



MINTH GROUP LIMITED
敏實集團有限公司

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

2024

Interim Report



CORE VALUES

Integrity Teamwork
Trust Embrace change

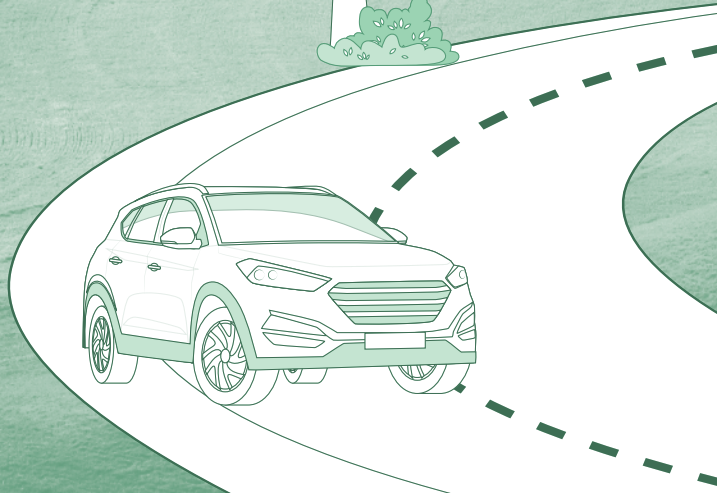
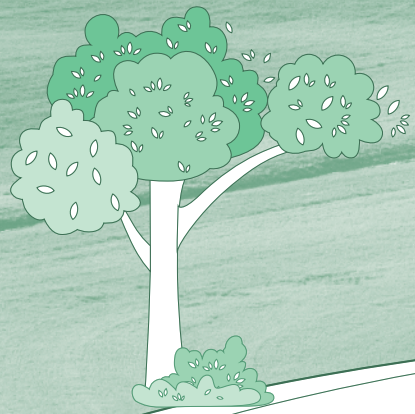
VISION



We create beauty in motion
with intelligence

MISSION

Make automobiles lighter, prettier
and more intelligent



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



CORPORATE INFORMATION

THE BOARD

Executive directors

Wei Ching Lien (*Chairperson and
Chief Executive Officer*)

Ye Guo Qiang

Zhang Yuxia

Non-executive director

Chin Chien Ya

Independent non-executive directors

Wang Ching

Mok Kwai Pui Bill

Tatsunobu Sako

Meng Li Qiu

Chen Quan Shi (*retired on 31 May 2024*)

COMPANY SECRETARY

Yi Lei Li

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STOCK CODE

SEHK Code: 0425

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the six months ended 30 June 2024 (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

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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

MintH Group Limited (the “Company”) together with its subsidiaries (collectively 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.

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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

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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

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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 "Mint 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 "Mint Group Internal Control and Risk Management System" and the "Mint 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

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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 "Mint Group Limited Code of Business Conduct and Ethics" and the "Mint 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

* The English names are for identification purposes only.

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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

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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.

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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.

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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

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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®

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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.CO₂/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.

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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.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT REVENUE

An analysis on revenue by types of goods or services delivered or provided is as follows:

Segment category	Six months ended 30 June 2024		Six months ended 30 June 2023	
	RMB'000	%	RMB'000	%
Plastic	2,842,566	25.6	2,487,270	25.5
Metal & Trim	2,541,801	22.9	2,512,333	25.8
Battery-housing	2,390,969	21.6	1,802,427	18.5
Aluminum	2,372,380	21.4	2,079,840	21.3
Others	1,515,748	13.7	1,215,877	12.5
Elimination	(573,050)	(5.2)	(350,341)	(3.6)
Total revenue	11,090,414	100.0	9,747,406	100.0

A breakdown on revenue by geographical location is as follows:

Market category	Six months ended 30 June 2024		Six months ended 30 June 2023	
	RMB'000	%	RMB'000	%
The People's Republic of China	4,525,885	40.8	4,211,482	43.2
Other countries	6,564,529	59.2	5,535,924	56.8
Total revenue	11,090,414	100.0	9,747,406	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 trends in the automobile industry, the Group proactively responded to the reform and development of the industry and continuously stepped up its effort in the R&D of innovative products including battery-housing,

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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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.

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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.

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DIRECTORS

During the Review Period, the directors of the Company (“Directors”) were as follows:

Executive Directors

Wei Ching Lien (*Chairperson and Chief Executive Officer*)

Ye Guo Qiang

Zhang Yuxia

Non-executive Director

Chin Chien Ya

Independent Non-executive Directors

Wang Ching

Mok Kwai Pui Bill

Tatsunobu Sako

Meng Li Qiu

Chen Quan Shi (*retired on 31 May 2024*)

SHARE OPTION SCHEMES

The 2005 Share Option Scheme was adopted by the Company for a period of 10 years pursuant to a written resolution of all the then shareholders of the Company on 13 November 2005. Such scheme was terminated on 22 May 2012 and the 2012 Share Option Scheme with substantively similar terms to the 2005 Share Option Scheme was adopted on the same day at the 2012 annual general meeting of the Company for 10 years. The 2012 Share Option Scheme had expired on 22 May 2022. On the date of the 2022 annual general meeting of the Company, i.e. 31 May 2022, the Company adopted the 2022 Share Option Scheme for a term of 10 years with salient terms similar to those of the 2012 Share Option Scheme.

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The purpose of the 2022 Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All Directors, employees of the Group and service providers of the Group whom the Board considers, in its sole discretion, have contributed or will contribute to the Group are eligible to participate in the 2022 Share Option Scheme.

The 2022 Share Option Scheme will remain in force for a period of 10 years after the date on which the scheme was adopted. The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the 2022 Share Option Scheme adopted by the Group must not in aggregate exceed 10% ("General Scheme Limit") of the Shares of the Company in issue on 31 May 2022, the date when the Company adopted the 2022 Share Option Scheme, which were 116,183,579 Shares. The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares of the Company in issue as at the date of the shareholders' approval.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2022 Share Option Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the 2022 Share Option Scheme and any other share option schemes of the Company (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit").

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

An option may be exercised in accordance with the terms of the 2022 Share Option Scheme at any time during the period to be determined and notified by the Board to each grantee, at the time of making an offer of the grant of an option which shall not expire later than 10 years from the date of grant of the option.

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The subscription price for the Shares under the 2022 Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

As at the date of this interim report, the total number of unexercised outstanding Share Options (i.e. the total number of Shares available for issue) under the 2012 Share Option Scheme is 18,276,800 which represents approximately 1.57% of the issued Shares as at the date of this interim report.

As at the date of this interim report, the total number of unexercised outstanding Share Options (i.e. the total number of Shares available for issue) under the 2022 Share Option Scheme is 30,000,000 which represents approximately 2.58% of the issued Shares as at the date of this interim report.

The total number of Share Options available for grant under the scheme mandate of the 2022 Share Option Scheme as at 1 January 2024 and 30 June 2024 were 116,183,579 and 86,183,579 respectively.

During the Review Period, the total number of Share Options that the Company granted to the Directors and employees amounted to 30,000,000. As at the date of this interim report, the number of Share Options that could still be granted under the 2022 Share Option Scheme was 86,183,579, representing approximately 7.42% of the 1,161,993,599 Shares in issue as at 21 August 2024, being the date of this interim report.

