Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 425)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 34.4% to approximately RMB9,747 million (the same period in 2022: approximately RMB7,252 million).
- Gross profit margin was approximately 26.3% (the same period in 2022: approximately 29.1%).
- Profit attributable to owners of the Company increased by approximately 34.9% to approximately RMB887 million (the same period in 2022: approximately RMB658 million).
- Basic earnings per share amounted to approximately RMB0.771 (the same period in 2022: approximately RMB0.571).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Minth Group Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2023 (the "Review Period"), together with the comparative figures for the six months ended 30 June 2022 (the "same period in 2022") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue	3	**9,747,406**	7,252,100
Cost of sales		**(7,184,673)**	(5,138,368)
Gross profit		**2,562,733**	2,113,732
Investment income		**171,409**	152,874
Other income		**148,007**	156,223
Reversal (recognition) of impairment losses under expected credit loss model, net of		**548**	(1,029)
Other gains and losses	4	**2,990**	20,449
Distribution and selling expenses		**(359,883)**	(449,927)
Administrative expenses		**(623,068)**	(551,310)
Research expenditures		**(615,618)**	(507,284)
Interest expenses		**(232,292)**	(142,393)
Share of results of joint ventures		**11,322**	14,576
Share of results of associates		**(9,921)**	(9,200)
Profit before tax		**1,056,227**	796,711
Income tax expense	5	**(158,756)**	(118,558)
Profit for the period	6	**897,471**	678,153
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**162,517**	7,849
Fair value (loss) gain on:			
debt instruments measured at fair value through other comprehensive income		**(996)**	567
Other comprehensive income for the period (net of income tax)		**161,521**	8,416
Total comprehensive income for the period		**1,058,992**	686,569

	Note	Six months ended 30 June 2023 (Unaudited) *RMB'000*	2022 (Unaudited) *RMB'000*
Profit for the period attributable to:			
Owners of the Company		**887,300**	657,601
Non-controlling interests		**10,171**	20,552
		897,471	678,153
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,047,148**	673,856
Non-controlling interests		**11,844**	12,713
		1,058,992	686,569
Earnings per share	*8*		
Basic		**RMB0.771**	RMB0.571
Diluted		**RMB0.771**	RMB0.571

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023

	Notes	**At 30 June 2023 (Unaudited) *RMB'000***	At 31 December 2022 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**14,930,902**	13,435,289
Right-of-use assets		**1,085,238**	1,082,852
Goodwill		**98,030**	98,030
Other intangible assets		**121,824**	112,848
Interests in joint ventures		**249,289**	237,967
Interests in associates		**146,707**	155,913
Deferred tax assets		**284,852**	270,079
Prepayment for acquisition of property, plant and equipment		**1,013,076**	848,103
Contract assets	*10*	**903,560**	867,992
Contract costs		**118,231**	133,687
Financial assets at fair value through profit or loss		**29,631**	28,269
Plan assets		**2,212**	2,212
Derivative financial assets		**6,607**	6,053
		18,990,159	17,279,294
Current assets			
Inventories		**3,504,364**	3,633,134
Loan receivable		**11,834**	–
Trade and other receivables	*9*	**6,757,640**	6,540,618
Contract assets	*10*	**291,476**	294,145
Derivative financial assets		**59,602**	87,241
Debt instruments at fair value through other comprehensive income		**349,433**	163,712
Pledged bank deposits		**1,360,166**	1,055,003
Bank balances and cash		**4,117,596**	4,220,651
		16,452,111	15,994,504

	Notes	At 30 June 2023 (Unaudited) *RMB'000*	At 31 December 2022 (Audited) *RMB'000*
Current liabilities			
Trade and other payables	*11*	**6,177,913**	5,765,470
Tax liabilities		**159,610**	156,684
Borrowings		**7,343,633**	7,192,399
Lease liabilities		**28,047**	19,087
Contract liabilities		**161,845**	176,622
Derivative financial liabilities		**18,791**	3,638
		13,889,839	13,313,900
Net current assets		**2,562,272**	2,680,604
Total assets less current liabilities		**21,552,431**	19,959,898
Capital and reserves			
Share capital		**116,256**	116,255
Share premium and reserves		**17,264,071**	16,801,496
Equity attributable to owners of the Company		**17,380,327**	16,917,751
Non-controlling interests		**722,445**	780,368
Total equity		**18,102,772**	17,698,119
Non-current liabilities			
Borrowings		**2,205,915**	1,005,797
Deferred tax liabilities		**145,897**	181,581
Retirement benefit obligation		**2,749**	2,749
Lease liabilities		**77,100**	80,878
Derivative financial liabilities		**9,594**	–
Deferred income		**32,882**	27,058
Other long-term liabilities	*12*	**975,522**	963,716
		3,449,659	2,261,779
		21,552,431	19,959,898

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 additional change in accounting policies resulting from application of new and 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 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of new and 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 2023 for the preparation of the Group's condensed consolidated financial statements:

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

Except as described below, the application of new and 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 and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.1.1 Accounting policies

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2.1.2 Transition and summary of effects

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset of RMB22,100,000 (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability of RMB22,100,000 for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements.

2.2 Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform-Pillar Two model Rules

In July 2023, the HKICPA issued the amendments to HKAS 12 to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the "Pillar Two legislation"). The amendments require that entities shall apply the amendments immediately upon issuance. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

The Group is yet to apply the temporary exception during the current interim period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements in which the Pillar Two legislation has been enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

2.3 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

In addition, the Group will apply Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's consolidated financial statements for the year ending 31 December 2023.

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments in the current period had no material impact on the condensed consolidated financial statements but is expected to affect the disclosures of the Group's accounting policies in the Group's annual consolidated financial statements for the year ending 31 December 2023.

New and amendments to HKFRSs in issue but not yet effect

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

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

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

The Directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

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

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

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

For the six months ended 30 June 2023 (unaudited)

	Metal & Trim	**Plastic**	**Aluminum**	**Battery-housing**	**Others**	**Elimination**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment revenue	**2,512,333**	**2,487,270**	**2,079,840**	**1,802,427**	**1,215,877**	**(350,341)**	**9,747,406**
Segment profit	**661,510**	**548,668**	**746,736**	**321,934**	**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**

For the six months ended 30 June 2022 (unaudited)

	Metal & Trim	Plastic	Aluminum	Battery-housing	Others	Elimination	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	2,547,561	2,095,181	1,739,014	497,817	859,797	(487,270)	7,252,100
Segment profit	657,664	499,088	574,386	89,663	243,716	49,215	2,113,732
Investment income							152,874
Other unallocated income and gains and losses							175,643
Unallocated expenses							(1,508,521)
Interest expenses							(142,393)
Share of results of joint ventures							14,576
Share of results of associates							(9,200)
Profit before tax							796,711
Income tax expense							(118,558)
Profit for the period							678,153

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net foreign exchange gains (losses)	**23,354**	(24,566)
Gains on fair value changes of other financial assets at fair value through profit or loss	**–**	7,783
Losses on disposal of property, plant and equipment	**(9,191)**	(6,504)
Impairment loss recognised on property, plant and equipment	**(4,450)**	(3,543)
(Losses) gains on fair value changes of derivative financial instruments	**(3,219)**	52,659
Others	**(3,504)**	(5,380)
Total	**2,990**	20,449

