loss recognised on property, plant and equipment	**(5,548)**	(4,450)
Losses on fair value changes of derivative financial instruments	**(23,542)**	(3,219)
Fair value changes of other financial assets at fair value through profit or loss	**5,819**	–
Gain on disposal of an associate	**1,026**	–
Others	**5,222**	(3,504)
Total	**20**	2,990

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax:		
The People's Republic of China (the "PRC") Enterprise Income Tax	**168,922**	184,680
Other jurisdictions	**26,983**	35,102
	195,905	219,782
Over provision in prior years:		
PRC Enterprise Income Tax	**(7,320)**	(10,569)
Deferred tax:		
Current period	**7,446**	(50,457)
	196,031	158,756

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Directors' remuneration	**2,435**	2,491
Other staff's salaries and allowances	**2,071,901**	1,756,071
Other staff's related welfares and benefits	**137,039**	130,847
Other staff's retirement benefits scheme contributions	**130,166**	108,475
Other staff's share-based payments	**15,392**	16,297
Total staff costs	**2,356,933**	2,014,181
Depreciation of property, plant and equipment	**678,216**	625,483
Depreciation of right-of-use assets	**23,509**	21,725
Amortisation of other intangible assets	**24,426**	22,774
Amortisation of contract costs	**7,324**	18,434
Total depreciation and amortisation	**733,475**	688,416
Cost of inventories recognised	**7,928,777**	7,184,673
Write-down of inventories	**39,926**	9,615
Reversal of inventories provision	**(162)**	–

7. DIVIDENDS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Dividends recognised as distribution during the period:		
2023 Final – Nil (2022: final dividend HK$0.578) per share	**–**	608,578

No dividend was paid to shareholders as the final dividend for 2023 (On 27 June 2023, a dividend of HK$0.578 per share was paid to shareholders as the final dividend for 2022).

The Directors of the Company have determined that no dividend will be proposed in respect of the interim period for both current and last period.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**1,068,192**	887,300
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note i)*	**1,150,474**	1,150,318
Effect of dilutive share options and restricted shares *(Note ii)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,150,474**	1,150,318

Notes:

(i) The computation of basic earnings per share for the six months ended 30 June 2024 and six months ended 30 June 2023 has excluded the ordinary shares held in a trust which are accounted for as treasury shares of the Company.

(ii) All outstanding share options of the Company have not been included in the computation of diluted earnings per share neither for the six months ended 30 June 2024 nor for the six months ended 30 June 2023 as they did not have dilutive effect on the Company's earnings per share because the exercise prices of these options were higher than the average market prices of the Company's shares during the current and prior interim period.

9. TRADE AND OTHER RECEIVABLES

	At **30 June** **2024** **(Unaudited)** ***RMB'000***	At 31 December 2023 (Audited) *RMB'000*
Trade receivables		
– associates	**10,543**	11,320
– joint ventures	**16,398**	31,437
– other related parties*	**578**	3,873
– third parties	**4,966,428**	4,743,969
Less: Allowance for credit losses	**(59,324)**	(50,571)
	4,934,623	4,740,028
Other receivables	**94,165**	101,870
Less: Allowance for credit losses	**–**	(951)
	94,165	100,919
	5,028,788	4,840,947
Prepayments to suppliers	**876,769**	867,904
Utility and rental prepayments	**30,900**	39,815
Prepaid value-added tax recoverable and refundable	**652,325**	634,756
Consideration receivable for disposal of a subsidiary	**–**	2,160
Interest receivable	**108,906**	224,398
Total trade and other receivables	**6,697,688**	6,609,980

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

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

	At 30 June 2024 (Unaudited) *RMB'000*	At 31 December 2023 (Audited) *RMB'000*
Age		
0–90 days	**4,479,313**	4,245,889
91–180 days	**324,072**	353,866
181–365 days	**96,090**	98,771
1–2 years	**31,475**	35,547
Over 2 years	**3,673**	5,955
	4,934,623	4,740,028

10. CONTRACT ASSETS

	At 30 June 2024 (Unaudited) *RMB'000*	At 31 December 2023 (Audited) *RMB'000*
Moulds development	**1,344,188**	1,214,445
Less: Allowance for credit losses	**(8,016)**	(8,016)
	1,336,172	1,206,429
Analysed for reporting purpose as:		
Current	**270,576**	263,034
Non-current	**1,065,596**	943,395
	1,336,172	1,206,429

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.

11. TRADE AND OTHER PAYABLES

	At 30 June 2024 (Unaudited) *RMB'000*	At 31 December 2023 (Audited) *RMB'000*
Trade payables		
– associates	**17,634**	24,896
– joint ventures	**66,347**	57,289
– non-controlling shareholders of subsidiaries	**–**	112
– other related parties*	**9,271**	6,594
– third parties	**3,769,212**	3,244,514
	3,862,464	3,333,405
Bills payables	**704,418**	1,014,233
Other payables		
– associates	**61**	61
– joint ventures	**744**	430
– non-controlling shareholders of subsidiaries	**–**	1,753
– other related parties*	**919**	1,702
	1,724	3,946
	4,568,606	4,351,584
Payroll and welfare payables	**645,065**	765,074
Consideration payable for acquisition of property, plant and equipment	**914,884**	846,827
Technology support services fees payable	**24,405**	21,516
Freight and utilities payable	**136,143**	80,093
Other tax payable	**141,899**	112,353
Deposits received	**10,445**	5,366
Dividend payables	**10,621**	10,621
Others	**831,483**	810,896
Total trade and other payables	**7,283,551**	7,004,330

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

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

	At 30 June 2024 (Unaudited) *RMB'000*	At 31 December 2023 (Audited) *RMB'000*
Age		
0–90 days	**2,844,174**	2,631,211
91–180 days	**736,579**	447,812
181–365 days	**201,598**	180,444
1–2 years	**68,841**	64,009
Over 2 years	**11,272**	9,929
	3,862,464	3,333,405

