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 2021

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 37.3% to approximately RMB6,660 million (the same period in 2020: approximately RMB4,849 million).
- Gross profit margin was approximately 31.9% (the same period in 2020: approximately 26.6%).
- Profit attributable to owners of the Company increased by approximately 143.7% to approximately RMB901 million (the same period in 2020: approximately RMB370 million).
- Basic earnings per share amounted to approximately RMB0.783 (the same period in 2020: approximately RMB0.321).

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 2021 (the "Review Period"), together with the comparative figures for the six months ended 30 June 2020 (the "same period in 2020") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**6,659,671**	4,849,154
Cost of sales		**(4,537,426)**	(3,561,422)
Gross profit		**2,122,245**	1,287,732
Investment income		**133,619**	125,536
Other income		**118,154**	85,945
Other gains and losses	*4*	**199,477**	(42,551)
Distribution and selling expenses		**(340,309)**	(198,602)
Administrative expenses		**(588,313)**	(427,051)
Research expenditures		**(427,464)**	(251,362)
Interest expenses		**(132,298)**	(119,332)
Share of profits of joint ventures		**6,251**	4,871
Share of profits (losses) of associates		**2,978**	(4,103)
Profit before tax		**1,094,340**	461,083
Income tax expense	*5*	**(147,140)**	(67,291)
Profit for the period	*6*	**947,200**	393,792
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Gain on remeasurement of defined benefit obligation		**6,160**	–
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(15,914)**	9,733
Fair value (loss) gain on:			
debt instruments measured at fair value through other comprehensive income		**(1,454)**	1,513
Other comprehensive (expense) income for the period (net of income tax)		**(11,208)**	11,246
Total comprehensive income for the period		**935,992**	405,038

	Note	Six months ended 30 June 2021 (Unaudited) *RMB'000*	2020 (Unaudited) *RMB'000*
Profit for the period attributable to:			
Owners of the Company		**901,096**	369,808
Non-controlling interests		**46,104**	23,984
		947,200	393,792
Total comprehensive income for the period attributable to:			
Owners of the Company		**888,066**	380,361
Non-controlling interests		**47,926**	24,677
		935,992	405,038
Earnings per share	*8*		
Basic		**RMB0.783**	RMB0.321
Diluted		**RMB0.778**	RMB0.320

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021

	Notes	At 30 June 2021 (Unaudited) *RMB'000*	At 31 December 2020 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**10,557,947**	9,615,646
Right-of-use assets		**1,040,133**	959,635
Goodwill		**98,030**	98,030
Other intangible assets		**67,287**	78,198
Interests in joint ventures		**182,062**	136,812
Interests in associates		**128,867**	125,889
Deferred tax assets		**170,375**	157,670
Prepayment for acquisition of property, plant and equipment		**288,282**	185,970
Contract assets	*10*	**620,149**	695,413
Contract costs		**172,733**	170,794
Plan assets		**2,065**	2,043
Derivative financial assets		**14,513**	–
Other non-current assets		**150,000**	–
		13,492,443	12,226,100
Current assets			
Inventories		**2,636,116**	2,384,748
Loan receivables		**6,000**	6,000
Property under development		**–**	13,405
Trade and other receivables	*9*	**4,175,023**	4,614,575
Contract assets	*10*	**210,789**	174,482
Derivative financial assets		**572**	4,834
Held-for-trading investments		**4,284**	450,625
Debt instruments at fair value through other comprehensive income		**346,560**	151,457
Pledged bank deposits		**862,839**	918,350
Cash and cash equivalents		**6,453,218**	6,008,272
		14,695,401	14,726,748
Assets classified as held for sale		**10,581**	252,897
		14,705,982	14,979,645

	Notes	At 30 June 2021 (Unaudited) *RMB'000*	At 31 December 2020 (Audited) *RMB'000*
Current liabilities			
Trade and other payables	*11*	**3,722,759**	3,974,555
Tax liabilities		**82,233**	98,350
Borrowings		**4,629,017**	5,445,289
Lease liabilities		**9,694**	7,712
Contract liabilities		**77,904**	97,322
Derivative financial liabilities		**2,080**	4,969
		8,523,687	9,628,197
Liabilities classified as held for sale		–	4,770
		8,523,687	9,632,967
Net current assets		**6,182,295**	5,346,678
Total assets less current liabilities		**19,674,738**	17,572,778
Capital and reserves			
Share capital		**116,087**	116,069
Share premium and reserves		**15,227,679**	14,827,935
Equity attributable to owners of the Company		**15,343,766**	14,944,004
Non-controlling interests		**416,817**	368,891
Total equity		**15,760,583**	15,312,895
Non-current liabilities			
Borrowings		**2,482,020**	1,073,911
Deferred tax liabilities		**134,327**	107,111
Retirement benefit obligations		**6,836**	14,534
Lease liabilities		**91,362**	11,595
Derivative financial liabilities		**14,817**	20,181
Deferred income		**226,057**	28,209
Other long-term liabilities	*12*	**958,736**	1,004,342
		3,914,155	2,259,883
		19,674,738	17,572,778