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Details are as follows:

Number of Share Options (Note 1)											Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised
Name and category of participants	Outstanding as at 1 January 2024	Granted during the Review Period	Exercised during the Review Period	Cancelled during the Review Period	Lapsed during the Review Period	Outstanding as at 30 June 2024	Date of grant (Note 5)	Exercise period (Note 6)	Exercise price of the Share Options (HKD) (Note 7)	Share Options exercised (HKD)	
	Directors, chief executives, and substantial Shareholders and their respective associates										
Mr. Ye Guo Qiang	250,000	-	-	-	-	250,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A	
	-	500,000	-	-	-	500,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Ms. Zhang Yuxia	400,000	-	-	-	-	400,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A	
	-	500,000	-	-	-	500,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Ms. Chin Chien Ya (Note 2)	150,000	-	-	-	-	150,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A	
	-	100,000	-	-	-	100,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Dr. Wang Ching	100,000	-	-	-	-	100,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A	
	-	50,000	-	-	-	50,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Mr. Mok Kwai Pui Bill	-	50,000	-	-	-	50,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Mr. Tatsunobu Sako	-	50,000	-	-	-	50,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Professor Meng Li Qiu	-	50,000	-	-	-	50,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Mr. Wu Tak Lung (Note 3)	100,000	-	-	-	-	100,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A	
Mr. William Chin (Note 4)	-	300,000	-	-	-	300,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Subtotal	1,000,000	1,600,000	-	-	-	2,600,000					
Other participants (Note 8)											
Employee participants (in aggregate)	17,517,000	-	-	-	538,200	16,978,800	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A	
	-	28,400,000	-	-	-	28,400,000	2-5-2024	5-5-2025 to 31-12-2029	14.30	N/A	
Related entity participants (in aggregate)	-	-	-	-	-	-	N/A	N/A	N/A	N/A	
Service providers (in aggregate)	530,000	-	-	-	-	530,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A	
Subtotal	18,047,000	28,400,000	-	-	538,200	45,908,800					
Total	19,047,000	30,000,000	-	-	538,200	48,508,800					

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- Note 1: Numbers of Shares over which options were granted under the 2012 Share Option Scheme and the 2022 Share Option Scheme.
- Note 2: Ms. Chin Chien Ya (“Ms. Chin”), a non-executive Director of the Company, is the daughter of Ms. Wei Ching Lien (“Ms. Wei”, an executive Director and Chairperson of the Company).
- Note 3: Mr. Wu Tak Lung retired as an independent non-executive Director of the Company on 31 May 2023.
- Note 4: Mr. William Chin (“Mr. Chin”), the Chief Strategy Officer of the Group, is the son of Ms. Wei and the brother of Ms. Chin.
- Note 5: The closing price of the Company’s shares immediately before 28 July 2020 on which the Share Options were granted pursuant to the 2012 Share Option Scheme, i.e. on 27 July 2020 was HKD22.40. The closing price of the Company’s shares immediately before 2 May 2024 on which the Share Options were granted pursuant to the 2022 Share Option Scheme, i.e. on 30 April 2024 was HKD13.44.
- Note 6: The option period for the Share Options granted on 28 July 2020 is for five years five months and three days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted to be vested on or after 1 July 2021; (ii) up to a further 30% of the Share Options granted to be vested on or after 1 July 2022; and (iii) all of the remaining Share Options granted to be vested on or after 1 July 2023. The option period for the Share Options granted on 2 May 2024 is for five years seven months and twenty-nine days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted to be vested on or after 5 May 2025; (ii) up to a further 30% of the Share Options granted to be vested on or after 5 May 2026; and (iii) all of the remaining Share Options granted to be vested on or after 5 May 2027.
- Note 7: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes on the Company’s share capital.
- Note 8: There are no (i) participant with Share Options granted and to be granted in excess of the 1% individual limit, and (ii) related entity participant or service provider with Share Options granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue (excluding treasury shares).

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During the Review Period, the grantees of the Company's Share Option Schemes 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.

The fair values of the granted Share Options are listed as follows:

Share option type	Date of grant	Tranche	Exercise period	Exercise price (HKD)	Fair value at the date of grant (HKD)
2020 (Note 1)	28-7-2020	A	1-7-2021 to 31-12-2025	23.85	6.29
	28-7-2020	B	1-7-2022 to 31-12-2025	23.85	6.59
	28-7-2020	C	1-7-2023 to 31-12-2025	23.85	6.74
	28-7-2020	E	1-7-2021 to 31-12-2025	23.85	6.32
	28-7-2020	F	1-7-2022 to 31-12-2025	23.85	6.61
	28-7-2020	G	1-7-2023 to 31-12-2025	23.85	6.75
	2024 (Note 2)	2-5-2024	A	5-5-2025 to 31-12-2029	14.30
2-5-2024		B	5-5-2026 to 31-12-2029	14.30	4.28
2-5-2024		C	5-5-2027 to 31-12-2029	14.30	4.50
2-5-2024		E	5-5-2025 to 31-12-2029	14.30	3.98
2-5-2024		F	5-5-2026 to 31-12-2029	14.30	4.28
2-5-2024		G	5-5-2027 to 31-12-2029	14.30	4.50

Note 1: For the Share Options granted in 2020, the tranche A, B and C are granted to Directors and senior employees, while the tranche E, F and G are granted to other participants (excluding associates of Directors).

Note 2: For the Share Options granted in 2024, the tranche A, B and C are granted to Directors, while the tranche E, F and G are granted to other employees (including associates of Directors).

Apart from the Share Option Schemes as disclosed above, no Share Option was granted, exercised, cancelled or lapsed during the Review Period. Particulars of the Company's Share Option Schemes are set out in note 21 to the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE AWARD SCHEME

On 28 July 2020, the Company adopted a share award scheme (the “Share Award Scheme”) to allow share awards (the “Awarded Shares”) 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 notified the number of shares awarded to them.

The total number of Awarded Shares available for grant under the scheme mandate of the Share Award Scheme as at 1 January 2024 and 30 June 2024 were 113,941,359 and 113,986,359 respectively.

The total number of Shares that may be issued in respect of Share Options and Awarded Shares granted under all schemes of the Company during the Review Period divided by the weighted average number of Shares in issue (excluding treasury shares) for the Review Period was approximately 4.17%.

SUMMARY OF THE SHARE AWARD SCHEME RULES

(1) Purposes and Objectives

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.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Eligible Participants for the Share Award Scheme

The Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the Share Award Scheme as a Selected Participant. Participation in the Share Award Scheme is limited to Selected Participants only. The entitlement to the Awarded Shares and/or the Related Income shall be designated by the Board at its absolute discretion.

(3) Duration

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

(4) Administration

The Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Share Award Scheme rules and the Trust Deed (as the case may be). The Trustee shall hold the Shares and the income derived from the Trust Fund in accordance with the Share Award Scheme rules and the terms of the Trust Deed.

(5) Share Award Scheme Limit

The Board shall not make any further award of Awarded Shares which will result in the aggregate number of Shares awarded by the Board under the Share Award Scheme exceeding ten per cent. of the issued share capital of the Company from time to time. Further, the maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed one per cent. of the issued share capital of the Company from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

(6) Operation

Pursuant to the Share Award Scheme rules, the Company may from time to time,

- (i) issue new Awarded Shares under the general mandate granted and/or renewed by the Shareholders at the annual general meeting of the Company and/or under specific authority granted by its Shareholders to the Trustee to be held on trust for the relevant Selected Participant; or
- (ii) the Board may select the Selected Participant(s) and determine the Reference Amount for the purchase of the issued Shares for each of them, or otherwise determine from time to time a Reference Amount for the purchase of Shares, and notify the Trustee of its decision. Within such period as may be determined by the Board after receiving the Reference Amount, the Trustee shall apply the same towards the purchase (or subscription, as the case may be) of the maximum number of board lots of Shares at a price which falls within a range to be set by the Board. The Shares so purchased, the Related Income and any balance of the Reference Amount after completion of the purchase shall form part of the Trust Fund.