12. OTHER LONG-TERM LIABILITY DUE WITHIN ONE YEAR

During the year ended 31 December 2019, the Group entered into an agreement with local government funds in the PRC to establish a partnership Jiaxing Minth Equity Investment Partnership Enterprise (Limited Partnership)* (嘉興敏實定向股權投資合夥企業 (有限合夥)) ("Jiaxing Partnership") with an operation period of 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 had met certain conditions stipulated in the agreement under which corresponding government subsidies have been recognised as a reduction of interest expenses incurred. The Group treated the capital contribution by the local government funds together with interest payable as a long-term liability and measures corresponding interest payable on its best estimate. As at 30 June 2024, the carrying amount of this long-term liability together with the interest payable is RMB883,800,000 (31 December 2023: RMB874,500,000), 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 Period, the main economic indicators of the automobile industry in China have shown a growing trend. With consistent support from favourable policies such as vehicle trade-ins and penetration of new energy vehicles ("NEVs") into rural areas, coupled with the continuous launch of new models and promotional activities by various OEMs, the Chinese automobile market, especially the passenger vehicle market, witnessed an encouraging growth. During the Review Period, according to the data from China Association of Automobile Manufacturers ("CAAM"), the production and sales of China's passenger vehicles were approximately 11,886,000 units and approximately 11,979,000 units respectively, representing a year-on-year increase of approximately 5.4% and approximately 6.3% respectively. According to the data from CAAM, China has exported approximately 2,793,000 complete vehicles during the Review Period, representing a year-on-year increase of approximately 30.5%. The rapid growth of automobile exports has contributed significantly to the growth of China's overall automobile production and sales. During the Review Period, the market share of Chinese OEMs for passenger vehicles, riding on its leading position in the electric vehicle segment, further increased to a record high of approximately 61.9%, representing a year-on-year growth of approximately 8.8 percentage points. As for joint venture OEMs, the market share of German, Japanese and American OEMs were approximately 16%, approximately 12% and approximately 7.1%, representing a year-on-year drop of approximately 3.1 percentage points, approximately 2.9 percentage points and approximately 2.4 percentage points respectively. The market share of Korean OEMs amounted to approximately 1.7%, which remained essentially flat compared to that of the same period in the previous year. During the Review Period, the production and sales of NEVs in the Chinese market continued to grow at a relatively fast pace, with a steadily increasing market share. According to the data from CAAM, the sales of NEVs amounted to approximately 4,944,000 units, representing a year-on-year increase of approximately 32%, with a market share of approximately 35.2%.

According to the statistics of GlobalData, global sales of light vehicles were approximately 42,354,000 units during the Review Period, representing a year-on-year increase of approximately 2.3%. During the Review Period, among the major mature markets, sales in the United States (the "US") amounted to approximately 7,893,000 units, representing a year-on-year growth of approximately 2.3%; sales in Western Europe amounted to approximately 6,141,000 units, representing a year-on-year growth of approximately 3.7%; and sales in Japan amounted to approximately 2,127,000 units, representing a year-on-year decline of approximately 13.2%. As to the major emerging markets, during the Review Period, sales in Brazil and India increased by approximately 15.7% and approximately 7.2% year-on-year respectively; while sales in Thailand dropped by approximately 24.2% year-on-year. In addition, during the Review Period, sales in Mexico and Russia increased by approximately 11.9% and approximately 74.5% 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, South Korea, France and Poland. Together with the new base in Canada that is under planning, the Group is committed to continuously providing customers with quality services and products.

During the Review Period, 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 synergy in global production capacity while maintaining independent regional operations; and by continuing to enhance the "Glocal" (global + local) business philosophy and optimise localization, the Group strengthened its global advantage and continuously developed its core competitiveness in terms of technology, product, resource and talent. Meanwhile, in consideration of practical requirements in its business development, the Group carried out reasonable planning and investment on production capacity, and established a 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 Period, the Group continued to deepen the implementation of Minth Operation Excellence System (敏實卓越運營系統), promote lean production, boost the overall competitiveness of its products through enhancing processes, manufacturing technologies and production models, and strive for a thorough penetration of these products at customers' end. Meanwhile, through frequent exchange and interaction with its customers, the Group remained committed to the provision of optimal systematic solutions to customers' internal combustion engine ("ICE") vehicle models and NEV models by perceiving customer demands in relation to product, technology and material innovation. On top of the diversified customer base it has accumulated, the Group has paid immediate attention to the business development of its OEM customers to adjust its business structure in a timely manner. During the Review Period, the Group continued to focus on the business development of Chinese OEMs and NEV start-ups, while striving to secure new business orders from Japanese and Korean OEMs in the international markets, which has achieved steady results. During the Review Period, the Group continued to grow its revenue from battery housing business, body and chassis structural parts and intelligent exterior decorative parts at a rapid pace, while achieving a steady growth in traditional products. This, coupled with the cultivation of new product fields such as battery cell structural parts, which have already been under planning, will serve as the driving force of the Group's sustainable development in medium to long term.

The Group continues to promote digital transformation and is ever-closer to digital operation and decision-making. With the in-depth implementation of multiple digital application systems such as ERP, MES and SCADA, the Group has achieved digitalisation in product design and development throughout the entire life cycle, covering from production, fixed assets to R&D data, which were accomplished by data connection, information visibility, lean analysis, efficient end-to-end synergy, digital deployment of on-site management and digital security. This has laid a solid foundation for enhancing the digital management of its entire operation process and improving the efficiency of its corporate operations comprehensively. The Group continues to cooperate with a team of professional consultants in digital transformation 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 its practical experience continued to accumulate, the contribution of digital transformation to the Group's efficient operation and operational focuses has become more and more prominent. During the Review Period, Certain BUs of the Group have started to establish a timely indicator platform for critical information of global operation, so that the critical operational information of each factory can be swiftly presented on a unified digitalised platform, and timely operational adjustments and improvements can be made accordingly. The increasing maturity and successful replication of these operational practices will pave the way for the Group's comprehensive digital transformation, which will in turn facilitate its agile operations.

During the Review Period, the Group continued to build on its environment, occupational health and safety ("EHS") system and the stated objective of "Green Manufacturing with Intelligence and Sustainable Development" to continuously enhance its EHS management, refine the construction of its 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 Period, the Group carried out internal audits, management review and certification on ISO50001 energy management. The Group has established energy management functions, annual performance targets, energy-saving management technical solutions and routine review systems at the plant, BU and Group levels. During the Review Period, the Group realised its targeted goals on energy conservation and carbon reduction. During the Review Period, the Group continued to integrate and optimise its digital EHS management and carbon emission management. With six already launched modules, namely, workplace injury and accident management system, construction work management system, EHS red line management system, EHS hidden-danger management system, EHS prime case database system and carbon emission management system, the Group's digital EHS system has comprehensively improved the EHS management efficiency, EHS risk prevention capability and emergency response capability in all of the Group's global factories. In particular, the carbon emission management system has achieved the integration of six major functions, namely, green supply chain management, carbon emission management, energy conservation project management, carbon footprint management, large-scale production line management and decision-making resources, facilitating the Group to achieve its goals of carbon peaking by 2030 and value chain carbon neutrality by 2050.