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of Amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRS in the current 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 accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform − Phase 2"

2.1.1 Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 Financial Instrument on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

2.2 Transition and summary of effects

As at 30 June 2021, the Group has bank loans of RMB1,292,020,000, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

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 2021 (unaudited)

	Metal & Trim *RMB'000*	Plastic *RMB'000*	Aluminum *RMB'000*	Battery-housing *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Segment revenue	**2,353,548**	**1,958,618**	**1,742,446**	**93,050**	**808,672**	**(296,663)**	**6,659,671**
Segment profit	**689,430**	**558,561**	**616,598**	**5,434**	**196,406**	**55,816**	**2,122,245**
Investment income							**133,619**
Other unallocated income and gains and losses							**317,631**
Unallocated expenses							**(1,356,086)**
Interest expenses							**(132,298)**
Share of profits of joint ventures							**6,251**
Share of profits of associates							**2,978**
Profit before tax							**1,094,340**
Income tax expense							**(147,140)**
Profit for the period							**947,200**

For the six months ended 30 June 2020 (unaudited)

	Metal & Trim *RMB'000*	Plastic *RMB'000*	Aluminum *RMB'000*	Battery-housing *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Segment revenue	2,066,466	1,447,636	1,335,038	57,717	246,564	(304,267)	4,849,154
Segment profit	464,359	403,040	372,276	3,082	47,935	(2,960)	1,287,732
Investment income							125,536
Other unallocated income and gains and losses							43,394
Unallocated expenses							(877,015)
Interest expenses							(119,332)
Share of profits of joint ventures							4,871
Share of losses of associates							(4,103)
Profit before tax							461,083
Income tax expense							(67,291)
Profit for the period							393,792

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net foreign exchange (losses) gains	**(37,709)**	20,173
Gains (losses) on fair value changes of derivative financial instruments	**15,662**	(24,158)
Gains on fair value changes of other financial assets at fair value through profit or loss	**37,768**	41,357
Impairment loss recognised on trade and other receivables	**(929)**	(21,858)
Gains on disposal of subsidiaries *(Note i)*	**212,845**	–
Write-down of inventories	**–**	(10,873)
Loss on disposal of property, plant and equipment	**(2,902)**	(1,613)
Impairment loss recognised on property, plant and equipment	**(3,318)**	(45,579)
Provision *(Note ii)*	**(17,632)**	–
Others	**(4,308)**	–
Total	**199,477**	(42,551)

Note i: On 30 December 2020, the Group entered into an agreement with an independent third party, pursuant to which, the Group agreed to sell and the independent third party agreed to buy the entire equity interest of the Group's subsidiary namely Huzhou Minchi Automotive Co., Ltd. ("Huzhou Minchi") together with the entire equity interest of Huzhou Enchi Automotive Co., Ltd. ("Huzhou Enchi") held by Huzhou Minchi for a cash consideration of RMB400,000,000, which will be settled by stages according to the schedule as stated in the agreement.

Such disposal has been completed upon transfer of the control over Huzhou Minchi and Huzhou Enchi during current interim period and a disposal gain amounting to RMB212,103,000 has been recognised.

Note ii: During the current interim period, a subsidiary of the Group located in Mexico received a notice of penalty of Peso Mexicano 54,088,000 (equivalent to RMB17,632,000) from the local authorities.

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax:		
The People's Republic of China (the "PRC")		
Enterprise Income Tax	**128,233**	87,056
Other jurisdictions	**35,014**	5,365
	163,247	92,421
Over provision in prior years:		
PRC Enterprise Income Tax	**(28,982)**	(34,286)
Deferred tax:		
Current period charge	**12,875**	9,156
	147,140	67,291

6. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**426,151**	393,939
Depreciation of right-of-use assets	**22,559**	15,015
Amortisation of other intangible assets	**14,801**	14,440
Total depreciation and amortisation	**463,511**	423,394
Cost of inventories recognised	**4,537,426**	3,561,422
Write-down of inventories	**12,864**	46,169
Reversal of inventories provision	**(35,788)**	(1,162)

7. DIVIDENDS

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Dividends recognised as distribution during the period:		
2020 Final – HK$0.572		
(2019: final dividend HK$0.656) per share	**554,110**	694,445

On 22 June 2021, a dividend of HK$0.572 per share was paid to shareholders as the final dividend for 2020 (On 19 June 2020, a dividend of HK$0.656 per share was paid to shareholders as the final dividend for 2019).

The directors of the Company have determined that no dividend will be proposed in respect of the interim period (2020 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	
	2021	2020
	(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)	**901,096**	369,808
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,151,273**	1,150,597
Effect of dilutive share options and restricted shares *(Note)*	**6,996**	3,361
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,158,269**	1,153,958

Note: The computation of basic earnings per share for the six months ended 30 June 2021 has excluded the ordinary shares held in a trust which are accounted for as treasury shares of the Company.