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax:		
The People's Republic of China (the "PRC") Enterprise Income Tax	**184,680**	100,648
Other jurisdictions	**35,102**	28,002
	219,782	128,650
Over provision in prior years:		
PRC Enterprise Income Tax	**(10,569)**	(4,143)
Deferred tax:		
Current period	**(50,457)**	(5,949)
	158,756	118,558

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Directors' remuneration	**2,491**	3,573
Other staff's salaries and allowances	**1,756,071**	1,415,911
Other staff's related welfares and benefits	**130,847**	101,610
Other staff's retirement benefits scheme contributions	**108,475**	89,300
Other staff's share-based payments	**16,297**	27,135
Total staff costs	**2,014,181**	1,637,529
Depreciation of property, plant and equipment	**625,483**	486,558
Depreciation of right-of-use assets	**21,725**	17,300
Amortisation of other intangible assets	**22,774**	14,561
Amortisation of contract costs	**18,434**	16,643
Total depreciation and amortisation	**688,416**	535,062
Cost of inventories recognised	**7,184,673**	5,138,368
Write-down of inventories	**9,615**	18,865
Reversal of inventories provision	**–**	(1,496)

7. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Dividends recognised as distribution during the period:		
2022 Final – HK$0.578		
(2021: final dividend HK$0.630) per share	**608,578**	621,768

On 27 June 2023, a dividend of HK$0.578 per share was paid to shareholders as the final dividend for 2022 (On 22 June 2022, a dividend of HK$0.630 per share was paid to shareholders as the final dividend for 2021).

The Directors of the Company have determined that no dividend will be proposed in respect of the interim period (2022 interim period: nil).

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**887,300**	657,601
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note i)	**1,150,318**	1,151,695
Effect of dilutive share options and restricted shares (Note ii)	**–**	451
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,150,318**	1,152,146

Notes:

(i) The computation of basic earnings per share for the six months ended 30 June 2023 and six months ended 30 June 2022 has excluded the ordinary shares held in a trust which are accounted for as treasury shares of the Company.

(ii) Certain 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 2023 nor for the six months ended 30 June 2022 as they did not have dilutive effect on the Company's earnings per share because the exercise prices of these options were higher than the average market prices of the Company's shares during the current and prior interim period.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2023 (Unaudited) ***RMB'000***	At 31 December 2022 (Audited) *RMB'000*
Trade receivables		
– associates	**10,527**	9,338
– joint ventures	**40,101**	34,883
– non-controlling shareholders of subsidiaries	**–**	6
– other related parties*	**2,336**	1,494
– third parties	**4,703,634**	4,627,445
Less: Allowance for credit losses	**(29,772)**	(30,325)
	4,726,826	4,642,841
Bills receivables	**27,637**	2,043
Other receivables	**101,662**	97,198
Less: Allowance for credit losses	**(951)**	(1,476)
	100,711	95,722
	4,855,174	4,740,606
Prepayments to suppliers	**1,181,594**	943,812
Utility and rental prepayments	**34,013**	45,326
Prepaid value-added tax recoverable and refundable	**454,293**	354,818
Consideration receivable for disposal of subsidiaries	**2,160**	154,670
Interest receivable	**230,406**	301,386
Total trade and other receivables	**6,757,640**	6,540,618

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

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

	At 30 June 2023 (Unaudited) *RMB'000*	At 31 December 2022 (Audited) *RMB'000*
Age		
0–90 days	**4,116,387**	4,176,796
91–180 days	**451,933**	341,716
181–365 days	**113,752**	84,653
1–2 years	**41,636**	34,215
Over 2 years	**3,118**	5,461
	4,726,826	4,642,841

10. CONTRACT ASSETS

	At 30 June 2023 (Unaudited) *RMB'000*	At 31 December 2022 (Audited) *RMB'000*
Moulds development	**1,202,779**	1,169,880
Less: Allowance for credit losses	**(7,743)**	(7,743)
	1,195,036	1,162,137
Analysed for reporting purpose as:		
Current	**291,476**	294,145
Non-current	**903,560**	867,992
	1,195,036	1,162,137

The contract assets are in relation to the Group's rights to consideration for moulds development work which are fully completed and accepted by the customers but not billed yet. The contract assets are transferred to trade receivables at the time the rights to consideration become unconditional as stipulated in the relevant contracts.

11. TRADE AND OTHER PAYABLES

	At 30 June 2023 (Unaudited) *RMB'000*	At 31 December 2022 (Audited) *RMB'000*
Trade payables		
– associates	**17,077**	12,994
– joint ventures	**49,295**	45,382
– non-controlling shareholders of subsidiaries	**–**	120
– other related parties*	**32,650**	8,988
– third parties	**3,305,483**	3,088,314
	3,404,505	3,155,798
Bills payables	**603,437**	385,796
Other payables		
– associates	**33**	36
– joint ventures	**770**	1,095
– non-controlling shareholders of subsidiaries	**1,573**	2,104
– other related parties*	**6,457**	7,147
	8,833	10,382
	4,016,775	3,551,976
Payroll and welfare payables	**457,931**	552,718
Consideration payable for acquisition of property, plant and equipment	**729,942**	655,910
Technology support services fees payable	**18,975**	25,479
Freight and utilities payable	**74,216**	70,253
Other tax payable	**110,251**	111,132
Deposits received	**14,946**	14,926
Provision	**68,274**	57,656
Dividend payables	**–**	21,333
Others	**686,603**	704,087
Total trade and other payables	**6,177,913**	5,765,470

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

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

	At 30 June 2023 (Unaudited) *RMB'000*	At 31 December 2022 (Audited) *RMB'000*
Age		
0–90 days	**2,645,344**	2,493,679
91–180 days	**449,894**	410,930
181–365 days	**183,922**	177,441
1–2 years	**118,054**	63,743
Over 2 years	**7,291**	10,005
	3,404,505	3,155,798

12. OTHER LONG-TERM LIABILITIES

During the year ended 31 December 2019, the Group entered into an agreement with local government funds in the PRC to establish a partnership Jiaxing Minth Equity Investment Partnership Enterprise (Limited Partnership)* (嘉興敏實定向股權投資合夥企業(有限合夥)) ("Jiaxing Partnership") with an operation period of maximum 7 years, whose only investment target is Jiaxing Minhua Automotive Parts Co., Ltd.* (嘉興敏華汽車零部件有限公司) ("Jiaxing Minhua"), a subsidiary of the Group. Pursuant to the agreement, the local government funds would contribute capital amounting to RMB800,000,000 into the Jiaxing Partnership. The local government funds would neither participate in Jiaxing Partnership's nor Jiaxing Minhua's operation and management. The local government funds would require the Group and the Group is obligated to redeem RMB800,000,000 of the capital contributed by the local government funds 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 treats 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 2023, the carrying amount of this long-term liability together with the interest payable is RMB865,200,000 (31 December 2022: RMB855,900,000).