During the Review Period, with all BUs acting as a united front, the Group continued to strengthen its safety management, focus on on-site operations, and update and refine its EHS red lines according to changes in relevant regulations. Based on a set of criteria called the "14 major red lines" and centering around "list management & process control", the Group put forward the EHS management principle of "clear communication, precise implementation and complete evidence chain" to enhance safety awareness of employees and reinforce the management's awareness of risk identification, which would ensure operational safety at the factory level. The Group constantly introduced advanced technologies for the treatment of wastewater, emissions and hazardous waste to effectively reduce pollutant discharge and emission, as well as the procurement of raw materials and supplies, in order to reduce operating costs. In the meantime, the Group continued to enhance the operational management of pollutant treatment facilities, so as to ensure that the pollutant discharge of the Group is up to standards. The Group has always attached great importance to the development and management of occupational health by optimising management mechanisms for jobs subject to occupational hazards, improving the working environment for staff, and ensuring comprehensive implementation of the occupational health check systems, in order to safeguard the general health and well-being of the employees.

During the Review Period, the Group's EHS team continued to conduct mid-year red-line audits against all factories in Asia-Pacific, Europe and North America, 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 avoid the risks of fire accidents and work-related injuries and enhanced its EHS performance, so as to ensure safety and health in the Group's operations eventually. During the Review Period, work-related injury or accident rate per million working hours of the Group was 0.73. During the Review Period, while adhering to green and sustainable development, the Group has actively participated in climate actions and has been committed to reducing climate change risks. In January 2024, the Group officially released the "Minth Group Carbon Neutrality White Paper", setting out clear goals and implementing measures to reduce its carbon footprint, as well as ensuring timely review and update of climate change related strategic plans, objectives, actions and performance. Focusing on the objective of "carbon peaking by 2030 and value chain carbon neutrality by 2050", the Group has set an annual reduction target for average energy consumption intensity, which served as a representation of the Group's leadership in tackling climate change.

During the Review Period, in strict compliance with the "Minth Group Internal Control and Risk Management System" and the "Minth Group Internal Control and Risk Management Guidelines", the Group comprehensively upgraded the risk assessment mechanism leveraging its risk management online platform, and its various functional departments and operating units continuously carried out risk assessment work to derive a detailed risk list, and formulated targeted risk response strategies to integrate risk management into daily operation. The Group has realised visualized and dynamic management of risks, effectively improved risk awareness of its staff and promoted effective risk management and control. Adhering to its development strategy, the Group continuously strengthened its internal control and risk management systems to ensure the clear division of authority and responsibility. Relying on the advanced digital management platform, the Group accelerated the construction of a framework system to facilitate process-centred internal control and management, and realised standardisation and automation in business processes. The Group will continue to carry out full-coverage audit to its operational regions in Asia-Pacific, Europe and North America in 2024, in order to reduce internal and external compliance risks and improve operational efficiency and conversion rates at the organisation level. Following the successful obtaining of ISO37001 anti-bribery management system certification by the Company's subsidiaries Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零部件有限公司), 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) respectively, the Group will continue to promote the ISO37001 certification review of its subsidiaries to further consolidate the compliance foundation of the Group. The Group continued to improve its anti-corruption system and strengthen anti-corruption education and publicity. In accordance with "Minth Group Limited Code of Business Conduct and Ethics" and the "Minth Group Limited

Whistleblowing Procedures for Ethics and Compliance", amongst other policy documents, the Group specifies the standards and requirements on business ethics and compliance, continuously optimises the reporting and feedback mechanism, and actively protects and rewards whistleblowers. The Group is committed to creating a transparent and incorruptible business environment for and safeguarding the lawful rights and interests of itself and all stakeholders. Based on the above relevant measures, the Group will continue to uphold the core values of integrity and improve its audit and supervision, internal control and risk management models, thereby containing potential risks within acceptable limits. These measures will safeguard and promote sustainable and steady development of the Group.

BUSINESS AND OPERATION LAYOUT

During the Review Period, the Group's revenue was approximately RMB11,090,414,000, representing an increase of approximately 13.8% compared with approximately RMB9,747,406,000 in the same period in 2023. In particular, the Group's revenue from China was approximately RMB4,525,885,000, representing an increase of approximately 7.5% compared with approximately RMB4,211,482,000 in the same period in 2023, which was primarily attributable to the increase in orders from the Group's battery housing business and Chinese OEM business. The Group's international revenue was approximately RMB6,564,529,000, representing an increase of approximately 18.6% compared with approximately RMB5,535,924,000 in the same period in 2023, which was primarily attributable to the rapid growth in battery housing business and the increase in orders from the Group's traditional products in North America and Asia-Pacific.

Note: During the Review Period and the same period in 2023, to better reflect the ultimate locations of its customers' operations, the Group reclassified the revenue of a certain client from China to other countries.

During the Review Period, the Group steadily proceeded with its new business intake. As performance of OEMs varies in different markets, the Group also adjusts its business strategies in a timely manner to ensure its business remains balanced and stable. In relation to particular products, the Group made significant breakthroughs in body and chassis structural parts business during the Review Period. The Group further gained market share for its business with Honda in North America subsequent to obtaining their structural parts business in 2023. The Group continued to expand its share in Geely and Stellantis for body and chassis structural parts business. The Group achieved breakthrough in the subframe business for the first time and secured orders from Volvo. In addition, the Group also obtained orders of electric control case and electric motor housing for the first time. During the Review Period, the Group secured battery housing orders from a number of Chinese OEM customers such as XPeng, it also further expanded battery housing business with Hyundai-Kia in the international market, while continuing to expand its market share of battery housing in Stellantis. During the Review Period, the Group also made good progress in intelligent exterior decorative products business. Following the business intake of electric door system in 2023, the Group further obtained new orders of flush door handles and illuminated emblems from Harmony Intelligent Mobility Alliance during the Review Period. It also obtained business from Geely for multiple intelligent B pillars and quarter windows, and for the first time secured orders from Beijing Benz for illuminated emblems, SAIC Volkswagen for active grille shutters, and SAIC General Motors for flush door handles. During the Review Period, the Group continued its efforts in the new business intake of its traditional products, further enhancing its cooperation with OEMs such as BYD and GAC. Meanwhile, the Group has made progress in frameless door sealing systems and expanded its market share among Japanese OEM customers and GAC AION. At the same time, it made a breakthrough with Dongfeng VOYAH in its frameless door sealing systems. Such diversified product portfolio and increasingly balanced customer structure will strongly support the long-term sustainable growth of the Group's results.