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 2021 nor for the six months ended 30 June 2020 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 2021 (Unaudited) *RMB'000*	At 31 December 2020 (Audited) *RMB'000*
Trade receivables		
– associates	**11,939**	12,920
– joint ventures	**7,988**	10,713
– non-controlling shareholders of subsidiaries	**172**	134
– other related parties*	**1,060**	1,680
– third parties	**2,600,867**	3,291,311
Less: allowance for credit losses	**(13,270)**	(14,328)
	2,608,756	3,302,430
Bill Receivables	**45,496**	68,985
Other receivables	**148,627**	198,913
Less: allowance for credit losses	**(1,574)**	(1,574)
	147,053	197,339
	2,801,305	3,568,754
Prepayments to suppliers	**751,855**	704,705
Utility and rental prepayments	**49,404**	31,968
Consideration receivable for disposal of subsidiaries *(Note i)*	**157,000**	9,000
Value-added tax recoverable	**255,750**	202,487
Interest receivable	**150,606**	97,661
Deferred issue costs *(Note ii)*	**9,103**	–
Total trade and other receivables	**4,175,023**	4,614,575

Note i: The consideration receivable for disposal of subsidiaries mainly come from a disposal of a subsidiary as disclosed in Note 4.

As of 30 June 2021, a cash consideration of RMB300,000,000 is still outstanding among which 50% will be settled by 31 December 2021 and 50% will be settled by 31 December 2022, respectively.

Note ii: Deferred issue costs represent the qualifying portion of listing expenses incurred up to 30 June 2021, which will be debited to equity of the Group as share issue costs in respect of the successful issue of new shares upon listing.

* These entities 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 2021 (Unaudited) ***RMB'000***	At 31 December 2020 (Audited) *RMB'000*
Age		
0–90 days	**2,464,138**	3,020,718
91–180 days	**99,089**	143,121
181–365 days	**16,769**	61,298
1–2 years	**25,816**	75,755
Over 2 years	**2,944**	1,538
	2,608,756	3,302,430

10. CONTRACT ASSETS

	At 30 June 2021 (Unaudited) ***RMB'000***	At 31 December 2020 (Audited) *RMB'000*
Moulds development	**830,938**	869,895
Analysed for reporting purpose as:		
Current	**210,789**	174,482
Non-current	**620,149**	695,413
	830,938	869,895

The contract assets are in relation to the Group's right to consideration for work completed 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 2021 (Unaudited) *RMB'000*	At 31 December 2020 (Audited) *RMB'000*
Trade payables		
– associates	**38,633**	48,838
– joint ventures	**12,780**	9,168
– non-controlling shareholders of subsidiaries	**1,044**	1,831
– other related parties*	**43,900**	32,219
– third parties	**1,685,168**	2,111,587
	1,781,525	2,203,643
Bill payables	**267,149**	246,551
Other payables		
– associates	**33**	61
– joint ventures	**112**	63,402
– non-controlling shareholders of subsidiaries	**1,960**	28,580
– other related parties*	**4,559**	4,440
	6,664	96,483
	2,055,338	2,546,677
Payroll and welfare payables	**363,949**	411,918
Consideration payable for acquisition of property, plant and equipment	**321,081**	247,848
Advance receipt from government *(Note)*	**308,000**	–
Technology support service fees payable	**37,779**	9,676
Freight and utilities payable	**84,276**	120,437
Other tax payable	**51,517**	138,680
Deposits received	**10,257**	5,221
Provision	**70,507**	52,875
Others	**420,055**	441,223
Total trade and other payables	**3,722,759**	3,974,555

Note: During the six months ended 30 June 2021, the Group entered into an agreement with local government in Ningbo, PRC in relation to a parcel of land and buildings on the land held by the wholly-owned subsidiary of the Group namely Ningbo Shintai Machines Co., Ltd. (寧波信泰機械有限公司). The local government agreed to make a payment of RMB440,198,000 on the land relocation. As of 30 June 2021, a prepayment of RMB308,000,000 has been received, and the transaction has not yet been completed. In July 2021, the land relocation of Ningbo Shintai Machines Co., Ltd. has been completed and the Group received RMB440,198,000 in full amount.

* These entities are those in which Mr. Chin and his family have control.

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

	At 30 June 2021 (Unaudited) *RMB'000*	At 31 December 2020 (Audited) *RMB'000*
Age		
0–90 days	**1,609,048**	2,016,243
91–180 days	**112,639**	113,588
181–365 days	**39,577**	30,586
1–2 years	**12,390**	31,313
Over 2 years	**7,871**	11,913
	1,781,525	2,203,643

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 pursuant to the agreement no later than the expiry of the operation period of Jiaxing Partnership. Therefore, the capital contribution by the local government funds is treated as a long-term liability. As at 30 June 2021, the carrying amount of this long-term liability together with the interest payable is RMB 857,900,000.