The Board may, at its discretion and from time to time, determine a Reference Amount in respect of which the Trustee shall purchase Awarded Shares from the market even though no Eligible Participants has yet been designated a Selected Participant, as a reserve for future awards to Selected Participants. The Board shall then cause such Reference Amount to be paid to the Trustee for acquisition of Shares for the purpose of the Awarded Shares under the Share Award Scheme on such terms and conditions as may be determined by the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

(7) Restrictions

No Award shall be made by the Board and no new Awarded Shares shall be issued under the Share Award Scheme and no instructions to acquire Shares shall be given to the Trustee under the Share Award Scheme where any director is in possession of unpublished price-sensitive information in relation to the Group or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

(8) Grant and Vesting

The Company shall notify each Selected Participant of the number of Awarded Shares granted to each Selected Participant by a Grant Notice which shall set out the respective entitlement of each Selected Participant and specify the additional conditions pursuant to which the Awarded Shares and/or the Related Income shall vest in each respective Selected Participant. The Trustee shall not hold any income of the Trust Fund upon trust for the Selected Participant, who are not entitled to any income or rights attached to or derived from the Awarded Shares (inclusive of any nil-paid rights, options or warrants derived from the Awarded Shares apart from the Related Income) from the date of the grant of the Award until the vesting of the Awarded Shares in the Selected Participant.

Subject to the Share Award Scheme rules and the fulfilment of all vesting conditions as specified in the Grant Notice (such fulfilment shall be confirmed by the Board), the respective Awarded Shares and the Related Income held by the Trustee on behalf of a Selected Participant shall vest in such Selected Participant, and the Trustee shall cause such vested Awarded Shares and the Related Income to be transferred to, or to the order of, such Selected Participant in accordance with the procedure specified in the Share Award Scheme rules.

MANAGEMENT DISCUSSION AND ANALYSIS

Except in the circumstances as set out under (9) below, upon the vesting of the Awarded Shares, barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee,

- (i) the Board shall send to the relevant Selected Participant a Vesting Notice and for purchase of Awarded Shares, together with such prescribed reply slip which require the Selected Participant to execute to effect the vesting and transfer of the Awarded Shares and the Related Income, and
- (ii) subject to the receipt by the Trustee of (a) the reply slip prescribed in the Vesting Notice and duly signed by the Selected Participant within the period stipulated in the Vesting Notice, and (b) a confirmation from the Company that all vesting conditions having been fulfilled, the Trustee shall transfer the relevant Awarded Shares (and where applicable, together with the Related Income) to the relevant Selected Participant as soon as practicable after the Vesting Date and in any event not later than such period after the Vesting Date as may be reasonably determined by the Board. The final decision in relation to such transfer shall be subject to the absolute discretion of the Board.

Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares and the Related Income referable to him pursuant to such Award.

MANAGEMENT DISCUSSION AND ANALYSIS

(9) Disqualification of Selected Participants/Lapse of Award

In the event of a Total Lapse, all Awarded Shares and the Related Income which have not vested shall not vest on the relevant Vesting Date and shall become Returned Shares and the income of the Trust.

In the event of a Partial Lapse, subject to the absolute discretion of the Board, the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares and the Related Income which have not vested shall not vest on the relevant Vesting Date but shall become Returned Shares and income of the Trust.

In respect of a Selected Participant who retired, resigned or whose employment/engagement was terminated by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares and the Related Income of the relevant Selected Participant shall immediately lapse. All the Awarded Shares and the Related Income of the relevant Selected Participant shall become Returned Shares and income of the Trust.

In the event of the death of a Selected Participant at any time, the award of the Awarded Shares and the Related Income shall immediately lapse and all the Awarded Shares (or Reference Amount, as the case may be) and the Related Income of the relevant Selected Participant shall become Returned Shares and income of the Trust.

If there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares and the Related Income shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the Vesting Date. Subject to the receipt by the Trustee of duly executed reply slip to the Vesting Notice within 7 Business Days from the deemed Vesting Date, the Trustee shall transfer the Awarded Shares and the Related Income to the Selected Participant.

MANAGEMENT DISCUSSION AND ANALYSIS

The Trustee shall hold the Returned Shares exclusively for the benefit of all or one or more of the Eligible Participants (excluding any Excluded Participant). The Board shall in its absolute discretion have the right to determine whether a proposed awardee is a Selected Participant at the time of award. When Returned Shares have been awarded, the Board shall notify the Trustee accordingly.

(10) Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust (if any) (including but not limited to the Awarded Shares, the Returned Shares, any bonus Shares and scrip Shares derived therefrom).

(11) Termination

- (i) The Share Award Scheme shall terminate on the earlier of:
 - (a) on the 10th anniversary date of the Adoption Date; and
 - (b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant.
- (ii) Upon termination of the Share Award Scheme,
 - (a) no further grant of Awarded Shares and the Related Income may be made under the Share Award Scheme, these rules of the Share Award Scheme shall remain in full force and effect in respect only of Awards which have been granted during the term of the Share Award Scheme and which remain unvested or which have vested but not yet been issued to a Selected Participant immediately prior to the termination of the Share Award Scheme;

MANAGEMENT DISCUSSION AND ANALYSIS

- (b) all the Awarded Shares and the Related Income of the Selected Participants granted under the Share Award Scheme shall become vested on the Selected Participants so referable on such date of termination save in respect of the Total Lapse or otherwise, subject to the receipt by the Trustee of the reply slip to the Vesting Notice prescribed by the Trustee and duly executed by the Selected Participant within the period stipulated by the Trustee;
- (c) Returned Shares and such non-cash income remaining in the Trust Fund shall be sold by the Trustee, within such period after receiving notice of such termination of the Share Award Scheme as may be determined by the Board; and
- (d) the Residual Cash for the Selected Participants, net proceeds of sale referred to in paragraph (ii)(b) above and such other funds remaining in the Trust Fund (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith.