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Period, the overall market environment remained complex due to factors such as the Russia-Ukraine war, geopolitical developments and diverse trends in global economic growth. However, with the improved upstream supply, the global automobile industry has recorded a significant upturn. The release of pent-up consumer demand and the resumption of supply were conducive to market improvement, fostering recovery of the global automotive industry chain to a certain extent.

During the Review Period, China's economic performance exhibited a positive recovery momentum. With the scheduled implementation of China VI vehicle emission standards, the extension of the new energy vehicles ("NEVs") purchase tax incentives and persistent release of policy benefits, coupled with the promotions of various OEMs, the Chinese automobile market, especially the passenger vehicle market, witnessed a favourable growth. During the Review Period, according to the data from China Association of Automobile Manufacturers, the production and sales of China's passenger vehicles were approximately 11,281,000 units and approximately 11,268,000 units respectively, representing a year-on-year increase of approximately 8.1% and approximately 8.8% respectively. Meanwhile, China has become the world's largest automobile exporter with significant growth in automobile export driven by the rapid development of the automobile industry in China. During the Review Period, according to the data from China Association of Automobile Manufacturers, the export sales of whole vehicles in China were approximately 2,341,000 units, representing a year-on-year increase of approximately 76.9%. Meanwhile, there were certain changes in the landscape of China's passenger vehicle market. During the Review Period, the market share of joint venture OEMs in China decreased. The market share of German and Japanese OEMs in China was approximately 19.1% and approximately 14.9%, respectively, representing a year-on-year decrease of approximately 0.6 and approximately 5.8 percentage points, respectively; the market share of American and Korean OEMs in China was approximately 9.5% and approximately 1.6% respectively, and remained at similar level compared to the same period last year, while the market share of Chinese OEMs grew steadily to approximately 53.1% for passenger vehicles, representing a year-on-year increase of approximately 5.9 percentage points. During the Review Period, according to the statistics of Marklines, China's sales volume of NEVs was approximately 3,747,000 units, with the market share further increasing to approximately 60% out of the global NEV market.

During the Review Period, according to statistics of GlobalData, global sales of light vehicles amounted to approximately 42,736,000 units, representing a year-on-year increase of approximately 10.7%. During the Review Period, among major mature markets, sales in the United States (the "US") market were approximately 7,663,000 units, representing a year-on-year increase of approximately 12.8%; sales in the Western European market were approximately 6,743,000 units, representing a year-on-year increase of approximately 16.9%; while sales in the Japanese market were approximately 2,431,000 units, representing a year-on-year increase of approximately 17.8%. During the Review Period, among major emerging markets, sales in the Brazilian and Indian markets increased by approximately 7.3% and approximately 8.9% respectively on an annual basis while the Thai market decreased by approximately 5.0% on an annual basis. Furthermore, during the Review Period, sales in the Mexican market increased by approximately 22.1%, and sales in the Russian market decreased by approximately 3.1% on an annual basis.

COMPANY OVERVIEW

The Group is primarily engaged in two major businesses, namely the research and development ("R&D"), production and sales of auto parts and 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 global supplier, the Group has established its 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, Korea etc. Together with the new bases in France and Poland, which are in the phase of equipment and production lines installation and commissioning, 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 work with cross-functional departments and production plants to further improve operating efficiency through their effective synergy. The Group continuously optimised the management mode of localised talent cultivation and talent rotation, thus fortifying its core competitiveness in terms of technology, product and talent. The Group has established a platform to conduct cost assessment for all of its products. Specific products already in mass production were given priority during the optimisation process through benchmarking against like products to minimise waste and effectively control inventory turnover days. Meanwhile, in consideration of practical requirements in its business development, the Group carried out production capacity planning and investment in a rational manner and established a system management process for the full life cycle of its assets, so as to realise a production capacity layout that is most in line with Minth's global operations.

During the Review Period, the Group continued to deepen the implementation of Minth Operation Excellence System (敏實卓越運營系統) ("MOS") and formulated and upgraded a set of universal standards for its global operation excellence management, which facilitated the tools of cost attribution matrix pillar to better complement with the key performance indicators related to its operations, thereby allowing it to broaden income stream and reduce expenses while cutting costs and enhancing efficiency, which in turn would maximise the production and staff efficiency. During the Review Period, in respect of the application and standardisation of MOS tools, the Group continued to implement the transition from the reaction stage to the prevention stage. All BUs have completed the MOS talent layout and established an echelon of teams, which enabled each BU to implement and develop MOS on its own. During the Review Period, the Group continued to utilise MOS as the assessment standard for its plant operation management, and identified eight perspectives, namely, management, "environment/quality/safety", cost, human resources, production excellence, equipment maintenance, logistics and suppliers, as the principal management elements of its plant operations. The Group continued to promote exchanges and appraisals among factories to facilitate the sharing and standardisation of best practices within the Group, thereby creating a more competitive standard product cycle time, so that best practices could be quickly standardised and replicated in its global plants. In the course of MOS implementation, the Group has also been seeking for improvements continuously. During the Review Period, the Group further optimised the primary-stage product management and added it as an evaluation criterion, and the Group also simplified the work flows to reduce, to a further extent, the risks and costs incurred prior to mass production with less resources input. During the Review Period, through the effective applications of digital transformation in the pillars including workshop organisation, logistics and supply chain, equipment management, quality control and management, the Group could secure the accuracy of information, which, together with the application of AI photo technology, could ensure that MOS is capable of implementing a self-sustaining operation excellence system for the entire value chain.

During the Review Period, with enhanced processing and manufacturing technologies and production models, the Group continued to boost the overall competitiveness of traditional products and strive for a thorough penetration of these products at customers' end. Meanwhile, through frequent exchange and interaction with its customers, the Group remained committed to the provision of 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. During the Review Period, while ensuring the smooth mass production and ramp-up for several battery housing projects, the Group continued to push forward the market expansion and mass production for innovative product offerings, such as body and chassis components and intelligent exterior decorative parts. Mass production projects such as intelligent front module, smart door system, plastic tailgate, bumper beam, stiffener sill, etc., have started to generate revenue. The gradual mass production of the awarded projects and the continuous development of new businesses in the future will be another driving force for the Group's medium to long term development.

During the Review Period, with the further implementation of digital application systems such as ERP, MES and SCADA, the Group's Digital Transformation Centre implemented the design and development of digital products throughout the life cycle of the production of products, fixed assets, and R&D data etc. from the perspectives of data connection, information visualization, lean analysis, efficient end-to-end synergy, digital development of on-site management, digital security, etc., laying a solid foundation for enhancing digital management of the entire operation process and improving the efficiency of corporate operations comprehensively. The Group's Digital Transformation Centre continued to cooperate with a team of professional consultants to promote the rapid rollout of the Group's digital platform templates in its global factories, with the aim of realising rapid collaborative handling of orders, multi-dimensional intelligent operation, interconnection and interoperability among various segments, thereby creating a forward-looking operation and management model, and effectively boosting the Group's agile operation. As a typical example of digital transformation and upgrade, the Group's Factory of the Future, equipped with systems or functions such as SAP-MES, warehouse management system, 3D visualisation, fully automated logistics system and industrial internet, is able to run as an unmanned and lights-out factory, which will be replicated when its operation is mature, thus heralding the Group towards comprehensive digital transformation and upgrade.