* The English names are for identification purpose only.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Period, the production and sales of China's passenger vehicles were approximately 9,840,000 units and approximately 10,007,000 units, respectively, representing a year-on-year increase of approximately 26.8% and approximately 27.0%, respectively. Substantial growth was recorded despite the impact of chip shortage. As to market segments, the production and sales of sedans increased by approximately 25.1% and approximately 26.2% respectively as compared to the same period last year. SUVs recorded year-on-year increases in production and sales of approximately 28.1% and approximately 28.6% respectively, and the production and sales of MPVs increased by approximately 37.5% and approximately 25.2% over the same period last year, respectively. During the Review Period, sales of luxury cars increased year-on-year by approximately 41.5%, outperforming the general passenger vehicle market. In terms of performance by product origins, under the impact of chip shortage, German and Japanese OEMs decreased in market share in China as compared to the same period last year, while the market share of Korean OEMs in China continued to fall due to their less competitive models. The market share of American OEMS in China remained flat as compared to the same period last year. The market share of Chinese OEMs in China experienced a significant increase, representing an increase of approximately 5.7% as compared to the same period last year. Production and sales of new energy vehicles ("NEVs") amounted to approximately 1,215,000 units and approximately 1,206,000 units, both representing an approximately threefold increase as compared to the same period last year, and the market penetration rate had exceeded 9%.

According to LMC Automotive, global sales of light vehicles amounted to approximately 42,012,000 units during the Review Period, representing an increase of approximately 27.9% on a yearly basis, with all major markets recording substantial growth. Among mature markets, sales in the United States (the "US") market were approximately 8,341,000 units, registering a year-on-year increase of approximately 29.1%, and the sales in the Western European market were approximately 6,486,000 units, representing a year-on-year increase of approximately 27.1%. Sales in the Japanese market were approximately 1,522,000 units, representing a year-on-year increase of approximately 8.7%. Among major emerging markets, the Brazilian and Indian markets increased by approximately 26.3% and approximately 85.8% respectively on a yearly basis, and sales in the Thai market increased by approximately 13.6% on a yearly basis. Furthermore, sales in Mexico and Russia increased by approximately 10.5% and approximately 36.9% respectively on a yearly 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, aluminium battery housing products. The tooling and mould business mainly includes various moulds and fixtures for the development, processing and production of automobile exterior decorative parts and body structural parts. The Group is headquartered in China and has established worldwide presence through building R&D, design and production bases in China, the US, Mexico, Germany, the United Kingdom (the "UK"), Serbia, the Czech Republic, Thailand, Japan, etc., to continuously provide customers with quality services and products.

During the Review Period, the Group continued to improve the four product business units ("BUs"), namely plastic products, aluminium products, metal and trim products and battery housing products, and fixed the organisational structure of each BU. Upon integration of the project management, development and production functions, the organisational operating efficiency were expected to be further enhanced, which would also facilitate the nurturing of global professional talent reserve, thus fortifying the Group's core competitiveness in terms of technology and product. Meanwhile, the Group optimised its product planning and production capacity planning in consideration of actual demands of its global business development. Products already in mass production were given priority during the optimisation process through benchmarking against products of the same type, and balancing and resource deployment were made to the Group's production capacity in its global production bases with business foresight to improve its adaptability to volatile external circumstances.

During the Review Period, the Group executed a more in-depth implementation of the Minth Operation Excellence System ("MOS") (敏實卓越運營系統) in its global factories. With the addition of product management during lead time and overall wellness, the cores of MOS were enriched from two, i.e. cost attribution matrix and safety, to four during the Review Period, thus creating an operation excellence model that better embodies Minth's characteristics and eliminates wastes and losses incurred in the course of operations in a more comprehensive and effective manner. The Group continued to impose MOS assessment standard with respect to eight perspectives, namely management, "environment/quality/safety", cost, human resources, production excellence, logistics, supply chain and product management during lead time, to fully realise an operation excellence system covering the entire value chain from product development to production. During the Review Period, the Group utilised digital transformation to import the logic, methodology and tools of MOS in batches into SAP, manufacturing execution system ("MES") and Factory of the Future as needed, to ensure 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 in-depth exchange between its cross-functional teams and customers, the Group remained committed to the provision of systematic solution to customers' internal combustion engine vehicle models and NEV models in relation to product, technology and material innovation. During the Review Period, the Group endeavoured to push forward the market expansion for new product offerings, such as chassis structural parts and intelligent interior and exterior decorative parts, with the aim of assuring continual growth of the Group's revenue. During the Review Period, a number of new products of the Group, such as battery housing, intelligent front module, bumper beam and roller shutter, smoothly entered into the project development phase.