During the Review Period, the Group continued to apply the Glocal philosophy to its operations. The Group continued to enhance the management standard of its factories globally, built benchmark factories and promoted their management models, and employed its experience from the benchmark factories in terms of operation, technology and innovation to empower its global operations. During the Review Period, the Group's global factories made comprehensive use of the advantageous resources of various locations to pursue local excellence, focusing on improving the product yield rate, production efficiency, and capacity utilisation rate for products with more complex processes, in order to achieve a comprehensive improvement in technology, quality, and processes.

During the Review Period, the Group continued to optimise the operational efficiency of its factories around the globe. The Group's factories in Tianjin and Qingyuan of China achieved significant growth in profitability through technical improvements, including enhancement of the product yield rate and utilisation efficiency of the surface treatment lines. During the Review Period, riding on the significant improvement and stabilization in the overall capability of its factories in Mexico and Thailand, the Group strived to strengthen the operational capacity of its international factories, and improved the product yield rate of the large-scale production lines in North American and European factories. During the Review Period, the Group continued to consolidate the vertical integration of processes in its factories at different locations. The smelting and casting production lines in Serbia were officially put into operation, which not only enhances the competitiveness of its processes, but also provides green aluminum materials for the Group's battery housing and aluminum BUs, contributing to the Group's gradual realisation of its carbon neutrality target. During the Review Period, the Group's battery housing factories in France and Poland have successively reached mass production status, and the overall capacity utilization rate of this BU continued to improve. In addition, during the Review Period, the Group further strengthened its working capital management, focusing on sorting out abnormal inventories, while supporting the improvement of the production planning and warehouse management capacity of its international factories.

During the Review Period, the Group continued to implement an asset-light strategy for its traditional products, with a focus on improving the capacity utilisation rate of existing production lines, while minimising the investment in new equipment through the maintenance and reuse of existing equipment. Given the volatility of the global economy and business environment, the Group has swiftly adjusted its investment pace, pursuing a dynamic balance between resource investment and operating results. In addition, the Group continued to implement measures to reduce costs and increase efficiency, as well as to save energy and reduce consumption. During the Review Period, the Group increased the recycling and reuse of scrap and waste materials, including aluminum, stainless steel, plastics, and chemicals used in the surface treatment production lines, and carried out reuse as far as practicable to reduce waste. Meanwhile, the Group has vigorously promoted photovoltaic power generation to gradually reduce the consumption of thermal power and enhance the proportion of green energy.

The global macro environment and the development of the automobile industry are undergoing constant changes. During the Review Period, a number of European countries and OEMs have announced a slowdown in the electrification process of automobiles, and the lifecycle and iteration speed of existing models may be adjusted accordingly. In view of this, the Group continues to expand other product categories while stabilising the customer coverage of battery housings and related products, with a view to reducing potential risks by increasing market share and content value per vehicle. In addition, the Red Sea crisis had far-reaching impacts on the global logistics industry during the Review Period. The Group, in collaboration with its customers, logistics providers and other parties, made concerted efforts to effectively ensure the delivery of its products and keep the overall logistics costs at a relatively reasonable level by making timely adjustments to the production arrangements, improving packaging solutions and loading rates, and negotiating agreements on reasonable logistic solutions. The Group's quick response has been well recognised by its customers. During the Review Period, the Group achieved stable growth in results despite various uncertainties. The Group has always been committed to creating stable returns for its shareholders and other stakeholders, building a sustainable development path, and at the same time striving to minimize operational risks.

RESEARCH AND DEVELOPMENT

R&D and innovation are important pillars to corporate development and the Group attaches great importance to R&D planning. The Group had actively responded to the changes and developments in the automotive industry by laying down an innovation-driven strategy, optimising the structure of R&D organisations, strengthening the self-initiated R&D and innovative research capability in respect of basic materials, products and technology, and continuing its investments in R&D. Through in-depth exchange with customers such as traditional OEMs, NEV start-ups and battery makers, the Group strived to firmly grasp the differences in product and technology requirements of various customers and the development trend; and through proactive self-innovation and cooperation with leading enterprises globally, 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 ICE vehicles and to promote 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 decorative parts, and contribute to the evolution of the automotive industry towards low carbon and intelligence. The Group has achieved tremendous milestones in these fields, which lays a solid foundation for the Group's future sustainable development.

During the Review Period, the Group continued to win nominations from traditional OEMs, NEV start-ups and battery makers, 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 of battery housing and its technology and conducted independent R&D. In view of the market trend and on the back of its advantages in processing technology, the Group has launched roll-forming battery housings and successfully won nominations from Chinese and European OEM customers. The Group continued to carry out R&D from different perspectives, such as structure, battery adaptability, application and materials and offer multiple cell-to-body (CTB) solutions for battery housings, providing innovative solutions to customers on a continuous basis. Based on its customer advantage in battery housings and deep cooperation with battery manufacturers, the Group successfully made a breakthrough in the orders for battery cell structural parts, which was gradually becoming another growth driver for the Group. 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 die casting structural parts, which has started to see order inflows. The Group has obtained orders of die-casting electric control case, 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 its advantages in the processing technology of battery housing products and its customer base, the Group actively expanded into the integration technology of EV wireless charging and battery housing. The Group has signed a strategic cooperation framework agreement with Siemens of Germany to carry out a joint project in wireless charging. Meanwhile, the Group has focused on the R&D and expansion of products such as bipolar plates, hydrogen storage systems and distributed energy storage and charging terminals 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. During the Review Period, the Group focused 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 Group saw its market penetration rate for several products increasing, won nomination of a fully enclosed intelligent front module panel from a European OEM, and successfully achieved mass production of LiDAR compatible radomes on the first model of a well-known technology company which also straddles the car manufacturing industry. 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. The Group has made significant breakthroughs in the field of composite material application and body weight reduction of door systems. Backed by the Group's unique VarinTech® technology, the product solution has been recognised by multiple customers in the NEV industry, and preliminary R&D projects have been gradually carried out to accelerate the commercial application and promotion of composite materials in the automotive industry.