(12) Alteration

The Share Award Scheme may be altered in any respect by a resolution of the Board provided that no such amendment shall operate to affect adversely any subsisting rights of any Selected Participant.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the movement of the Awarded Shares during the Review Period and during the financial year ended 31 December 2023 are set out in the tables as follows:

Name and category of participants	Number of Awarded Shares						Outstanding as at 30 June 2024	Date of grant	Vesting period	Fair value of Awarded Shares at the date of grant (HKD)	Weighted average closing price of Shares immediately before the date(s) on which Awarded Shares were vested (HKD)	Grant price of the Awarded Shares (HKD)
	Outstanding as at 1 January 2024	Granted during the Review Period	Vested during the Review Period	Cancelled during the Review Period	Lapsed during the Review Period	Outstanding as at 30 June 2024						
Directors, chief executives, and substantial Shareholders and their respective associates												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Participants with Awarded Shares in excess of 1% individual limit												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Related entity participants or service providers with Awarded Shares granted during the Review Period exceeding 0.1% of the total issued Shares												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Other employee participants (in aggregate)	2,258,000	-	-	-	45,000	2,213,000	29-3-2021	(Note 2)	31.25	N/A	0	
Other related entity participants (in aggregate)												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Other service providers (in aggregate)												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Other participants												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Total	2,258,000	-	-	-	45,000	2,213,000						

MANAGEMENT DISCUSSION AND ANALYSIS

Name and category of participants	Number of Awarded Shares						Outstanding as at 31 December 2023	Date of grant	Vesting period	Fair value of Awarded Shares at the date of grant (HKD)	Weighted average closing price of Shares immediately before the date(s) on which Awarded Shares were vested (HKD)	Grant price of the Awarded Shares (HKD)
	Outstanding as at 1 January 2023	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year							
Directors, chief executives, and substantial Shareholders and their respective associates												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Participants with Awarded Shares in excess of 1% individual limit												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Related entity participants or service providers with Awarded Shares granted during the year exceeding 0.1% of the total issued Shares												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Other employee participants (in aggregate)	2,565,000	-	-	-	307,000	2,258,000	29-3-2021	(Note 2)	31.25	N/A	N/A	0
Other related entity participants (in aggregate)												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Other service providers (in aggregate)												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Other participants												
N/A	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Total	2,565,000	-	-	-	307,000	2,258,000						

MANAGEMENT DISCUSSION AND ANALYSIS

- Note 1: The closing price of the Shares immediately before the date on which the Awarded Shares were granted on 29 March 2021, i.e. on 26 March 2021 was HKD31.05.
- Note 2: According to the amended vesting conditions, the vesting of 50% of the Awarded Shares is delayed to the fourth anniversary of the date of grant whereas the remaining 50% of the Awarded Shares will also vest on the fourth anniversary of the date of grant, on the basis of satisfaction of relevant vesting conditions.
- Note 3: There are no (i) participant with Awarded Shares granted and to be granted in excess of the 1% individual limit (as defined in Rule 17.03D(1) of the Listing Rules), and (ii) related entity participant or service provider with Awarded Shares granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue (excluding treasury shares).

For more details of the Share Award Scheme, please refer to note 21 to the condensed consolidated financial statements.

During the Review Period, there were no contributions forfeited by the Group on behalf its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions. As at 30 June 2024, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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%.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 (the same period in 2023: nil).

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company, in the Shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Long/Short Position	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Chin Jong Hwa	Interest of controlled corporations	Long position	450,072,000	38.73%
	Interest of spouse	Long position	750,000 (Note 2)	0.06%
Minth Holdings Limited ("Minth Holdings")	Beneficial owner	Long position	450,072,000 (Note 3)	38.73%
Invesco Asset Management Limited	Investment manager	Long position	70,656,000	6.08%

Note 1: The percentage of the Company's issued share capital of 1,161,993,599 Shares as at 30 June 2024.

Note 2: As at 30 June 2024, Minth Holdings and Ms. Wei were beneficially interested in 450,072,000 Shares and 750,000 Shares respectively. Minth Holdings was wholly-owned by Mr. Chin Jong Hwa and he was therefore deemed to be interested in the entire 450,072,000 Shares held by Minth Holdings. Since Mr. Chin Jong Hwa is the spouse of Ms. Wei, he is deemed to be interested in the 750,000 Shares in which Ms. Wei is interested.

Note 3: As at 30 June 2024, Minth Holdings, a company wholly-owned by Mr. Chin Jong Hwa, was beneficially interested in 450,072,000 Shares.

Other than as disclosed above, as at 30 June 2024, the Company had not been acknowledged by any person of any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

OTHER INFORMATION

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

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would otherwise have to be notified to the Company and the Stock Exchange pursuant to Division 7 and Division 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Name of Director	Company/ Name of Associated Corporation	Long/ Short Position	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wei Ching Lien	Company	Long position	Beneficial owner	750,000	0.06%
		Long position	Interest of spouse	450,072,000 (Note 2)	38.73%
Ye Guo Qiang ("Mr. Ye")	Company	Long position	Beneficial owner	780,000 (Note 3)	0.07%
Zhang Yuxia	Company	Long position	Beneficial owner	990,000 (Note 4)	0.09%
Chin Chien Ya	Company	Long position	Beneficial owner	250,000 (Note 5)	0.02%
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	150,000 (Note 5)	0.01%
Mok Kwai Pui Bill ("Mr. Mok")	Company	Long position	Beneficial owner	50,000 (Note 6)	0.004%
Tatsunobu Sako ("Mr. Sako")	Company	Long position	Beneficial owner	50,000 (Note 6)	0.004%
Meng Li Qiu ("Professor Meng")	Company	Long position	Beneficial owner	50,000 (Note 6)	0.004%
William Chin ("Mr. Chin")	Company	Long position	Beneficial owner	300,000 (Note 6)	0.03%

OTHER INFORMATION

Note 1: The percentage of the Company's issued share capital is based on the 1,161,993,599 Shares issued as at 30 June 2024.

Note 2: As at 30 June 2024, Ms. Wei and Minth Holdings were beneficially interested in 750,000 Shares and 450,072,000 Shares respectively. Minth Holdings is wholly-owned by Mr. Chin Jong Hwa and he is therefore deemed to be interested in the entire 450,072,000 Shares held by Minth Holdings. Since Ms. Wei is the spouse of Mr. Chin Jong Hwa, Ms. Wei is deemed to be interested in the 450,072,000 Shares in which Mr. Chin Jong Hwa is deemed to be interested.

Note 3: This figure represents (i) 750,000 Share Options granted to Mr. Ye under the 2012 Share Option Scheme and the 2022 Share Option Scheme that are exercisable and (ii) 30,000 Shares held by Mr. Ye. Upon exercise of the Share Options, Mr. Ye will own 750,000 Shares.

Note 4: This figure represents (i) 900,000 Share Options granted to Ms. Zhang under the 2012 Share Option Scheme and the 2022 Share Option Scheme that are exercisable and (ii) 90,000 Shares held by Ms. Zhang. Upon exercise of the Share Options, Ms. Zhang will own 900,000 Shares.

Note 5: These figures represent the number of Share Options granted to Ms. Chin and Dr. Wang under the 2012 Share Option Scheme and the 2022 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Chin and Dr. Wang will own 250,000 Shares and 150,000 Shares, respectively.

Note 6: These figures represent the number of Share Options granted to Mr. Mok, Mr. Sako, Professor Meng and Mr. Chin under the 2022 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Mok, Mr. Sako, Professor Meng and Mr. Chin will own 50,000 Shares, 50,000 Shares, 50,000 Shares and 300,000 Shares, respectively. Mr. Chin, the Chief Strategy Officer of the Group, is the son of Ms. Wei and the brother of Ms. Chin.

Save as disclosed above, as at 30 June 2024, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

OTHER INFORMATION

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

During the Review Period, the grantees of the Company's Share Option Schemes 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 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 lapsed 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 (including sale of treasury shares, if any) during the Review Period. As at 30 June 2024, the Company did not hold any treasury shares.

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 director 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.

OTHER INFORMATION

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 interim report, 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 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 interim report.

OTHER INFORMATION

AUDIT COMMITTEE

As at 30 June 2024, 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 report, and recommended its adoption by the Board.