During the Review Period, the Group's Digital Transformation Centre appointed a team of professional consultants to further update the digital transformation projects and created a digital platform module capable of facilitating swift and coordinated handling of purchase orders, intelligent planning, intelligent warehousing, intelligent manufacturing, intelligent logistics, integration of business and finance, efficient financial accounting, thereby accelerating the Group's digital transformation. During the Review Period, the project team at the Group's Digital Transformation Centre constructed a forward-looking group management and production model to renovate and reshape the traditional management model, business model and commercial model, achieving business optimisation and successful trial launch of the above-mentioned model at the four BUs. During the Review Period, the Digital Transformation Centre team refined and supported the quick implementation at other factories of the Group and reinforced the Group's globalisation plan and agile operation.

During the Review Period, with the assistance from third-party partners, the top-level design project of Factory of the Future had fully materialised from conceptualisation to implementation, while in-depth construction phase had begun, including the global interactive experience centre, global empowerment centre, global big data centre and plant construction, and the overall infrastructure of the factory was completed. During the Review Period, the Group installed and commissioned the production equipment in certain workshops of Factory of the Future and commenced production. In respect of digital development, the launch of MES, warehouse management system, 3D visualisation and industrial internet, all at a preliminary stage, was completed in an effort to achieve data interconnectivity. During the Review Period, the construction of an ecological farm within the factory also started. All of these initiatives are expected to facilitate the Group to construct a brand-new industrial ecosystem featuring the beauty of intelligent manufacturing, humanistic care and eco-friendliness of Minth's Factory of the Future, with a view to fully replicating the model at Factory of the Future, which serves as a trial spot, eventually heralding the Group towards digital transformation and upgrade.

The Group kept deepening its engagement in the management of environment, health and occupational safety ("EHS") based on its EHS system, to achieve the goal of "green manufacturing with intelligence and healthy development".

The Group is gradually finishing the construction of both energy system and carbon emission management system. During the Review Period, the Group audited its greenhouse gas emission based on ISO14064 to examine and audit the carbon emission of the whole Group and all its factories last year, which provided the Group with data support for its carbon neutrality strategy. During the Review Period, the Group initiated an energy management audit and set up energy management organisation, annual performance targets, energy-saving management and technology solutions and daily review system at factory, BU and group level, to ensure the fulfillment of the annual energy management targets of the Group. The Group also paid attention to the responsibility toward various stakeholders, such as workers, consumers, environment and community, and commenced online and offline audit of corporate social responsibility ("CSR"). During the Review Period, the EHS team of the Group completed a "ten major red lines" audit against each factory in China to comprehensively boost the management and control capability of the Group in key EHS risks through the identification and elimination of on-site key risks, and thus the risks of fire accident and work-related injury occurrence have been reduced. During the Review Period, work-related injury rate per million working hours ("PPM") of the Group decreased by 7.3% as compared to the same period in 2020. As always, the Group paid attention to employees' occupational health by perfecting the management of positions exposed to occupational hazards, improving employees' working environment and executing the occupational health check system to ensure the work safety and well-being of its employees. During the Review Period, no material safety, fire, environmental and occupational health incidents were reported. The Group continued to implement multiple measures to enhance the overall EHS performance, thereby ensuring safe and healthy operations.

During the Review Period, as management model reforms and digital transformation intensified, the Group focused on its development strategy and kept updating and maintaining the authorisation framework in accordance with its organisational needs. Process control was reviewed for its efficiency and effectiveness and optimised on an ongoing basis, while internal control and risk management were incorporated into daily operation and core value chain to gradually form a procedure-based internal control and comprehensive risk management system. The Group insisted on ensuring the independence of its internal audit function in terms of both system and organisational structure, while continuing to allocate sufficient resources to support the performance of its duties, in continuous enhancement of the efficiency, effectiveness and standardisation of its internal audit function. It monitored and promoted the internal control development and risk management in each functional department and operating unit. At the same time, the Group began the certification on ISO37001 anti-corruption system and considered such certification an opportunity to keep refining its anti-corruption system, strengthening promotion and education of anti-corruption knowledge and practices and enhancing the development of internal whistleblowing channels and stipulate the systematic protection and reward of reporting briberies and other acts of fraud, thereby creating an environment that values business ethics for the Group and each stakeholder. Based on the above relevant measures, the Group continued to improve its audit and supervision, internal control and risk management models, keep improving its capability in risk management and control and reasonably ensure 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 RMB6,659,671,000, representing an increase of approximately 37.3% as compared with approximately RMB4,849,154,000 in the same period in 2020, of which the domestic revenue of the Group was approximately RMB3,787,155,000, representing an increase of approximately 33.9% as compared with approximately RMB2,828,611,000 in the same period in 2020; the overseas revenue of the Group was approximately RMB2,872,516,000, representing an increase of approximately 42.2% as compared with approximately RMB2,020,543,000 in the same period in 2020.