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 has developed the Minal®-S636 aluminium alloy with 360Mpa ultra-high yield strength and excellent collision resistance, which has successfully passed the vehicle crash performance test and reached advanced level in the global market. The Group has over 60 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 player in Asia-Pacific or even the global market. Meanwhile, in response to the carbon neutrality targets in various markets in the world, the Group developed its proprietary ECO-ALUMIN® S series, a type of environment-friendly collision aluminium, with a carbon emission of less than 2.5Kg.CO_2/Kg.AL. In the meantime, the Group values the R&D and innovation of polymer materials and has completed the development of various green and low carbon materials, including but not limited to EcoSupElast® green elastomer materials, EcoOleCom® green plastics and bio-based materials, which have obtained technological certification from a number of OEMs and have been successfully put into mass production and application. These materials had a comprehensive carbon reduction rate of over 30%, contributing to the Group's realisation of its carbon neutrality goal.

The Group puts strong emphasis on the protection of intellectual property rights. It has initiated a comprehensive deployment in patents and trademarks for innovative products, and is focused on exploring and protecting high-value patents. The Group also actively improved the patent development globally, and enhanced the evaluation criteria for international patents to achieve systematic evaluation. During the Review Period, 168 new patent applications were filed by the Group, among which 26 applications were prioritized and related to high-value patents, and 18 applications were related to international patents. The applications cover various countries or regions including Europe, the US, Japan, Thailand, Mexico, Russia and Australia. During the Review Period, the Group was granted 225 new patents by competent authorities and 30 trademark registrations. The Group actively protects its intellectual property rights and carries out risk prevention management. It has conducted dozens of analyses in respect of patent right defences and infringement prevention, and filed a number of patent invalidation lawsuits to firmly safeguard its intellectual property rights and interests.

FINANCIAL REVIEW

RESULTS

During the Review Period, the Group's revenue was approximately RMB11,090,414,000, representing an increase of approximately 13.8% from approximately RMB9,747,406,000 in the same period in 2023. During the Review Period, with the gradual mass production of undertaken projects and the steady increase in the sales of NEVs in the PRC, the Group's battery-housing business continued to grow rapidly. Meanwhile, the Group's excellent performance in the sales of major vehicle models in the international market, coupled with the continuous balance and optimisation of customer mix, enabled the Group to achieve considerable revenue growth.

During the Review Period, the profit attributable to owners of the Company was approximately RMB1,068,192,000, representing an increase of approximately 20.4% from approximately RMB887,300,000 in the same period in 2023. This was mainly due to the increase in gross profit compared to the same period in 2023 which was attributable to factors such as the economies of scale driven by the revenue growth of the Group, the continuous improvement in the capacity utilisation rate of the battery-housing product line and the promotion of measures to reduce cost and boost efficiency for each product line during the Review Period, which enabled the Group to maintain a better level of profitability in general.

Gross Profit

During the Review Period, the Group's gross profit was approximately RMB3,161,637,000, representing an increase of approximately 23.4% from approximately RMB2,562,733,000 in the same period in 2023. The gross profit margin for the Review Period was approximately 28.5%, representing an increase of approximately 2.2% from approximately 26.3% in the same period in 2023. During the Review Period, the Group proactively reduced its procurement cost and promoted supply chain integration and constantly adopted measures such as lean production and technology upgrade to continuously improve production efficiency and production yield, together with the improved economies of scale driven by the revenue growth, which enabled the overall gross profit margin increased significantly compared to the same period in 2023.

Investment Income

During the Review Period, the investment income of the Group was approximately RMB190,648,000, representing an increase of approximately RMB19,239,000 from approximately RMB171,409,000 in the same period in 2023. It was mainly due to an increase in the interest income of the Group.

Other Income

During the Review Period, the other income of the Group amounted to approximately RMB206,501,000, representing an increase of approximately RMB58,494,000 from approximately RMB148,007,000 in the same period in 2023. It was mainly attributable to an increase in government grants related to income.

Other Gains and Losses

During the Review Period, the Group's other gains and losses amounted to a net gain of approximately RMB20,000, representing a decrease of approximately RMB2,970,000 compared to a net gain of approximately RMB2,990,000 in the same period in 2023. It was mainly due to the effect of changes in the fair value of derivative financial instruments.

Distribution and Selling Expenses

During the Review Period, the Group's distribution and selling expenses were approximately RMB531,118,000, representing an increase of approximately RMB171,235,000 from approximately RMB359,883,000 in the same period in 2023. It accounted for approximately 4.8% of the Group's revenue, representing an increase of approximately 1.1% from approximately 3.7% in the same period in 2023. It was mainly due to the increase in the Group's unit transportation cost, which was driven by a continuous rise in the global shipping market prices as a result of the Red Sea Crisis during the Review Period.

Administrative Expenses

During the Review Period, the administrative expenses of the Group amounted to approximately RMB742,501,000, representing an increase of approximately RMB119,433,000 from approximately RMB623,068,000 in the same period in 2023. It accounted for approximately 6.7% of the Group's revenue, representing an increase of approximately 0.3% from approximately 6.4% in the same period in 2023. The increase in Group's administrative expenses as compared to that in the same period in 2023 was primarily attributable to the introduction and reserve of relevant administrative personnel to cope with the internationalized management needs due to the continuous growth of global business scale, as well as the increase of other administrative expenses in companies located in North America, Europe and other regions because of their higher business volume during the Review Period. Meanwhile, the increase in the Group's revenue partially offset the impact of the increase in administrative expenses to its percentage of the Group's revenue.

Research Expenditures

During the Review Period, the research expenditures of the Group amounted to approximately RMB714,608,000, representing an increase of approximately RMB98,990,000 from approximately RMB615,618,000 in the same period in 2023. It accounted for approximately 6.4% of the Group's revenue, representing an increase of approximately 0.1% from approximately 6.3% in the same period in 2023. It was mainly attributable to the increase in Group's revenue during the Review Period, and the fact that with continuous promotion of the four disruptive treads in the automobile industry, the Group proactively responded to the reform and development of the industry and continuously stepped up it's effort in the R&D of innovative products including battery-housing, body and chassis structural parts, intelligent integrated exterior parts, hydrogen storage system, and distributed energy storage and charging terminal, as well as new material technologies. Meanwhile, 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.

Interest Expenses

During the Review Period, the Group's interest expenses amounted to approximately RMB290,690,000, representing an increase of approximately RMB58,398,000 from approximately RMB232,292,000 in the same period in 2023, which was mainly attributable to the combined effect of the increase in the average balance of borrowings and the average market lending rate during the Review Period.

Share of Results of Joint Ventures

During the Review Period, the Group's share of results of joint ventures was a net profit of approximately RMB21,439,000, representing an increase of approximately RMB10,117,000 from a net profit of approximately RMB11,322,000 in the same period in 2023, which was mainly attributable to the increase in profits of one of the joint ventures during the Review Period.