During the Review Period, the Group kept deepening its engagement in the management of environment, occupational health and safety ("EHS") based on its EHS system to achieve the goal of green manufacturing with intelligence and sustainable development, and gradually complete the construction of both energy system and carbon emission management system, so as to fulfil its corporate social responsibilities and gradually promote and develop a prominent Minth EHS management system.

During the Review Period, the Group initiated ISO50001 energy management internal audit, management assessment and certification, with a certification coverage of 86%, and set up energy management function, annual performance targets, energy-saving management and technology solutions and daily review system at factory, BU and group levels. During the Review Period, the Group continued to enhance the effectiveness in energy saving and carbon reduction, with energy consumption per RMB10,000 of output value reduced by approximately 13.5% year-on-year.

During the Review Period, the Group continued to enhance its digital EHS management and carbon emission management. With the six modules launched on the Group's digital EHS system, namely the workplace accident management system, construction management system, EHS red line management system, EHS hidden-danger management system, hazardous waste management system and carbon emission management system, the Group has comprehensively improved its EHS management efficiency, EHS risk prevention capability and emergency handling capability in its global factories. In particular, the already launched carbon emission management system is able to measure and verify carbon emission intensity and carbon footprint, as well as to manage energy-saving and low-carbon projects, in a bid to facilitate the Group to achieve its goals of carbon peaking by 2030 and carbon neutrality by 2050.

During the Review Period, the Group continued to strengthen its safety management across all BUs on a uniform basis with a focus on on-site operations, and updated the Group's EHS red lines in line with the changes in relevant regulations. Based on a set of criteria called the "ten major red lines" and centered around "list management & process control", the Group put forward the EHS management principle of "clear communication, precise implementation and complete evidence chain" to enhance the safety awareness of employees and reinforce the management's awareness of risk identification, which will ensure operational safety at the factory level. The Group continued to introduce advanced technologies for wastewater, emissions and hazardous waste treatment, so as to reduce pollutant discharge and emission, increase investment in waste recycling facilities, reduce procurement of raw materials and supplies, lower operating costs with enhanced operation management of the emission treatment facilities, install additional online pollutant monitoring equipment, as well as provide real-time monitoring for, and ensure effective operations of the emission treatment facilities. All of these will ensure that the pollutant discharge of the Group is up to standards. 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 to safeguard the general health and well-being of the employees.

During the Review Period, the Group's EHS team continued to implement a mid-year "ten major red lines" audit against each factory in the Asia-Pacific, Europe and North America regions, commenced corporate compliance audit from 45 dimensions, passed the supervisory audit of the ISO45001 and ISO14001 System, identified and reduced on-site key risks, and comprehensively enhanced its management and control capability in key EHS risks, which facilitated the Group to avoid the risks of the occurrence of fire accident and work-related injury and enhanced its EHS performance, so as to ensure safe and healthy operations of the Group eventually. During the Review Period, work-related injury or accident rate per million working hours of the Group was 1.17.

During the Review Period, while adhering to green and sustainable development, the Group proactively participated in climate change initiatives and endeavored to reduce the risk of climate change. As at the date of this announcement, the Group has initiated the preparation of the "Minth Group's White Paper on Climate Change". The White Paper will analyze the Group's level of climate governance, conduct an initial assessment of the risks and opportunities in addressing climate change, measure carbon emissions, and formulate corresponding carbon reduction strategies, targets and implementation roadmaps in consideration of the factors such as macro background, industry trends and corporate characteristics, with a view to demonstrating the Group's leadership in responding to climate change. The White Paper is expected to be completed and published by the end of 2023.

During the Review Period, in accordance with the provisions of "Minth Group Internal Control and Risk Management Policy" and "Guidelines on Internal Control and Risk Management of Minth Group", the Group further optimised its system of internal control and risk management, promoted and supervised the internal control formulation and risk management of each functional department and operation unit, organised the management to carry out internal control knowledge training, and organised all units to complete regular risk assessment work. Centering around its development strategy and in combination with management model reforms and digital transformation, the Group has basically completed its audit and risk control model, through which the Group is able to identify risks and conduct risk prewarning, as well as to update and maintain the authorisation framework on a continuous basis in line with its organisational structure and business practices. Meanwhile, with its continued efforts to expand the scope of internal audit, the Group has extended the coverage to the Asia-Pacific region and the European region during the Review Period, and plans to further increase the coverage in North America by the end of 2023, thereby achieving full audit coverage of the Group's major factories in all regions of the world, with a view to lowering the internal and external compliance risks of the organisation and enhancing the efficiency and effectiveness of the organisation's operations. Upon Jiaxing Minhui Automotive Parts Co., Ltd.* (嘉興敏惠汽車零部件有限公司), a subsidiary of the Company, successfully obtaining the certification of ISO37001 anti-bribery management system in 2022, the Group will continue to promote the accreditation of other subsidiaries by continuously improving its anti-corruption system and strengthening its anti-corruption publicity and education. With the help of "Minth Group Limited Code of Business Conduct and Ethics", the "Minth Group Policy on Whistleblowing for Ethics and Compliance" and other documents, which specify the Group's requirements and commitments on business ethics and compliance, the Group protects and rewards the reporting of various non-compliances and violations of business ethics, and is committed to creating a favourable business ethical environment for the Group and all stakeholders to firmly safeguard the lawful rights and interests of the Group, its shareholders and all stakeholders. Based on the above relevant measures, the Group continued to improve its audit and supervision, internal control and risk management models, thereby improving its capability in risk management and control and reasonably ensuring that potential risk is under control within an acceptable level. These measures have effectively safeguarded and promoted the sustainable and steady development of the Group.

BUSINESS AND OPERATION LAYOUT

During the Review Period, the Group's revenue was approximately RMB9,747,406,000, representing an increase of approximately 34.4% as compared to approximately RMB7,252,100,000 in the same period in 2022, among which, the Group's revenue from China was approximately RMB4,690,390,000, representing an increase of approximately 20.4% as compared to approximately RMB3,894,711,000 in the same period in 2022, which was mainly attributable to the mass production and ramping-up of battery housing products, and the growth in Chinese OEM business. The international revenue of the

Group was approximately RMB5,057,016,000, representing an increase of approximately 50.6% as compared to approximately RMB3,357,389,000 in the same period in 2022, which was primarily due to the strong growth in both battery housing products and traditional products business in the European and US markets, as well as the consistent ramping-up in the Group's factories located in Europe and North America.