During the Review Period, the Group continued its efforts on innovative products and traditional products. While further expanding its leading position in traditional products, the Group vigorously increased investment in innovative products and rapidly secured market leadership by capitalising on its pioneer advantage and competitive strength. During the Review Period, in terms of intelligent products, the Group won the orders of radomes from Daimler, Toyota and Nissan and illuminated products from GM and Geely, and for the first time, the Group secured business for active rear spoilers. During the Review Period, in terms of battery housings and chassis structural parts, the Group won the orders of all the battery housings and stiffener sills for STEL-M (eVMP) platform, the top-selling electric vehicle platform of PSA, while maintaining steady growth in customers such as Volkswagen and Nissan, and obtaining orders for products including bumper beams and battery housings from new customers such as Li Auto and EVE Energy. During the Review Period, the Group also performed well in the development of traditional products. It innovated and won orders of multiple products including multicolour trim, adhesive pillar covers and frameless door seals, secured orders of aluminium trims for vast majority of the vehicle models on Daimler's MMA platform, and won stainless steel trim orders for all new vehicle models, for which the sourcing decision was finalised within the Review Period, of Volkswagen and Skoda in Europe. At the same time, the Group tapped into the supplier system of Tesla in North America and secured orders of aluminium trim for Model Y. In addition, the Group continued to penetrate into existing and new customers such as Toyota, Nissan, GM, Ford, Kia, Geely and Xpeng, further expanding its customer base and consolidating its market share in various traditional products.

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. As at 30 June 2021, the Group finished the establishment of production lines for aluminium battery housings and other products in various locations in China, which gradually commenced mass production. In terms of domestic plant construction, the battery housing plant in Shenyang has entered the trial mass production stage, while the construction of the Group's battery housing plant and metal and trim plant in Xianning has been completed, and the equipment and projects of which have started to enter the commissioning stage. As for the Group's Serbian plant, orderly deployment of production lines for battery housing, aluminium door frame and aluminium trim products was in place as guided by its principles of building production lines with advanced technology and implementing strict environmental and safety management standards. Mass production had started for some projects, while a number of other projects were being commissioned. Moreover, the installation of chrome plating production lines and painting production lines has been finished in the US plants, which are about to start commissioning. Increasing global presence has enabled the Group to meet the demands for proximal supplies from its worldwide customers and further reinforced and consolidated its global competitiveness for core products.

During the Review Period, as the automotive market is affected by multiple factors, including the ongoing global pandemic, rising prices of raw materials, chip shortages, and rising logistics and shipping prices, the industry was confronted with a grimmer situation. In order to effectively mitigate the continuous impact of the pandemic, the Group remained alert at all times and executed its pandemic control measures, while emergency response teams were always ready for implementation works in accordance with documents such as responsive measures of pandemic prevention and control and contingency plans. In the face of the rise in commodity prices and raw material prices worldwide, the Group's procurement teams at all levels collaborated to seek improvement and reduce the impact on the Group through strategic procurement, commercial negotiations, and value analysis and value engineering. In response to the shortage of automotive chips, the Group established a delivery contingency team and held regular meetings to monitor the extent of the impact on customers and adjust production promptly to reduce the risk of excessive inputs and idling capacity. In addition, the Group's logistics team has continued to enter into long-term strategic logistics contracts with major shipping companies around the world in a timely manner, and has begun to secure lower market rates, minimising the impact of overseas logistics on the Group. Meanwhile, the Group also implemented control measures by streamlining its processes, enhancing efficiency, reducing inventories and reactivating idle assets. The Group's rapid and effective responses ensured timely delivery, premium quality products and effective cost control and were highly recognised by its customers.

Research and Development

R&D is an important pillar 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 vehicle, the Group swiftly and effectively responds to a series of ground-breaking innovations in the automotive and related industry to lay down the fundamental strategy of creativity-driven development, optimises the structure of R&D organisations, establishes an innovation centre, strengthens the self-initiated R&D and innovative research capability in respect of basic materials, products and technology, and continues to increase its investments. Through in-depth exchange and cooperation with major customers and world-leading enterprises, technical breakthrough of existing procedures, reform on organisational management and control model and digital transformation, the Group improves its overall management efficiency and capability to further solidify its presence in core components for NEVs and promote the integration of intelligent products and exterior decorative parts, thus consolidating its position as a tier-1 supplier to OEM customers.