Share of Results of Associates

During the Review Period, the Group's share of results of associates was a net loss of approximately RMB14,082,000, representing an increase of approximately RMB4,161,000 from a net loss of approximately RMB9,921,000 in the same period in 2023, which was mainly due to the increase in loss as one of the associates had not yet commenced mass production during the Review Period.

Income Tax Expense

During the Review Period, the Group's income tax expense was approximately RMB196,031,000, representing an increase of approximately RMB37,275,000 from approximately RMB158,756,000 in the same period in 2023.

During the Review Period, the effective tax rate was approximately 15.4%, representing an increase of approximately 0.4% from approximately 15.0% in the same period in 2023.

Profits Attributable to Non-controlling Interests

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB8,470,000, representing a decrease of approximately RMB1,701,000 from approximately RMB10,171,000 in the same period in 2023. It was mainly attributable to the decrease in net profit of non-wholly owned subsidiaries during the Review Period.

Liquidity and Financial Resources

As of 30 June 2024, the Group's total amount of cash and cash equivalents and pledged bank deposits and time deposits was approximately RMB7,065,956,000, representing an increase of approximately RMB606,902,000 from approximately RMB6,459,054,000 as of 31 December 2023. As of 30 June 2024, the Group's low-cost borrowings in aggregate amounted to approximately RMB9,381,117,000, among which the equivalent of approximately RMB4,388,443,000, approximately RMB3,832,142,000, approximately RMB607,768,000, approximately RMB325,161,000, approximately RMB227,603,000 were denominated in RMB, Euro ("EUR"), US Dollar ("USD"), New Taiwan Dollar ("NTD"), and Thai Baht ("THB"), respectively, representing a decrease of approximately

RMB307,206,000 compared to approximately RMB9,688,323,000 as of 31 December 2023. It was mainly attributable to borrowings made by the Group having considered the consolidated gains from exchange rates, interest rates and capital management.

During the Review Period, the Eurozone has started interest rate cuts, and the expectation of interest rate cuts in the US dollar zone in 2024 has also raised significantly. The Group will seize the opportunities arising from the interest rate and exchange rate window to optimise its debt structure and reduce its debt level when appropriate, in particular to reduce high-interest debts, so as to maintain the overall debt level of the Group within a reasonable and healthy range.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB1,730,626,000, indicating a sound cash flow condition.

During the Review Period, the Group's trade receivables turnover days were approximately 78 days, which were approximately 3 days shorter than approximately 81 days in the same period in 2023. This was mainly due to the increase in the revenue contribution from customers in international markets with shorter trade receivables cycles, coupled with the Group's enhanced management and control of payback during the Review Period. The combined effect of the above led to a decrease in the Group's trade receivables turnover days.

During the Review Period, the Group's trade payables turnover days were approximately 91 days, representing an increase of approximately 7 days from approximately 84 days in the same period in 2023, which was mainly due to the extended payment cycles upon active negotiations with suppliers based on the Group's growth in scale, as well as the changes in suppliers' settlement methods.

During the Review Period, the Group's inventory turnover days were approximately 94 days, representing an increase of approximately 4 days from approximately 90 days in the same period in 2023, which was mainly due to the increase in shipping cycles as a result of the Red Sea Crisis, as well as the increase in the Group's relevant inventory stocks as an active response to the demand for synergy in global production capacity, which was driven by the continuous progress of the global deployment of localised production during the Review Period. The combined effect of the above led to an increase in the inventory turnover days.

The Group's current ratio was approximately 1.3 as of 30 June 2024, representing an increase of approximately 0.1 from approximately 1.2 as of 31 December 2023. As of 30 June 2024, the Group's gearing ratio was approximately 26.9% (31 December 2023: approximately 28.4%), which was a percentage based on interest-bearing borrowings divided by total assets.

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

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

The Group is of the view that the favourable performance in sales, production and R&D, and a healthy cash reserve during the Review Period have provided a solid guarantee for sustainable development in the future.

COMMITMENTS

	At 30 June 2024 (Unaudited) ***RMB'000***	At 31 December 2023 (Audited) *RMB'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**504,509**	662,368

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2024, the balance of the Group's bank borrowings was approximately RMB9,381,117,000, of which approximately RMB2,439,213,000 was bearing at fixed interest rates, and approximately RMB6,941,904,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality features. In addition, approximately RMB4,060,200,000 of the borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalents of approximately RMB3,832,142,000 and approximately RMB228,058,000 were denominated in EUR and USD, respectively.

The Group's cash and cash equivalents 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 of 30 June 2024, the Group's total amount of cash and cash equivalents and pledged bank deposits and time deposits denominated in currencies other than the functional currencies was approximately RMB1,734,158,000, of which approximately RMB1,052,603,000 was denominated in USD, approximately RMB494,058,000 was denominated in EUR, approximately RMB157,418,000 was denominated in Japanese Yen, approximately RMB17,997,000 was denominated in Mexican Peso, approximately RMB11,984,000 was denominated in Hong Kong Dollar, and the remainder of approximately RMB98,000 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 30 June 2024, the Group had no contingent liabilities (31 December 2023: Nil).

MORTGAGED ASSETS

As of 30 June 2024, the Group had borrowings of NTD10,000,000 (equivalent to RMB2,234,000) and approximately RMB23,665,000, which were mortgaged by land use rights with carrying value of approximately RMB4,502,000 and property, plant and equipment with carrying value of approximately NTD47,708,000 (equivalent to approximately RMB10,658,000) and approximately RMB8,461,000 (31 December 2023: the Group had borrowings of approximately RMB22,066,000, which were mortgaged by land use rights with carrying amounts of approximately RMB4,560,000 and property, plant and equipment with carrying amounts of approximately NTD49,134,000 (equivalent to approximately RMB11,370,000) and approximately RMB8,680,000).

As of 30 June 2024, the Group had borrowings of NTD50,000,000 (equivalent to RMB11,170,000) and RMB7,072,000, and issued bills payables of approximately RMB666,102,000 due within 6 months and letters of guarantee of RMB121,680,000, which were pledged by bills receivables with fair value of approximately RMB243,674,000 and bank deposits of USD65,230,000 (equivalent to approximately RMB464,881,000), EUR2,302,000 (equivalent to approximately RMB17,640,000) and RMB319,672,000. The borrowings are to be settled in NTD and RMB (31 December 2023: the Group had borrowings of RMB50,000,000, and issued bills payables of approximately RMB985,396,000 due within 6 months and letters of guarantee of RMB136,680,000, which were mainly pledged by bills receivables with fair value of approximately RMB283,530,000 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).