During the Review Period, the Group continued to expand its new business steadily. While the NEV market has been thriving in China and Europe, the growth potential of the North American market has drew great attention. During the Review Period, the Group seized the opportunities from the North American market and secured new battery housing orders from Stellantis and Nissan successively, with continuous effort in cultivating the NEV business and expanding its global business presence. At the same time, the Group continued to achieve commercialised expansion in the processing technology of battery housing, and secured the first giga casting battery housing order for a plug-in hybrid electric vehicle ("PHEV") model. The Group has made steady progress in the business of body and chassis components and continued to increase its market share in structural parts of customers such as Volkswagen and VOLVO, and made breakthroughs in securing the first orders from BMW and Jaguar Land Rover for its structural parts business. In terms of intelligent exterior decorative parts business, the Group has also made good progress and achieved multiple breakthroughs: the Group's first order of illuminated bumper awarded by a well-known Chinese OEM customer; first illuminated grille order from BMW; first order of radomes with heating function from Mercedes-Benz. Meanwhile, as the Chinese OEMs continued to gain market share in China, the Group seized the opportunities timely by cultivating the Chinese OEM business continuously, and achieved remarkable results. In particular, the Group secured orders of traditional products for a number of key vehicle models from BYD, and also made a breakthrough in securing the first battery housing order in its procurement system. The Group continued to increase the business of body and chassis components for GEELY, and also tapped into full vehicle rubber sealing strip business with GAC, adding a further increment to the Group's growing business with GAC. A diversified product portfolio and an increasingly balanced customer mix will strongly support the long-term sustainable growth of the Group's results.

During the Review Period, the Group continued to make visionary plans for the production layout of its major plants, expanding and optimising production capacity at major plants worldwide based on local conditions to better meet the requirements of global customers in terms of product development and mass production, as well as to help the Group further enhance its overall operational efficiency. Meanwhile, given the global political, economic, and environmental factors, customer demand, and internal development of the Group, amongst others, the Group continued to enhance its "GLOCAL" (global + local) operation and management strategy. This was achieved by ensuring all of the best practices and competitive advantages in places the Group operates in were implemented. Also, by building "major hubs" in regions around the world and extending satellite factories around the hubs, the Group was able to achieve the parallel development of synergy in global production capacity and independent regional operations. During the Review Period, the Group further optimised its pace of asset investment, strengthened investment review mechanism, assessed and effectively utilised idle production capacity. On this basis, the Group had continued to seek improvements for its existing products and reasonably expanded production capacity, such as the adoption of the planning of the "United States + Mexico" North American manufacturing model, improvement in layout of anodising production lines in Europe and North America, implementation of plan for synergy in production capacities of plastic products in the US, Mexico and Thailand, and the launch of North American layout for battery housings. In contexts of the rapid growth in battery housings and innovative products businesses, the Group had initiated the construction of new workshops in China, Poland, Serbia, Mexico and Thailand. Furthermore, to ensure the full integration of the dispatched employees with local employees, the Group has taken various measures to enhance communication between employees with different nationalities. Managers at the Group's global operations are encouraged to have more frequent and direct exchanges with the Group's management on their experiences in factory management and the risks and opportunities of the Group's development at the Group's operation meetings. With its increasingly optimised global presence, the Group continued to achieve local excellence by utilising its global resources, which helped the Group meet the demands for proximal supplies from its worldwide customers, as well as further reinforced and consolidated the global competitiveness of its core products.

During the Review Period, China's passenger vehicle industry revealed an upward trend in terms of production, sales and export, with numerous OEMs competing vigorously for market share in arena of NEVs and export business. The Group adhered to the concept of "small in size, big in results" in its structural optimisation and business expansion, and continued to obtain business nominations from its customers through technological innovation and forward-looking global layout. The Group managed to supply products to NEV models of OEMs including, amongst others, NIO, XPeng, Li Auto, GEELY, BYD, Great Wall, GAC, SAIC Motor, Hozon, Volkswagen, General Motors, Leapmotor, Dongfeng Motor, FAW and BAIC. This, coupled with the increase in orders from Tesla and certain ICE vehicle models in the European and US markets, has ensured the steady growth of the Group's revenue and the continued enhancement of its operational efficiency. Meanwhile, the Group also implemented control measures by streamlining its processes and enhancing efficiency. The Group has commenced running of the full life cycle management system for assets, adopted digital means to automatically identify idle production capacity and assets thereby providing effective support for investment and production capacity management, as well as taken effective measures to give assurance in product development, manufacturing, quality and cost control, and as a result has gained high recognition from its customers.

RESEARCH AND DEVELOPMENT

R&D and innovation are important pillars to corporate development and the Group attaches great importance to R&D planning. Given the four disruptive trends in the global automotive industry, namely the electrification and intelligence trends which have already been given great impetus to, and the gradually rising trends of internet connectivity and shared mobility, the Group had swiftly and effectively responded to a series of ground-breaking innovations in the automotive and related industry to lay down the fundamental strategy of innovation-driven development, optimised the structure of R&D organisations, strengthened the self-initiated R&D and innovative research capability in respect of basic materials, products and technology, and continued to increase its investments in R&D. Through in-depth exchange with customers 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 world-leading enterprises, to promote technical breakthrough of processing technology. The Group prospectively improved the R&D capability and management efficiency as a whole to further solidify its presence in core components for NEVs and promoted the integration of intelligent products and exterior decorative parts, thus consolidating its position as a core strategic partner to OEM customers.

The Group will continue to engage in innovative R&D and deployment, devote itself to the business development of products including battery housings, body and chassis components and intelligent exterior products, and contribute to the evolution of the automotive industry such as low carbon and intelligence. The Group has made tremendous progress in these fields, which lays a solid foundation for the Group's future sustainable development. During the Review Period, the Group continued to win nominations from premium traditional OEMs, NEV start-ups and battery makers, and has newly secured a giga casting battery housing project for the PHEV model of an American OEM, further consolidating the Group's leading position as one of the largest battery housing suppliers in the world. The Group paid close attention to the development trend of battery housing products and technology and conducted independent R&D to ensure its products and technology cater for market demands, while providing customers with better innovative solutions. The Group continued to carry out R&D and production of diversified battery housing solutions from different perspectives, such as structure, battery adaptability, application and materials. Meanwhile, based on its automotive battery housing products and technology, the Group has been actively exploring the business related to energy sector and has made breakthroughs in its self-developed energy storage battery housing. The Group has also been actively tapping into complementary parts of battery housing products and successfully developed products, such as front and rear crash management systems, subframes and die casting structural parts, and started to see order inflows, which would help the Group achieve integration of battery housings and chassis structure progressively, and at the same time promote the significant increase in the Group's content value per vehicle.

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. The Group has carried out visionary R&D and planning for solutions of integrated intelligent front modules, which combine functions such as illumination, heating, wave transparency and automatic cleaning, and multiple industry-leading patents have already been authorised for those products and could be used for level 4 and above autonomous driving. The market penetration rate for several products has been increasing, including millimetre wave compatible radomes, LiDAR compatible radomes, intelligent illuminated grilles, etc. During the Review Period, the Group secured the order of intelligent illuminated bumper from a well-known Chinese OEM and mass production and delivery are expected to commence by the end of 2023. The Group has actively deployed in the field of intelligent door systems, including application scenarios such as intelligent access and automatic opening, and has started to see order inflows for its self-developed intelligent pillar cover with face recognition function, electric side door system and ultralight door. During the Review Period, the Group's first smart electric side door system kicked off mass production successfully.