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

Hong Kong, 21 August 2024

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF MINTH GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Minth Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 56 to 98, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 August 2024

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	4	190,648	171,409
Other income	5	206,501	148,007
Impairment losses under expected credit loss model, net of reversal	14	(14,553)	548
Other gains and losses	6	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	7	(196,031)	(158,756)
Profit for the period	8	1,076,662	897,471

**CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
		RMB'000	RMB'000
Note			
	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
	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	10	
	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	11	16,067,665	15,475,982
Right-of-use assets	11	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	13	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	15	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	12	6,697,688	6,609,980
Contract assets	13	270,576	263,034
Derivative financial assets	15	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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
	Notes		
Current liabilities			
Trade and other payables	16	7,283,551	7,004,330
Tax liabilities		161,081	226,173
Borrowings	17	5,740,785	5,851,363
Lease liabilities		18,035	19,604
Contract liabilities		159,988	139,650
Derivative financial liabilities	15	16,237	1,773
Other long-term liability due within one year	20	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	18	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	17	3,640,332	3,836,960
Deferred tax liabilities		270,644	222,853
Lease liabilities		74,183	66,574
Derivative financial liabilities	15	10,911	6,265
Deferred income	19	44,669	44,553
Other long-term liability	20	115,452	112,829
		4,156,191	4,290,034
		24,313,882	23,429,913

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	FV(TOCI) reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023 (audited)	116,255	4,148,705	(258,661)	276,199	72,683	1,073,376	430,651	(572)	(145,935)	266,411	10,938,629	16,917,751	780,368	17,698,119
Profit for the period	-	-	-	-	-	-	-	-	-	-	887,300	887,300	10,171	897,471
Other comprehensive income for the period	-	-	-	-	-	-	-	(996)	160,844	-	-	159,848	1,673	161,521
Total comprehensive income for the period	-	-	-	-	-	-	-	(996)	160,844	-	887,300	1,047,148	11,844	1,058,992
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	-	16,713	-	16,713	-	16,713
Transfer to reserve fund	-	-	-	-	-	90,699	-	-	-	-	(90,699)	-	-	-
Transfer to other reserve for share option forfeited after the vesting date	-	-	-	-	6,170	-	-	-	-	(6,170)	-	-	-	-
Dividends recognised as distribution (Note 9)	-	-	6,025	-	-	-	-	-	-	-	(608,578)	(602,553)	-	(602,553)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(71,901)	(71,901)
Exercise of share options	1	54	-	-	-	-	-	-	-	(11)	-	44	-	44
Recognition of equity-settled share-based payment in a subsidiary (Note 21)	-	-	-	-	-	-	-	-	-	1,224	-	1,224	2,134	3,358
At 30 June 2023 (unaudited)	116,256	4,148,759	(252,636)	276,199	78,863	1,164,075	430,651	(1,568)	14,909	278,167	11,126,652	17,380,327	722,445	18,102,772

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000	Enterprise expansion fund RMB'000	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024 (audited)	116,269	4,153,085	(252,636)	276,199	73,976	1,073,376	430,651	(1,688)	(69,447)	284,280	12,234,432	18,318,497	821,382	19,139,879
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,068,192	1,068,192	8,470	1,076,662
Other comprehensive income for the period	-	-	-	-	-	-	-	(230)	(54,338)	-	-	(54,568)	(20,118)	(74,686)
Total comprehensive income for the period	-	-	-	-	-	-	-	(230)	(54,338)	-	1,068,192	1,013,624	(11,648)	1,001,976
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	-	14,841	-	14,841	-	14,841
Transfer to other reserve for share option forfeited after the vesting date	-	-	-	-	3,548	-	-	-	-	(3,548)	-	-	-	-
Recognition of equity-settled share-based payment in a subsidiary (Note 21)	-	-	-	-	-	-	-	-	-	363	-	363	632	995
At 30 June 2024 (unaudited)	116,269	4,153,085	(252,636)	276,199	77,524	1,073,376	430,651	(1,918)	(123,785)	295,396	13,302,624	19,347,325	810,366	20,157,691

Note:

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the paid-in capital of subsidiaries acquired pursuant to the group reorganisation in June 2005.

The other reserve of the Group consists of: (i) contributions from the substantial shareholder Mr. Chin Jong Hwa ("Mr. Chin") in connection with the Group's acquisition of an associate from Mr. Chin pursuant to the group reorganisation, (ii) reserve arising from acquisition of additional interest in a subsidiary, (iii) revaluation reserve recognised upon acquisition of businesses from interests in joint ventures, (iv) reserve transferred from share options reserve for share options forfeited after the vesting date.

As stipulated by the relevant laws and regulations for foreign investment enterprise in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to maintain a statutory surplus reserve fund which is non-distributable. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the PRC subsidiaries. The amount and basis of allocation are decided by its respective board of directors annually. The statutory surplus reserve fund can be used to make up its prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion funds are also appropriated out of profit after taxation of the statutory financial statements of the PRC subsidiaries subject to the approval by its respective board of directors annually, for the use of development and expanding the capital base of the PRC subsidiaries.

The financial instruments measured at fair value through other comprehensive income ("FVTOCI") reserve represents the changes in fair value of bill receivables which was measured as debt instruments at FVTOCI in the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
NET CASH FROM OPERATING ACTIVITIES	1,730,626	1,597,158
NET CASH FROM (USED IN) INVESTING ACTIVITIES:		
Proceeds from redemption of other financial assets and derivative financial instruments	4,833,907	4,497,606
Investment in other financial assets and derivative financial instruments	(4,826,957)	(4,448,993)
Receipt of government subsidies related to assets	45,739	86,733
Interest received	305,529	242,353
Dividends received from joint ventures	19,494	–
Proceeds on disposal of property, plant and equipment	11,376	23,909
Proceeds on disposal of other intangible assets	88	–
Payment for investment in an associate	–	(715)
Placement of pledged bank deposits	(37,357)	(405,146)
Withdrawal of pledged bank deposits	66,061	100,000
Payment for right-of-use assets	(110)	(16,447)
Purchases of property, plant and equipment	(1,093,223)	(1,997,449)
Placement of time deposits	(302,822)	–
Withdrawal of time deposits	1,010,000	–
Consideration received for the disposal of an associate	4,104	–
Net cash inflow arising on settlement of consideration receivable in respect of disposal of subsidiaries in prior years	2,160	152,510
Repayment from an associate	1,879	73,516
Loan to an associate	–	(85,314)
Purchases of other intangible assets	(8,851)	(26,329)
	31,017	(1,803,766)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
NET CASH (USED IN) FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(15,756,237)	(14,396,915)
Dividends paid to owners of the Company	–	(602,553)
Dividends paid to non-controlling shareholders	–	(93,234)
Interest paid	(276,864)	(223,631)
New borrowings raised	15,607,615	15,408,219
Proceeds from exercise of share options	–	44
Repayment of lease liabilities	(12,088)	(11,590)
	(437,574)	80,340
Net increase (decrease) in cash and cash equivalents	1,324,069	(126,268)
Cash and cash equivalents at the beginning of the period	4,165,305	4,220,651
Effect of foreign exchange rate changes	13,876	23,213
Cash and cash equivalents at the end of the period	5,503,250	4,117,596

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

	Six months ended 30 June 2024 (unaudited)		
	Automobile body part RMB'000	Mould RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	10,116,844	973,570	11,090,414
Geographical markets			
The PRC	4,057,626	468,259	4,525,885
Other countries	6,059,218	505,311	6,564,529
Total	10,116,844	973,570	11,090,414