For innovative products, the Group has made tremendous progress to lay a solid foundation for the Group's future sustainable development. The Group has been cultivating the battery housing business and honing its competitive advantage to become a system solution provider. The Group, with its vertical integration capabilities from conception, technical design, process design and industrial development to global manufacturing, has been growing to be a preferred partner for multiple global automotive OEMs. The Group is fast becoming one of the world's largest suppliers of aluminium battery housings based on its current order book. The Group continues its input in R&D to maintain product and technology innovation and improvement, including the R&D of diverse battery housing solutions and thermal plastic housing cover, and has secured a number of global concurrent design projects to keep enriching its design experience and improving design capabilities. As for intelligent products, the Group is focusing on the R&D of intelligent front modules and intelligent door systems. In order to build on advantageous products, such as millimetre wave ("mmWave") compatible radomes and illuminated emblems, the Group continues to explore new directions, including mmWave compatible radomes with heating function, LiDAR compatible radomes and intelligent illuminated grilles, and has started to see order inflows. To fulfil the requirements for autonomous driving, the Group has worked out solutions for integrated intelligent front modules and multiple industry-leading patents have already been authorised for those products. In-depth research is also proceeding in the development of intelligent door systems that provide innovative methods of entry into vehicles, among which, the Group has obtained technical approval for intelligent pillar cover products from several mainstream OEMs. In addition, based on the above products, the Group gradually expands its reach to various products, including bumper beams, stiffener sills, sub-frames, and has made significant progress and started to receive orders, thereby providing integrated solutions to customers as a new driver of business growth of the Group.

Through independent R&D, the Group has mastered 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. The Group's automobile exterior decorative parts and body structural parts, which are developed with new materials, have been widely used by mainstream and high-end OEM customers around the world. To ensure the precision, quality and supply efficiency of finished products, the Group has also developed intelligent manufacturing technologies which integrate tooling, moulds, automated production lines etc., and the Group's automated equipment technologies are recognised by high-end customers worldwide.

The Group is well aware of the importance of its technological reserves and has adopted a number of measures to motivate, attract and retain talents to strengthen its talent pool and to consolidate its leading position in R&D. The Group attaches great importance to intellectual property rights. It has initiated a comprehensive deployment in trademarks and patents 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 "Zhejiang Province Patent Excellence Award" (浙江省專利優秀獎) and actively applies for overseas patents. During the Review Period, 155 patent applications were newly filed for approval by the Group, among which 2 applications were related to overseas patents and were in the course of being approved. 241 patents were authorised by competent authorities during the Review Period.

FINANCIAL REVIEW

RESULTS

During the Review Period, the Group's revenue was approximately RMB6,659,671,000, representing an increase of approximately 37.3% from approximately RMB4,849,154,000 in the same period of 2020. During the Review Period, although the global automobile market was affected by factors such as chip shortage, the Group achieved considerable revenue growth as major automobile markets in the PRC, North America and Europe, etc. gradually recovered from the impact of the pandemic in the same period of 2020, coupled with the good performance of the Group's major customers, such as the overall stable production and sales performance of the Group's Japanese OEM customers in the PRC market, the increase in market share of Chinese OEM customers and the generally higher-than-average growth rate of production and sales of the Group's luxury car brand customers in overseas markets.

During the Review Period, the profit attributable to owners of the Company was approximately RMB901,096,000, representing an increase of approximately 143.7% from approximately RMB369,808,000 in the same period of 2020. It was mainly due to the Group's economies of scale driven by revenue growth that contributed to our significant growth in gross profit from the same period of 2020 and the gains on disposal of subsidiaries during the Review Period.

Gross Profit

During the Review Period, the Group's overall gross profit margin was approximately 31.9%, representing an increase of approximately 5.3% from approximately 26.6% in the same period of 2020. It was mainly due to the fact that during the Review Period, although the Group faced the pressures of ASP decline in prices of old model products and significant increase in price of raw materials, the favorable advantages of the Group's economies of scale driven by revenue growth and the good development momentum of aluminium products with higher gross profit margin, as well as the reserve of low-priced raw materials procured in 2020 which partially offset the adverse impact of the increase in raw material prices, along with our continued efforts in reducing procurement cost and constant improvement in production efficiency and production yield through adopting measures such as lean production and technology upgrade, enabled a remarkable increase in the overall gross profit margin as compared to the same period of 2020.

Investment Income

During the Review Period, the investment income of the Group was approximately RMB133,619,000, representing an increase of approximately RMB8,083,000 from approximately RMB125,536,000 in the same period of 2020. It was mainly due to an increase in interest income.

Other Income

During the Review Period, the other income of the Group amounted to approximately RMB118,154,000, representing an increase of approximately RMB32,209,000 from approximately RMB85,945,000 in the same period of 2020. It was mainly attributable to an increase in government grants related to income.

Other Gains and Losses

During the Review Period, the Group's other gains and losses amounted to a net profit of approximately RMB199,477,000, representing an increase of approximately RMB242,028,000 as compared to the net loss of approximately RMB42,551,000 in the same period of 2020. It was mainly attributable to the gains on disposal of subsidiaries by the Group during the Review Period.

Distribution and Selling Expenses

During the Review Period, the Group's distribution and selling expenses were approximately RMB340,309,000, representing an increase of approximately RMB141,707,000 from approximately RMB198,602,000 in the same period of 2020. It accounted for approximately 5.1% of the Group's revenue, representing an increase of approximately 1.0% from approximately 4.1% in the same period of 2020. It was mainly attributable to the Group's resumption in revenue growth, as well as increased port congestion due to the global pandemic which led to a price surge in global shipping market and an increase in the Group's unit transportation costs, the combining effects of which resulted in a significant increase in the Group's transportation expenses during the Review Period.