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 Period, the Group's capital expenditure amounted to approximately RMB1,093,333,000, which was mainly invested to deploy production capacity in the international market and expand production capacity of innovative products such as battery-housing and body and chassis structural parts. During the Review Period, the Group's capital expenditure decreased by approximately 45.7% from approximately RMB2,013,896,000 in the same period in 2023, which was mainly because the Group has made timely adjustments to the pace of its investment in light of the development trends of the global automobile market during the Review Period, while focusing on the efficient utilisation of the existing production capacity and the reduction of unnecessary production capacity expansion, and exercising stringent control over the investment in fixed assets.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

As of 30 June 2024, the Group had a total of 24,180 employees, with an increase of 1,869 employees when compared to that of 31 December 2023. The increase in the number of employees was mainly due to the revenue growth of the Group during the Review Period, in particular those from the Group's factories in Europe and North America.

During the Review Period, the Group focused on enhancing its capabilities in global strategic innovation and leadership, driving the expansion of the Group's innovative business in an increasingly complex external market environment, exploring new growth drivers for performance, and achieving an efficient and synergistic global organisational layout to promote the steady development of the Group as a whole. In respect of achieving organisational efficiency and synergy, the Group continued to strengthen the strategic control capabilities of its global organisations. Looking ahead to the second half of the year, in accordance with its overall strategic planning, the Group will continue to explore business opportunities in areas such as product innovation and environmental protection, propel the transformation and upgrading of the Group's business, and continue to promote resource integration and management synergy in Asia Pacific, Europe and North America, so as to enhance the effectiveness of its global governance and enable sustainable development of its global operations.

Stemming from the core cultural value of love, the Group has strengthened the awareness of its core values by conducting a total of 45 "Values As One" camps to promote the thorough roll-out of the core values within the Group. At the same time, the Group continuously improves and strengthens the awareness of its employees on overall wellness. The Group continued to promote overall wellness programs such as "Holistic Health Workshop", "Emotional Intelligence", "Family Drawing Room", and "Mini Marathon" on a global scale and continuously empowered employees' physical and mental health through one-on-one care programs. In addition, the Group continued to carry out projects such as care service for employees' children and "Senior's Center" for employees' parents to continuously empower the overall wellness of employees' families. Looking ahead to the second half of the year, the Group will actively implement the GLOCAL concept, deepen global cultural governance, implement global team cultural integration projects, and promote overall wellness courses and projects such as Sino-Serbia youth exchange programs and youth summer camps for the children of Minth employees. Together with the debut of "Couple's Relationship Camp" in Minth Europe, the Group is committed to further enhancing the happiness of Minth families around the world.

With the continuous advancement and realisation of its globalization strategy, during the Review Period, the Group continued to carry out global talent cultivation, local talent exploration, and continuous upgrading of relevant systems as well as management digitization: (1) enhance leaders' global operation ability, upgrade the mindset of leaders, stimulate team's willingness to grow with the enterprise, and launch high-potential talent development projects on a global scale, to explore outstanding talents and provide employees with platforms and opportunities to fully demonstrate their talents; (2) upgrade the mechanism of global talent exchange projects to facilitate team integration, promote the use of global resources to achieve local excellence, and comprehensively enhance the global competence and vision of talents; (3) optimise and promote the global learning system, and carry out activities to organize a learning roadmap and develop resources, to provide a foundation for talent cultivation and meet the evolving needs of the organisation; (4) establish a talent assessment centre and systematically develop a series of talent assessment tools to accurately identify talents, give full play to their strengths and promote job matching; (5) continuously promote the application of digital tools, platforms and systems to enhance the operational efficiency of business processes and maximise the effectiveness of staff. In addition, during the Review Period, the Group launched its global personnel master data system, which is expected to continue to boost the global governance and synergy in its human resources operation globally.

Looking ahead to the second half of 2024, the Group will further deepen its global talent management in accordance with the organisational development strategy, scout outstanding talents, and promote the application of talent training systems, resources and platforms, thereby consolidating its talent echelon and ensuring an enduring supply of talents with global vision.

SHARE OPTION SCHEME

The Company adopted a conditional share option scheme for a term of ten years on 22 May 2012, and renewed the share option scheme on 31 May 2022 (collectively, the "Share Option Scheme"), 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 Scheme. Details of the above Share Option Scheme are set out in the circular of the Company dated 25 April 2022 for the annual general meeting.

On 2 May 2024, the Board of the Company granted share options to a group of eligible participants (the "Grantees") to subscribe for a total of 30,000,000 shares of the Company, allowing the Grantees to exercise such Share Options starting from 5 May 2025 to 31 December 2029 (both days inclusive). The price per share payable by the Grantees upon exercising the Share Options was determined pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with reference to, among others, the closing price as stated in the daily quotation sheet of the Stock Exchange on 2 May 2024 (i.e., the date of grant). The Directors considered that the grant of such Share Options would not lead to any material adverse impact on the financial conditions of the Group. Further details of the grant of Share Options mentioned above are set out in the Company's announcement dated 2 May 2024.

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 recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. Selected participants pursuant to the terms of the Share Award Scheme will be granted the Awarded Shares from time to time. For details of the said Share Award Scheme, please refer to the announcement of the Company dated 28 July 2020.

FUTURE PROSPECTS AND STRATEGIES

In the first quarter of 2024, China's passenger vehicle market benefited from the continuous price reductions by automobile enterprises, and sales increased significantly. At the end of the first quarter, the price war intensified, with a number of automobile enterprises escalating their price reductions on existing vehicle models or vehicles models soon to be released, in response to the competition in same-class vehicle models from the industry leaders or NEV start-ups, which led to the further increase in sales at the end of the quarter. The price war among automobile enterprises lingered to the beginning of the second quarter, and weakened at the end of the second quarter when the market was about to enter the off season, during which the automobile enterprises, who began to focus on maintaining profit margins, would not blindly participate in the price war. At the same time, the "trade-in" policy has been rolled out at the national and local levels in the second quarter, urging automobile enterprises to follow suit with policies such as subsidies and cash incentives for ICE vehicle trade-ins, which is expected to continue to support the market growth in the second half of the year.

During the Review Period, Chinese OEMs continued to gain share in the Chinese market, and their competitive stance did not subside, as they launched new vehicle models, attached importance to their investment in R&D, adhered to a user-oriented R&D mindset, and gained in-depth insights into the needs of local and international consumers. With the gradual change of Chinese OEMs' sole reliance on Chinese market and the fact that price reduction trend has significantly declined since May, it is expected that the Chinese market will gradually return to normal competition in the second half of the year.