	Six months ended 30 June 2023 (unaudited)		
	Automobile body part RMB'000	Mould RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	9,066,046	681,360	9,747,406
Geographical markets			
The PRC	3,792,602	418,880	4,211,482
Other countries	5,273,444	262,480	5,535,924
Total	9,066,046	681,360	9,747,406

During the six months ended 30 June 2024 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.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

3B. 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 RMB'000	Metal & Trim RMB'000	Battery- housing RMB'000	Aluminum RMB'000	Others RMB'000	Elimination RMB'000	Consolidated 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

For the six months ended 30 June 2023 (unaudited)

	Plastic RMB'000	Metal & Trim RMB'000	Battery- housing RMB'000	Aluminum RMB'000	Others RMB'000	Elimination RMB'000	Consolidated 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. INVESTMENT INCOME

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest on bank balance	190,037	171,373
Interest on loan receivables	611	36
Total	190,648	171,409

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. OTHER INCOME

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Government grants (Note i)	137,672	94,761
Service and consultation income (Note ii)	26,055	13,878
Sales of scrap and raw materials (Note iii)	17,486	17,681
Property rental income, net of outgoings	7,018	11,820
Others	18,270	9,867
Total	206,501	148,007

Notes:

- (i) The amounts represent the various subsidies granted by the PRC local government authorities to group entities as incentives for their good performance in quality control or environmental protection, or involvement in the hi-tech know-how industry and product development activities. The government grants were unconditional and had been approved by the PRC local government authorities.
- (ii) The Group provides certain maintenance, repairing and technical consultation services to customers, which are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. As a practical expedient, the Group has not disclosed the information of unsatisfied performance obligation since the performance obligation has an original expected duration of one year or less. The amounts shown in note 5 for the period have been offset by the relevant costs for service and consultation income of RMB3,650,000 (for the six months ended 30 June 2023: RMB3,851,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

- (iii) Revenue for sales of scrap and raw materials is recognised when control of the materials has been transferred to the buyer, being at the point the goods are delivered to the buyer. As a practical expedient, the Group has not disclosed the information of unsatisfied performance obligation since the performance obligation has an original expected duration of one year or less. The amounts shown in note 5 for the period have been offset by the relevant costs for sales of scrap and raw materials of RMB151,117,000 (for the six months ended 30 June 2023: RMB135,019,000).

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) 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 ("FVTPL")	5,819	-
Gain on disposal of an associate	1,026	-
Others	5,222	(3,504)
Total	20	2,990

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current tax:		
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

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the Macau Corporate Income Tax (the "MCIT Law"), the tax rate of Minth International Macau Commercial Offshore Limited. ("Minth Macau") is 12%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Under the Law of the Mexican Corporate Income Tax (the "CIT Law"), the tax rate of the Mexico subsidiaries is 30%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

According to the EIT Law, which was issued in the year 2007, and the Caishui [2011] No. 58 ("Circular 58"), certain of the group entities located in the PRC have been entitled to the following tax concession under the EIT Law:

- (1) Those entities which are located in specific provinces of western China and engaged in specific encouraged industries enjoy a preferential tax rate of 15% under the EIT Law.
- (2) Those entities which are qualified as "Hi-New Tech Enterprises" ("HNTE") would enjoy a preferential tax rate of 15% under the EIT Law and the qualification of HNTE is subject to every 3-year renewal.

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

The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled under the EIT Law and other related tax regulations in other jurisdictions.

As at 30 June 2024, the Group is operating in certain jurisdictions where the Pillar Two Rules is effective/enacted but not effective. However, as those jurisdictions where the Group as a consolidated entity or an investment with 50% or more direct or indirect ownership from ultimate parent company of the Group are estimated to pass the Country-by-Country Reporting ("CbCR") safe harbour rule provided in Global Anti-base Erosion Rules ("GloBE") for the year of 2024. Therefore, the management of the Group has not made relevant disclosures of qualitative and quantitative information about the Group's exposure to the Pillar Two income taxes.

However, this information is based on the Group's best estimate under the GloBE Rules. Due to the complexity of the calculation of the Pillar Two Rules, the Group is continuing to assess the impact of the Pillar Two income taxes on its future financial performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

8. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) 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)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9. DIVIDENDS

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) 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.

10. 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 (Unaudited) RMB'000	2023 (Unaudited) 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) '000	2023 (Unaudited) '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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS

During the current interim period, the Group spent RMB1,093,223,000 (RMB1,997,449,000 for the six months ended 30 June 2023) on the construction of the manufacturing plant and acquisitions of plant and machinery in the PRC, the United States of America, Thailand, Britain, Czech Republic, Germany, Mexico, Poland, Japan, France, Korea and Republic of Serbia, in order to upgrade its manufacturing capabilities.

During the current and last interim period, due to the change of business plan, the management of the Group identified certain idle machineries and equipment while the Group assessed that they had no alternative plan to use them since these assets were all customised machineries and equipment for its certain customers. Accordingly, the Group recognised an impairment in respect of these idle machineries and equipment in full with carrying amounts of RMB5,548,000 (RMB4,450,000 for the six months ended 30 June 2023) during the current interim period.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 30 years. The Group is required to make fixed monthly payments and additional variable payments depending on the usage of the assets during the contract period. On lease commencement, the Group recognised right-of-use assets of RMB15,232,000 (for the six months ended 30 June 2023: RMB4,478,000) and lease liabilities of RMB15,232,000 (for the six months ended 30 June 2023: RMB4,478,000).

During the current interim period, the Group recognised right-of-use assets of RMB110,000 (for the six months ended 30 June 2023: RMB16,447,000) in respect of newly obtained land use right located in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. 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 and his family have control.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

13. 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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.

14. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSSES ("ECL") MODEL

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Impairment losses recognised (reversed) in respect of		
Trade receivables	15,221	(548)
Other receivables	(668)	–
Loan receivables	–	–
	14,553	(548)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

15. DERIVATIVE FINANCIAL ASSETS/DERIVATIVE FINANCIAL LIABILITIES

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	5,662	18,393
Foreign currency structural option contracts (b)	2,499	–
Interest rate swap contracts (c)	2,623	3,772
	10,784	22,165
Derivative financial liabilities		
Foreign exchange forward contracts (a)	13,573	1,706
Foreign currency structural option contracts (b)	2,664	67
Cross-currency swap contracts (d)	10,911	6,265
	27,148	8,038
	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Analysed for reporting purpose as:		
Current assets	8,673	19,804
Non-current assets	2,111	2,361
	10,784	22,165
Current liabilities	16,237	1,773
Non-current liabilities	10,911	6,265
	27,148	8,038

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

Notes:

a. Foreign exchange forward contracts

As of 30 June 2024, the Group had a number of outstanding foreign exchange forward contracts. Derivative financial assets of RMB5,662,000 (31 December 2023: RMB18,393,000), and derivative financial liabilities of RMB13,573,000 (31 December 2023: RMB1,706,000) have been recognised in accordance with the fair value of the above foreign exchange forward contracts, respectively.

b. Foreign currency structural option contracts

As of 30 June 2024, the Group had a number of foreign currency structural option contracts. Derivative financial assets of RMB2,499,000 (31 December 2023: Nil), and derivative financial liabilities of RMB2,664,000 (31 December 2023: RMB67,000) have been recognised in accordance with the fair value of the above options contracts, respectively.

c. Interest rate swap contracts

As of 30 June 2024, the Group had a number of interest rate swap contracts. Derivative financial assets of RMB2,623,000 (31 December 2023: RMB3,772,000) have been recognised in accordance with the fair value of the above interest rate swap contracts.

d. Cross-currency swap contracts

As of 30 June 2024, the Group had a number of cross-currency swap contracts. Derivative financial liabilities of RMB10,911,000 (31 December 2023: RMB6,265,000) have been recognised in accordance with the fair value of the above cross-currency swap contracts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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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

17. BORROWINGS

During the current interim period, the Group obtained new borrowings amounting to RMB15,607,615,000 (RMB15,408,219,000 for the six months ended 30 June 2023). The loans bear interest at variable market rates and fixed rates. The proceeds were used to provide additional working capital for the Group. Repayments of borrowings amounting to RMB15,756,237,000 (RMB14,396,915,000 for the six months ended 30 June 2023) were made during the current interim period in line with the relevant repayment terms.