Furthermore, the Group also attaches great importance to the technological R&D of new materials and has continuously increased its R&D investment in materials, mastering the technologies of three core materials, namely high-performance aluminium, high-elasticity TPV (Thermoplastic Vulcanizate) and modified plastics, as well as the related surface treatment technologies. In particular, the Group successfully developed the Minal-S632 aluminium alloy with 320MPa ultra-high yield strength and crushing property which has reached advanced level in the global market. The Group has over 50 core patents in terms of material formula and processing technology in relation to aluminium alloy, which have been widely applied in the battery housings and body and chassis structural parts of OEMs, such as BMW, Mercedes-Benz, Audi and Volkswagen, demonstrating the Group's comprehensive technological capability in both product and material as a leading market player in the Asia-Pacific region and even the world. Meanwhile, in response to the carbon neutrality target in various markets in the world, the Group developed its proprietary ECO-ALUMIN® S series of environment-friendly aluminium with recycled aluminium as raw material, with a carbon emission of less than 2.5KGCO$_2$e. In the meantime, the Group focused on R&D and innovation of polymer materials and completed the development of Eco OleCom® and Eco LonitBlend® series of environmentally friendly recycled materials, which have been certified by a number of OEMs for material technology and will be gradually applied to mass production orders in the future. The Group has also accelerated the R&D of bio-based materials and continued to develop green materials to facilitate the realisation of carbon neutrality.

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 has been granted numerous awards such as the "National Intellectual Property Advantage Enterprise" (國家知識產權優勢企業) and the "Excellence Award of National Invention Patent" (國家發明專利優秀獎). The Group also actively improved the patent development globally, and continued with the deployment in trademarks of corporate brands and new products. During the Review Period, 203 patent applications were newly filed by the Group, among which 30 applications were prioritized and related to high-value patents, and 4 applications were related to international patents. During the Review Period, the Group was granted 251 patents and 61 trademark registrations by authorised institutions, and actively conducted intellectual property rights protection work, with 26 patent protection analyses and 3 trademark customs filings.

FINANCIAL REVIEW

RESULTS

During the Review Period, the Group's revenue was approximately RMB9,747,406,000, representing an increase of approximately 34.4% from approximately RMB7,252,100,000 in the same period in 2022. During the Review Period, with the steady increase in the global sales of NEVs, the Group's battery-housing business continued to grow rapidly. Meanwhile, the excellent performance in the sales of major vehicle models of the Group's international customers, 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 RMB887,300,000, representing an increase of approximately 34.9% from approximately RMB657,601,000 in the same period in 2022. This was mainly due to the substantial increase in gross profit compared to the same period in 2022 which was attributable to the factors such as the economies of scale driven by the revenue growth of the Group during the Review Period, while the Group strictly managing and controlling labor costs and other expenses, which enabled the Group to maintain a better level of profitability in general.

Gross Profit

During the Review Period, the Group's gross profit was approximately RMB2,562,733,000, representing an increase of approximately 21.2% from approximately RMB2,113,732,000 in the same period in 2022. The gross profit margin for the Review Period was approximately 26.3%, representing a decrease of approximately 2.8 percentage points from approximately 29.1% in the same period in 2022. Despite that the Group benefited from improved economies of scale driven by revenue growth during the Review Period, a decrease of overall gross profit margin was still recorded mainly due to the visible changes in product mix subsequent to the mass production of new businesses such as battery-housings and body and chassis components, as well as the increasing percentage of revenue from certain international subsidiaries during their ramp-up period. In this regard, the Group proactively promoted supply chain integration and constantly adopted measures such as lean production and technology upgrade to continuously improve production efficiency and production yield, so as to partially offset the decrease in overall gross profit margin.

Investment Income

During the Review Period, investment income of the Group was approximately RMB171,409,000, representing an increase of approximately RMB18,535,000 from approximately RMB152,874,000 in the same period in 2022. 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 RMB148,007,000, representing a decrease of approximately RMB8,216,000 from approximately RMB156,223,000 in the same period in 2022. It was mainly attributable to a decrease in the income from certain services.

Other Gains and Losses

During the Review Period, the Group's other gains and losses amounted to a net gain of approximately RMB2,990,000, representing a decrease of approximately RMB17,459,000 as compared to a net gain of approximately RMB20,449,000 in the same period in 2022. It was mainly due to the effect of changes in the fair value of forward foreign exchange.

Distribution and Selling Expenses

During the Review Period, the Group's distribution and selling expenses were approximately RMB359,883,000, representing a decrease of approximately RMB90,044,000 from approximately RMB449,927,000 in the same period in 2022. It accounted for approximately 3.7% of the Group's revenue, representing a decrease of approximately 2.5% from approximately 6.2% in the same period in 2022. It was mainly due to a significant decrease in transportation expenses contributed by the changes in the external shipping market and the Group's effective control strategies, combined with the increase in the Group's revenue resulting in a decrease in the distribution and selling expenses as a percentage to the revenue during the Review Period.

Administrative Expenses

During the Review Period, the administrative expenses of the Group amounted to approximately RMB623,068,000, representing an increase of approximately RMB71,758,000 from approximately RMB551,310,000 in the same period in 2022. It accounted for approximately 6.4% of the Group's revenue, representing a decrease of approximately 1.2% from approximately 7.6% in the same period in 2022. This was mainly due to the Group's increase in revenue as well as the strict control on relevant expenses such as labour costs, resulting in a decrease in the administrative expenses as a percentage to the revenue during the Review Period.

Research Expenditures

During the Review Period, the research expenditures of the Group amounted to approximately RMB615,618,000, representing an increase of approximately RMB108,334,000 from approximately RMB507,284,000 in the same period in 2022. It accounted for approximately 6.3% of the Group's revenue, representing a decrease of approximately 0.7% from approximately 7.0% in the same period in 2022. It was mainly because the Group prospectively continued to step up effort in the R&D of innovative products including battery-housing, body and chassis components and intelligent exterior decorative parts during the Review Period due to the increasing customisation demands of OEM customers and consumers with the continuous promotion of the four disruptive trends in the automotive industry, while introducing senior R&D talents and strengthening technological breakthrough with a view to promoting long-term sustainable growth of the Group's performance with innovative R&D. In addition, the significant growth in the Group's revenue has resulted in a decrease in the research expenditures as a percentage to the revenue 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 RMB11,322,000, representing a decrease of approximately RMB3,254,000 from a net profit of approximately RMB14,576,000 in the same period in 2022, which was mainly attributable to the decrease 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 RMB9,921,000, representing a decrease of approximately RMB721,000 from a net loss of approximately RMB9,200,000 in the same period in 2022, which remained at similar level.

Income Tax Expense

During the Review Period, the Group's income tax expense was approximately RMB158,756,000, representing an increase of approximately RMB40,198,000 from approximately RMB118,558,000 in the same period in 2022.

During the Review Period, the effective tax rate was approximately 15.0%, which remained at similar level when compared to approximately 14.9% in the same period in 2022.