During the Review Period, the EU initiated a counter-subsidy investigation into China's exports of NEV models, and the U.S. levied additional tariffs on China's exports of EVs, semiconductors, and key battery components, which slowed down the expansion of Chinese OEMs into the above markets, prompting Chinese OEMs to think more calmly and adjust their export and overseas layouts, focusing on emerging markets including Southeast Asia. South America, Africa, the Middle East, Central Asia, and Eastern Europe may become the next target markets for Chinese OEMs. Looking ahead to the second half of the year, due to the impact of trade policies of the U.S. and the EU, Chinese OEMs will face certain growth pressures in their export business. However, under the combined impetus of the improved competitive landscape among automobile enterprises, the launch of promotional policies at the state and local level, and the normalization of promotional efforts from automobile enterprises, it is expected that the Chinese automobile market will continue to grow in the second half of the year. According to forecast by CAAM, 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%.

During the Review Period, the global light vehicle market recorded growth in both production and sales, mainly driven by market growth in emerging countries. According to forecast by S&P Global, the global sales of light vehicles in 2024 are expected to be around 88,600,000 units, representing a year-on-year growth of around 2.4%. Investments in areas such as intelligent Internet-connected vehicles and electrification vary among different OEMs. Although Europe and the U.S. have slowed down the progress of battery electric vehicles, they are still investing in plug-in hybrid electric vehicles. This has led to an increase in capital demand, resulting in a continuous decrease of OEMs' profits and capital reserves, and the pressure to reduce costs may be passed on to suppliers, who are not only faced with the pressure of fluctuating raw material prices and increasing labour costs, but also with the overall performance changes brought about by the risk of fluctuating production volume of OEMs, forming an overall pressure on the profitability of the automotive parts industry for the time being. On the other hand, suppliers still have favourable business opportunities if they could follow the trend of customers' technological innovation, deepen cooperation with customers relying on their proprietary R&D capabilities, seize the trend of electronic, intelligent and lightweight applications, follow the global layout of OEMs, flexibly adjust their global production capacity, and realise localisation of their operations. At the same time, suppliers that can proactively work with their customers to reduce costs at the design stage, enhance their cost advantage, create an agile organisation, and rationalise their talent reserves for innovative research will also gain a significant competitive edge, which will in turn offer sustained support for their long-term growth.

The Group will actively respond to the challenges and opportunities brought about by the drastic changes in the automobile and parts industry, and will continue to build up its comprehensive competitiveness in terms of technology, quality and cost by focusing on customer concerns, so as to become a leading global supplier that works most closely with its customers. The Group will maintain a keen insight, make full use of the favourable conditions created by policies, follow the trend of new energy product development, intelligent technology innovation and body weight reduction, and combine the R&D ideas established from the perspective of the end market and complete vehicle demand, as well as the advantages of the Group's global platform, to carry out a strategic layout and technological innovation. Meanwhile, the Group will continue to deepen cooperation with its customers, maintain its Glocal supply capability, respond flexibly to external changes, and flexibly adjust its global production capacity to match customers' globalization strategy, thereby capturing more business development opportunities.

In terms of operational improvement, the Group will further optimise strategic planning of all BUs, continue to enhance its operational capabilities, especially for its overseas factories, select model factories in different regions for management replication and cost benchmarking, establish comprehensively competitive strengths in technology, cost, personnel efficiency and resource utilisation and utilise 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 maximise 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 strive to balance and optimise 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 realising a dual presence of global and regional layouts, to protect the Group's stable development and reduce potential risks arising from changes in the external environment and geopolitical factors. Meanwhile, the Group will continue 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 customised products and services to its clients, thereby striving for a leading position in the global auto parts industry.

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

During the Review Period, the grantees of the Company's Share Option Scheme did not exercise any Share Options in accordance with the rules and terms of the Share Option Schemes and 538,200 Share Options lapsed as a result of resignations of grantees.

During the Review Period, 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. 45,000 Awarded Shares were forfeited during the Review Period due to the resignations of the 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 Period.

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 Listing Rules. Save as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company did not, at any time during the Review Period, comply with the Corporate Governance Code.

Code Provision C.1.6 stipulates that the independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Ms. Chin Chien Ya, a non-executive director of the Company, and Dr. Wang Ching, Mr. Tatsunobu Sako and Professor Meng Li Qiu, each an independent non-executive directors of the Company, attended the 2024 annual general meeting of the Company by electronic means; Mr. Mok Kwai Pui Bill, an independent non-executive director of the Company, attended the meeting in person; and Professor Chen Quan Shi, the then independent non-executive director of the Company, was unable to attend the meeting due to other business commitments.

Code provision C.2.1 stipulates that the roles of chairperson and chief executive officer ("CEO") should be separate and should not be performed by the same person. As announced on 13 June 2022, the Company is currently in the process of identifying a new CEO following the resignation of the then CEO, and meanwhile, Ms. Wei Ching Lien (an executive director and the Chairperson), held (and as at the date of this announcement, still holds) the position of the CEO. Taking into account Ms. Wei's in-depth knowledge of the Group's business and the fact that key decisions were made after consulting members of the Board and the relevant Board committees, the Board considers that deviation from Code Provision C.2.1 is still appropriate under such circumstance, which enables more effective planning and execution of long-term business strategies as well as enhances the efficiency of decision-making during the interim period before the next appointment of the CEO.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (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 Period.

Notwithstanding the above, the Board is of the view that the Group has an effective management structure for its operation and has put in place adequate review and balance measures. The Board will continue to review its corporate governance practices and will thereby enhance its corporate governance standards and compliance with regulatory requirements.

MATERIAL LITIGATION AND ARBITRATION

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

AUDIT COMMITTEE

The Audit Committee of the Company consisted of four independent non-executive Directors, namely Mr. Mok Kwai Pui Bill (Chairperson of the Audit Committee), Dr. Wang Ching, Mr. Tatsunobu Sako and Professor Meng Li Qiu. The Committee reviews the Group's internal control systems, the completeness and accuracy of the Group's financial statements and liaises on behalf of the Directors with the external auditor. Members of the Committee will meet regularly with the management and external auditor to review the audit reports as well as the interim and annual financial reports of the Group. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 and this interim results announcement, and recommended its adoption by the Board.

APPRECIATION

The Board would like to take this opportunity to express 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, 21 August 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, Mr. Mok Kwai Pui Bill, Mr. Tatsunobu Sako and Professor Meng Li Qiu being independent non-executive Directors.