In respect of non-current bank loans with carrying amount of RMB786,732,000 as at 30 June 2024 (31 December 2023: RMB1,101,960,000), the Group is required to comply with certain financial covenants which are tested on an annual basis as long as the loans are outstanding.

The Group has complied with these covenants at the end of the reporting period and classified the related bank loans balance as non-current liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	5,000,000	500,000

	Number of shares '000	Share capital RMB'000
Issued and fully paid:		
As at 1 January 2023 (audited)	1,161,836	116,255
Exercise of share options	2	1
At 30 June 2023 (unaudited)	1,161,838	116,256
As at 1 January 2024 (audited)	1,161,994	116,269
Exercise of share options	–	–
At 30 June 2024 (unaudited)	1,161,994	116,269

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

19. DEFERRED INCOME

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Government grants received		
– non-current liabilities	44,669	44,553

20. OTHER LONG-TERM LIABILITIES

During the year ended 31 December 2020, the Group entered into an agreement with a local government agency in the PRC, who agreed to inject capital contribution amounting to RMB117,000,000 into Qingyuan Minth Automobile Parts Co., Ltd.* (清遠敏實汽車零部件有限公司) (“Qingyuan Minth”), a subsidiary of the Group. Pursuant to the capital injection agreement, the local government agency would not participate in Qingyuan Minth’s operation and management. The local government agency would enforce the right requiring the Group, and the Group is obligated, to redeem the capital injection from local government agency within five years after the receipt of the capital, together with interest calculated based on the below-market interest rate stipulated in the agreement. Therefore, the capital injection made by the local government agency is treated as a long-term liability. The difference between the present value of the long-term liability based on the expected repayment term and its principal amount is accounted for as government grant and recorded as deferred income. As at 30 June 2024, the carrying amount of this long-term liability together with the interest payable is RMB115,452,000 (31 December 2023: RMB112,829,000).

* The English name is for identification purposes only.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. SHARE-BASED PAYMENTS

Share options

The Company adopted a share option scheme (the “2005 Share Option Scheme”) pursuant to a resolution passed on 13 November 2005 for the primary purpose of providing incentives to directors and eligible employees, the term of the 2005 Share Option Scheme was 10 years. The 2005 Share Option Scheme has been terminated and replaced by a new share option scheme, which was approved in the annual general meeting held on 22 May 2012 and will be valid for 10 years from the date of its adoption (the “2012 Share Option Scheme”). The 2012 Share Option Scheme has been expired in May 2022, and replaced by a new share option scheme, which was approved in the annual general meeting held on 31 May 2022 and will be valid for 10 years from the date of its adoption (the “2022 Share Option Scheme”).

The Group has granted a series of share options in 2007, 2008, 2011, 2012, 2014, 2015, 2018, 2020 and 2024 under the 2005 Share Option Scheme, the 2012 Share Option Scheme and the 2022 Share Option Scheme, respectively. For details, please refer to the relevant published announcements of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

The table below discloses movement of the Company's share options held by the grantees:

	Number of share options
Outstanding as at 1 January 2023 (audited)	38,503,400
Granted during the period	–
Exercised during the period	(2,000)
Forfeited during the period	(1,202,200)
Outstanding as at 30 June 2023 (unaudited)	37,299,200

	Number of share options
Outstanding as at 1 January 2024 (audited)	19,047,000
Granted during the period	30,000,000
Exercised during the period	–
Forfeited during the period	(538,200)
Outstanding as at 30 June 2024 (unaudited)	48,508,800

During the current interim period, the Group has granted 30,000,000 share options to certain directors and employees under the 2022 Share Option Scheme on 2 May 2024, pursuant to which, 30% of the granted options can be exercised on or after 5 May 2025, 30% of the granted options can be exercised on or after 5 May 2026 and the remaining 40% of the granted options can be exercised on or after 5 May 2027. The exercise price is HK\$14.30 (for the six months ended 30 June 2023, no new share options were granted). The weighted average fair value of the options determined at the date of grant was HK\$4.28.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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The following assumptions were used to calculate the fair values of share options:

	2 May 2024
The weighted average fair value at the grant date	HK\$4.28
Share price at the grant date	HK\$14.30
Exercise price at the grant date	HK\$14.30
Expected volatility	48%
Time to maturity	5.66 years
Expected dividend yield	From HK\$0.73 to HK\$1.50
Risk-free interest rate	3.71%

The Binomial model had been used to estimate the fair value of a series of share options granted under the 2005 Share Option Scheme, the 2012 Share Option Scheme and the 2022 Share Option Scheme. The variables and assumptions used in computing the fair value of the share options were based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

During the current interim period, no options were exercised (the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$24.15 for the six months ended 30 June 2023).

The Group recognised the total expenses of RMB10,430,000 for the current interim period (RMB10,442,000 for the six months ended 30 June 2023) in relation to share options granted by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

Restricted shares of the Company

The Company adopted a share award scheme (the “Scheme”) on 28 July 2020, of which the purpose is to recognise the contributions by certain eligible participants (the “Scheme Participants”) and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Pursuant to the Scheme, the Board of Directors shall select the Scheme Participants and determine the number of shares to be awarded (the “Restricted Shares”). An independent trustee appointed by the Board (the “Trustee”) shall purchase from the market such number of issued ordinary shares to be awarded as specified by the Board.

In September 2020, the Group has purchased 8,520,000 issued ordinary shares from the market through the trustee with, the consideration amounted to approximately HK\$251,265,000 (equivalent to approximately RMB222,075,000). In March 2022, the Group has purchased additional 3,000,000 issued ordinary shares from the market through the trustee, the consideration for which amounted to approximately HK\$57,944,000 (equivalent to approximately RMB46,731,000). These ordinary shares are held in trust for the relevant Scheme Participants until such shares are vested with the Scheme Participants in accordance with the provisions of the Scheme. Pursuant to the Scheme, in any event, the aggregate number of Shares held by the trustee (whether directly or indirectly through other controlled corporations) as a whole would not exceed 2% of the issued share capital of the Company at any time (on an actual basis as well as on a fully diluted basis).

On 29 March 2021, the Board resolved to approve the initial grant of 3,000,000 Restricted Shares under the Scheme to the Scheme Participants at the grant price of zero per Restricted Share, and vest over a four-year period that each 50% of the awards vesting on the anniversary of the grant date in 36 and 48 months, respectively.