Profits Attributable to Non-controlling Interests

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB10,171,000, representing a decrease of approximately RMB10,381,000 from approximately RMB20,552,000 in the same period in 2022. 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 2023, the Group's total amount of bank balances and cash and pledged bank deposits was approximately RMB5,477,762,000, representing an increase of approximately RMB202,108,000 from approximately RMB5,275,654,000 as of 31 December 2022. As of 30 June 2023, the Group's low-cost borrowings in aggregate amounted to approximately RMB9,549,548,000, among which the equivalent of approximately RMB4,902,096,000, approximately RMB3,244,595,000, approximately RMB877,934,000, approximately RMB293,158,000, approximately RMB223,536,000, approximately RMB8,229,000 were denominated in Euro ("EUR"), RMB, US Dollar ("USD"), New Taiwan Dollar ("NTD"), Thai Baht("THB"), Great Britain Pound respectively, representing an increase of approximately RMB1,351,352,000 as compared to approximately RMB8,198,196,000 as of 31 December 2022. It was mainly attributable to borrowings made by the Group considering the consolidated gains from exchange rates, interest rates and capital management.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB1,597,158,000, indicating a sound cash flow condition.

During the Review Period, the Group's trade receivables turnover days were approximately 81 days, which were approximately 4 days longer than approximately 77 days in the same period in 2022. This was mainly due to the changes in customer mix as a result of the Group's product expansion during the Review Period, which resulted in the fluctuation of the Group's trade receivables turnover days.

During the Review Period, the Group's trade payables turnover days were approximately 84 days, increased by approximately 3 days from approximately 81 days in the same period in 2022, which was mainly due to the extended payment cycles upon active negotiations with suppliers based on the Group's growth in scale.

During the Review Period, the Group's inventory turnover days were approximately 90 days, decreased by approximately 23 days from approximately 113 days in the same period in 2022, which was mainly due to the shortening of shipping cycle due to recovery from COVID-19 pandemic during the Review Period; in addition, the Group strengthened the synergistic management of the supply chain under the global layout with effective enhancement in the standard and efficiency of inventory management, the combining effects of which resulted in a significant decrease in the inventory turnover days.

The Group's current ratio was approximately 1.2 as of 30 June 2023, which remained at the similar level as that of approximately 1.2 as of 31 December 2022. As of 30 June 2023, the Group's gearing ratio was approximately 28.6% (31 December 2022: approximately 27.5%), which was a percentage based on interest-bearing borrowings divided by total assets.

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

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

COMMITMENTS

	At 30 June 2023 (Unaudited) ***RMB'000***	At 31 December 2022 (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	**916,485**	576,165

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2023, the balance of the Group's bank borrowings was approximately RMB9,549,548,000, of which approximately RMB2,541,595,000 was bearing at fixed interest rates, and approximately RMB7,007,953,000 was bearing at floating interest rates. The aforesaid borrowings had no seasonality features. In addition, approximately RMB5,780,030,000 of the borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalents of approximately RMB4,902,096,000 and approximately RMB877,934,000 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 2023, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB1,356,805,000, of which approximately RMB1,067,604,000 was denominated in USD, approximately RMB146,401,000 was denominated in EUR, approximately RMB116,790,000 was denominated in Japanese Yen, approximately RMB14,054,000 was denominated in Mexico Peso, approximately RMB11,917,000 was denominated in Hong Kong Dollar, and the remainder of approximately RMB39,000 was denominated in other foreign currencies.

As a result of the constant expansion of international sales and the drastic fluctuations in the currency market, the management of the Group is highly concerned about the foreign exchange risks, and would take the exchange rate expectations of relevant currencies into full consideration when deciding the billing currencies for relevant businesses. The Group controls and mitigates foreign exchange risks by closely monitoring the size of its assets and liabilities denominated in foreign currencies in day-to-day operations and by selecting local currencies as settlement currencies appropriately according to the Group's global 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 2023, the Group had no contingent liabilities (31 December 2022: Nil).

MORTGAGED ASSETS

As of 30 June 2023, the Group had borrowings of NTD60,000,000 (equivalent to approximately RMB13,998,000) and approximately RMB13,217,000, which were mortgaged by land use rights and plants with carrying values of approximately NTD49,604,000 (equivalent to approximately RMB11,573,000) and approximately RMB13,519,000, respectively.

As of 30 June 2023, the Group had borrowings of RMB359,000,000 and issued bills payables of approximately RMB590,600,000 due within 6 months, which were pledged by bills receivables with par value of approximately RMB307,659,000 and bank deposits of USD42,230,000 (equivalent to approximately RMB305,146,000) and RMB900,000,000, respectively. The borrowings are to be settled in RMB (31 December 2022: the Group had borrowings of approximately RMB798,971,000 and issued bills payables of approximately RMB290,403,000 due within 6 months, which were pledged by bills receivables with par value of approximately RMB192,478,000 and bank deposits of RMB900,000,000. The borrowings are to be settled in RMB).

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Period, the Group's capital expenditure amounted to approximately RMB2,013,896,000 (the same period in 2022: approximately RMB1,703,306,000), which was attributable to the Group's further expansion of its R&D on innovative products and relevant technologies such as battery-housing, body and chassis components and intelligent exterior decorative parts, together with its product capacity layout in international markets during the Review Period. At the same time, the Group continued to exercise prudent control over capital expenditure in line with its asset-light strategy and exercised stringent control over the investments in fixed assets for its traditional product lines.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

OTHER MATTER

The Company's subsidiary Minth Mexico Coatings, S.A. de C.V. ("Minth Mexico") received a notice of initiation of investigation dated 30 May 2023 from the Customs and Border Protection of the United States of America in relation to the alleged evasion of anti-dumping duty and countervailing duty by transshipment of Chinese-origin aluminum automotive parts through Mexico (the "Investigations"). Minth Mexico is taking appropriate measures and seeking legal advice in response to such investigations. Minth Mexico will continue to monitor the progress of the Investigations.

EMPLOYEES

As of 30 June 2023, the Group had a total of 20,929 employees, down by 402 employees when compared to that of 31 December 2022. Against the backdrop of revenue growth of the Group during the Review Period, the Group still managed to deliver a decrease in its headcount, which was primarily attributable to the ongoing digital transformation, optimisation of its organisational structure and efficiency improvement of its global manpower.

During the Review Period, adhering to the core culture of "Love — Demanding and Caring" as always, the Group strengthened the implementation of and practices on its core values and code of conduct, fostered the creation of a pluralistic, egalitarian and inclusive corporate culture, whilst continued raising and strengthening the level of awareness of overall wellness among all employees of the Group. The Group continued to promote, on a global basis, the overall wellness through programmes such as "Parent Enlightening Course", "Love Tour Plan", courses on health and well-being, and empower employees in a one-to-one caring manner to promote holistic health. Additionally, the Group has further introduced programmes including "Nursery Care Service" for employees' children and "Senior's Centre" for their parents, to continuously empower overall wellness of its employees' families and promote their sense of contentment in family. Looking ahead to the second half of this year, the Group will further cultivate its cultural governance globally, to implement global cultural integration projects and launch a summer camp for employees' young children, as well as to introduce "HOMESTAY" and other overall wellness courses and programmes globally, with a view to further enhancing global integration.