The fair value of Restricted Shares with service conditions or performance conditions is based on the fair market value of the underlying ordinary shares on the date of grant, taking into account the terms and conditions upon which the shares were granted.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

The table below discloses movement of the Company's Restricted Shares activity:

	Number of Restricted Stocks
Outstanding as at 1 January 2023 (audited)	2,565,000
Forfeited during the period	(92,000)
Outstanding as at 30 June 2023 (unaudited)	2,473,000

	Number of Restricted Stocks
Outstanding as at 1 January 2024 (audited)	2,258,000
Forfeited during the period	(45,000)
Outstanding as at 30 June 2024 (unaudited)	2,213,000

The Group recognised the total expenses of RMB4,411,000 for the current interim period (RMB6,271,000 for the six months ended 30 June 2023) in relation to restricted share units granted by the Company.

Restricted shares of United Alloy-Tech. (BVI) Company LTD.

United Alloy-Tech. (BVI) Company LTD. ("UATC"), a subsidiary of the Group announced a share award scheme (the "UATC Scheme") on 8 June 2022, of which the purpose is to recognise the contributions by corresponding eligible participants (the "UATC Scheme Participants") and to provide them with incentives in order to retain them for the continual operation and development of UATC.

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Pursuant to the UATC Scheme, UATC shall issue new 1,500,000 ordinary shares with nominal value of New Taiwan Dollar 10. The Board of UATC Directors shall select the UATC Scheme Participants and determine the number of shares to be awarded (the “UATC Restricted Shares”). On 20 September 2022, the Board of UATC resolved to issue 1,500,000 new shares and approve the grant of corresponding shares to the UATC Scheme Participants at the grant price of zero per Restricted Share, and vest over a Three-year period that 30%, 30% and 40% of the awards vesting on the first, second and third anniversary of the grant date, respectively.

The fair value of Restricted Shares with service conditions or performance is based on the fair market value of the underlying ordinary shares on the date of grant, taking into account the terms and conditions upon which the shares were granted.

The table below discloses movement of the UATC’s Restricted Shares activity:

	Number of Restricted Stocks
Outstanding as at 1 January 2023 (audited)	1,406,000
Granted during the period	–
Exercised during the period	–
Forfeited during the period	(1,180)
Outstanding as at 30 June 2023 (unaudited)	1,404,820

	Number of Restricted Stocks
Outstanding as at 1 January 2024 (audited)	1,082,800
Granted during the period	–
Exercised during the period	–
Forfeited during the period	(170,800)
Outstanding as at 30 June 2024 (unaudited)	912,000

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UATC recognised the total expenses of RMB995,000 for the current interim period (RMB3,358,000 for the six months ended 30 June 2023) in relation to restricted share units granted.

22. COMMITMENTS

As at the end of current interim period, the Group's capital expenditure commitment is shown below:

	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

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23. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Save as disclosed elsewhere, the Group has the following significant transactions with related/connected parties during the period:

Relationship with related/ connected party	Nature of transactions	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Joint ventures, in which the Group has a 30%, 40%, 50% and 51% equity interests	Sales of raw materials	3,817	4,245
	Sales of finished goods	17,779	15,775
	Sales of moulds	139	201
	Purchases of raw materials	19,763	59,993
	Purchases of finished goods	90,279	37,202
	Purchases of moulds	2,141	5,279
	Other operating expense	722	952
	Property rentals income	3,806	3,780
	Other operating income	4,652	4,319
	Proceeds from disposal of property, plant and equipment	1,295	7
Consulting services income	2,169	1,939	
Associates, in which the Group has a 10%, 12.7%, 30%, 35% and 40% equity interests	Sales of finished goods	3	487
	Purchases of raw materials	28,500	14,218
	Purchases of moulds	212	–
	Property rentals income	1,309	1,308
	Other operating income	6,995	340
	Other operating expense	74	–
Companies in which Mr. Chin and his family have control	Sales of raw materials	30	–
	Sales of finished goods	328	415
	Purchases of raw materials	505	2,199
	Purchases of finished goods	1,761	3,741
	Property rentals expenses	1,691	3,181
	Consulting services income	–	15
	Technology support services charge	3,053	827
	Other operating income	1,206	2,460
	Other operating expense	7,955	3,233
	Purchases of property, plant and equipment	182	–
	Proceeds from disposal of property, plant and equipment	109	–

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The directors represented that they considered the above transactions were carried out in the Group's ordinary and usual course of business and in accordance with the term of agreements governing these transactions.

The remuneration of directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short-term benefits	2,877	2,934
Post-employment benefits	24	55
Share-based payments	451	632
	3,352	3,621

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

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24. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

The Group's certain borrowings and bill payables had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	At 30 June 2024 (Unaudited) RMB'000	At 31 December 2023 (Audited) RMB'000
Pledged bank deposits	802,193	830,456
Pledged debt instruments at FVTOCI	243,674	283,530
Pledged property, plant and equipment	19,119	20,050
Pledged right-of-use assets	4,502	4,560
	1,069,488	1,138,596

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input(s) used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 2 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;

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- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)
	30 June 2024 (unaudited)	31 December 2023 (audited)		
1) Foreign exchange forward contracts	Assets – RMB5,662,000 Liabilities – RMB13,573,000	Assets – RMB18,393,000 Liabilities – RMB1,706,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Interest rate swaps contracts	Assets – RMB2,623,000	Assets – RMB3,772,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates and contracted interest rates on each maturity date and contracted forward interest rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.
3) Cross-currency swap contracts	Liabilities – RMB10,911,000	Liabilities – RMB6,265,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.
4) Debt instruments at FVTOCI	Assets – RMB522,138,000	Assets – RMB584,837,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
5) Foreign currency structural option contracts	Assets – RMB2,499,000 Liabilities – RMB2,664,000	Liabilities – RMB67,000	Level 3	Fair value is derived using binomial tree computation method. The key parameters used include forward exchange rates (from observable forward exchange rate at the end of the reporting period), contracted exchange rates, discount rate, risk-free rate, time to maturity, and volatility.
6) Financial assets at FVTPL	Assets – RMB29,180,000	Assets – RMB29,578,000	Level 3	Recent transaction price (2023: Calculated based on pricing/yield such as price-to Sales (P/S) of comparable companies with an adjustment of discount for lack of marketability).

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The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

Reconciliation of Level 3 fair value measurement:

	Assets		Liabilities
	Foreign currency structural option contracts	Financial assets at FVTPL	Foreign currency structural option contracts
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2023 (audited)	358	28,269	(16)
Fair value changes	–	–	(1,421)
Settlements	(358)	–	16
Exchange adjustments	–	1,362	–
Balance as at 30 June 2023 (unaudited)	–	29,631	(1,421)
Balance as at 1 January 2024 (audited)	–	29,578	(67)
Fair value changes	2,499	5,819	(2,664)
Settlements	–	(6,000)	67
Exchange adjustments	–	(217)	–
Balance as at 30 June 2024 (unaudited)	2,499	29,180	(2,664)

Of the total gains or losses for the period included in profit or loss, unrealised gain of RMB5,654,000 (six months ended 30 June 2023: unrealised loss of RMB1,421,000) relates to foreign currency structural option contracts and financial assets at FVTPL held at the end of the current interim period. Fair value gains or losses on foreign currency structural option contracts and financial assets at FVTPL are included in 'other gains and losses'.