During the Review Period, the Group enhanced its global operation and management capabilities and strengthened the agility and effectiveness of its global organisation to achieve an efficient and synergistic global organisational layout. The Group reinforced the organisational capacity of its Shared Service Centres in North America and Serbia, and expanded their scope of responsibilities to support the operation and development of local businesses more efficiently. In addition, the Group optimised its matrix management model by modifying the design of business processes and clearly defining delineation of authority to create further synergy of the respective organisations. Looking ahead, for the second half of this year and driven by the principle of global governance and management, the Group will further iterate its global organisation governance policy to achieve more efficient synergies in Europe, so as to realise integration and sharing of resources, whilst continue to enhance process-based organisational efficiency to strive for achieving a global organisational layout and enable sustainable development of the Group's global operations.

During the Review Period, under the guidance of the GLOCAL principle, the Group continued to carry out the talent cultivation work, such as strengthening global operation mindset of its talent reserves, enhancing globalisation capabilities and iteration of digital awareness and capabilities. To this end, the following steps have been taken: (1) continuously strengthening the global operation mindset of the key personnel and managers and continuously optimising the organisational and talents' competitiveness; (2) development and cultivation of learning resources globally, establishing a multi-language learning system and building up a diverse team of instructors to cement a solid foundation for rapid development of international talents; (3) initiating development projects for managers and highly-talented individuals globally, organising global talent exchange summits, lining up internal and external resources within the industry to extensively upgrade cross-cultural leadership of managers and promote development of team echelons; (4) shoring up the mechanism of international talent management from talent planning, acquisition, cultivation, circulation, development to incentivisation, forming a closed loop of international talent management and accelerating the establishment of the Group's international talent pool; and (5) in-depth promotion and development of digital tools/platforms/systems and training, thereby creating an atmosphere of digitalisation within the organisation with a view to achieving efficient operation of business processes and promoting the maximisation of effectiveness of the Group's personnel. Going forward, for the second half of this year, the Group will reinforce its effort in global talent management, promote the upgrading and sharing of global talent management systems and resources, enhance the global management capabilities of the Group's management team and expand further the global management trainee programme with a view to realising a healthy circulation of global talents and sharing of resources, and strengthening the Group's sustainable supply of global talents.

During the Review Period, the Group launched a new project of global personnel master data and payroll system. For the second half of this year, the Group will continue to promote the management of the integrated platform of global master data and visualised data analysis platform.

SHARE OPTION SCHEME

The Company adopted a conditional share option scheme (the "2012 Share Option Scheme") on 22 May 2012. The 2012 Share Option Scheme aims at granting share options (the "Share Options") to qualified persons who have contributed or will contribute to the Group as a reward or incentive in accordance with the terms of the 2012 Share Option Scheme. The 2012 Share Option Scheme was terminated on 22 May 2022. On the date of the 2022 annual general meeting of the Company, i.e. 31 May 2022, the Company adopted a new share option scheme (the "2022 Share Option Scheme") for a term of 10 years with salient terms similar to those of the 2012 Share Option Scheme (collectively the "Share Option Schemes").

SHARE AWARD SCHEME

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

FUTURE PROSPECTS AND STRATEGIES

During the Review Period, China's automobile market declined in the first quarter due to the shift in promotional policies launched in the previous year and market price fluctuations. However, the market demand and industry sentiment gradually improved in the second quarter due to the combined effects of the promotional policies promulgated at the state level and by respective local governments and end-of-quarter pushing for sales by OEMs, leading to a favourable growth of the sales of automobiles in China in the Review Period, in particular when compared to the relatively low base sales of April and May 2022. Driven by the NEV market and through accurately grasping the consumer preferences of the Chinese market and relying on the strengths of the local supply chain, the Chinese OEMs gained significant market share in China during the Review Period. In 2023, China moved onto the phase of post-pandemic economic recovery and is expected to realise steady development in automobile market in the second half of this year under the combined effect of economic recovery and continued effects of consumption boost policies. According to the forecast of China Association of Automobile Manufacturers, the sales of passenger vehicles in China in 2023 are expected to reach around 23.8 million units, representing a year-on-year growth of approximately 1%.

During the Review Period, while the impact caused by chip shortage had yet to be settled, the global light vehicle market has shown a continuous recovery in terms of production and sales volume. According to GlobalData's forecast, the sales of the global light vehicle market are expected to be approximately 86.35 million units in 2023, representing a year-on-year increase of approximately 6.5%.

Driven by the "dual engines" of new energy and intelligence-based development, enterprises in the new energy and electronics segments for parts and components have witnessed the most impressive growth in revenue and profitability, whilst lightweight segment has also registered remarkable profitability. On the contrary, internal combustion engine and traditional business segments are poised to record diminishing results. The parts and components related to battery, electric motor and electric control as well as intelligent application have become the new high grounds for value creation and attracted top players in parts and components segment to compete for market presence. Percentage of bill of material cost for new energy power system is estimated to be 40% to 50% by 2025, which could be substantially higher than that of the power system of ICE vehicles. The all-inclusive price comprising of intelligent cabin and intelligent driving system has been boosted by the continuous development of the intelligent and automatic driving technologies, and the percentage of bill of material cost for these products is expected to be 20% to 30% of the whole vehicle by 2030. Going forward, R&D investment for technological innovation, new business incubation, provision of integrated solutions, agile organisation and talent reserves for innovation will all play a key part in shoring up the growth and expansion of auto parts enterprises.

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

In terms of operational improvement, the Group will further optimise the strategic planning of all BUs and continue to enhance its operational capabilities, and select model factories in different regions for management replication and cost benchmarking, and to establish comprehensive 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 different factories' advantages in technologies, management, cost, resources and talents, thereby enhancing the Group's global competitiveness.

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

The Group will strive to balance and optimise its investment portfolio and value chain layout in the global market and strike excellence in operation ability, 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 regional and customer base development, 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 in global and regional markets, to protect the Group's stable development and reduce potential risks arising from changes in the external environment and geopolitical factors. Meanwhile, the Group 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, consequently striving for the leading position in the global auto parts industry.

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

During the Review Period, the grantees of the Company's Share Option Schemes exercised 2,000 Share Options in accordance with the rules and terms of the Share Option Schemes and 1,202,200 Share Options lapsed as a result of resignations of grantees.

During the Review Period, the trustee of the Share Award Scheme did not purchase any shares of the Company ("Awarded Shares") on the Stock Exchange pursuant to the rules of the Share Award Scheme and the terms of the trust deed, and the Group did not grant any Awarded Shares to the grantees. 92,000 Awarded Shares were forfeited during the Review Period due to the resignations of the grantees.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "Corporate Governance Code") set out in Appendix 14 to the Listing Rules. 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.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 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.

MATERIAL LITIGATION AND ARBITRATION

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

AUDIT COMMITTEE

As of 30 June 2023, the Audit Committee of the Company consisted of four independent non-executive Directors, namely Mr. Mok Kwai Pui Bill (chairman of the Audit Committee), Dr. Wang Ching, Professor Chen Quan Shi and Mr. Tatsunobu Sako. 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 2023 and this interim results announcement, and recommended its adoption by the Board.

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

Hong Kong, 22 August 2023

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