Administrative Expenses

During the Review Period, the administrative expenses of the Group amounted to approximately RMB588,313,000, representing an increase of approximately RMB161,262,000 from approximately RMB427,051,000 in the same period of 2020. It accounted for approximately 8.8% of the Group's revenue and remained stable as compared to the approximate 8.8% in the same period of 2020.

During the same period in 2020, the Group adopted stringent labour cost control measures in response to the impact of the pandemic. With the gradual recovery of performance during the Review Period, the Group's control measures were adjusted, together with the year-on-year increase in share options and other related expenses during the Review Period, the Group's labour costs increased.

Research Expenditures

During the Review Period, the research expenditures of the Group amounted to approximately RMB427,464,000, representing an increase of approximately RMB176,102,000 from approximately RMB251,362,000 in the same period of 2020. It accounted for approximately 6.4% of the Group's revenue, representing an increase of approximately 1.2% from approximately 5.2% in the same period of 2020. It was mainly attributable to the Group's recruitment of senior R&D personnel and increase in R&D investment in order to maintain its market competitiveness and sustainable development, as well as to continuously promote R&D on battery housing, aluminium structural parts and other innovative products to enhance R&D capability during the Review Period.

Share of Profits of Joint Ventures

During the Review Period, the Group's share of profits of joint ventures was a net profit of approximately RMB6,251,000, representing an increase of approximately RMB1,380,000 from the net profit of approximately RMB4,871,000 in the same period of 2020. It was mainly attributable to the increase in profit of one of the joint ventures during the Review Period.

Share of Profits (Losses) of Associates

During the Review Period, the Group's share of profits (losses) of associates was a net profit of approximately RMB2,978,000, representing an increase of approximately RMB7,081,000 from the net loss of approximately RMB4,103,000 in the same period of 2020. It was mainly because one of the associates turned from a loss to a profit during the Review Period.

Income Tax Expense

During the Review Period, the Group's income tax expense was approximately RMB147,140,000, representing an increase of approximately RMB79,849,000 from approximately RMB67,291,000 in the same period of 2020.

During the Review Period, the effective tax rate was approximately 13.4%, representing a decrease of approximately 1.2% from approximately 14.6% in the same period of 2020. It was mainly due to the favorable impact of the Group's estimated income tax settlement refund during the Review Period.

Profits Attributable to Non-controlling Interests

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB46,104,000, representing an increase of approximately RMB22,120,000 from approximately RMB23,984,000 in the same period of 2020. It was mainly attributable to the fact that the net profit of non-wholly owned subsidiaries increased during the Review Period as compared to that in the same period of last year.

Liquidity and Financial Resources

As of 30 June 2021, the Group's total amount of cash and cash equivalents and pledged bank deposits was approximately RMB7,316,057,000, representing an increase of approximately RMB389,435,000 as compared to approximately RMB6,926,622,000 as of 31 December 2020. As of 30 June 2021, the Group's low-cost borrowings totally amounted to approximately RMB7,111,037,000, among which the equivalent of approximately RMB2,688,487,000, approximately RMB2,595,025,000, approximately RMB1,435,585,000, approximately RMB171,408,000, approximately RMB152,536,000 and approximately RMB67,996,000 were denominated in RMB, US Dollar ("USD"), Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht ("THB") and Great Britain Pound respectively, representing an increase of approximately RMB591,837,000 as compared to approximately RMB6,519,200,000 as of 31 December 2020. It was mainly attributable to the borrowings which were planned ahead by the Group to ensure the sufficiency of cashflow for the Group in response to the uncertainties caused by the global pandemic.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB743,994,000, indicating a sound cash flow condition.

Trade receivables turnover days were approximately 78 days, which were approximately 26 days shorter than the approximately 104 days for the same period of 2020. This was mainly due to the fact that the Group's revenue increased significantly during the Review Period as compared to that in the same period of last year.

Trade payables turnover days were approximately 79 days, decreased by approximately 8 days from approximately 87 days for the same period of 2020. It was mainly because during the same period of last year, the Group strived to resist the impact of the pandemic through certain temporary measures, such as extending supplier payment cycles and adjusting supplier settlement methods, and these temporary measures were basically lifted during the Review Period as the impact of the pandemic gradually subsided.

Inventory turnover days were approximately 100 days, decreased by approximately 5 days from approximately 105 days for the same period of 2020, which was mainly due to the fact that during the Review Period the Group strengthened inventory control with steadily forging ahead with project development which effectively improved inventory management standards and resulted in a decrease in inventory days as compared to the same period of last year.

The Group's current ratio was approximately 1.7 as of 30 June 2021, increased by approximately 0.1 from approximately 1.6 as of 31 December 2020. As of 30 June 2021, the Group's gearing ratio was approximately 28.6% (31 December 2020: approximately 27.7%), which was a percentage based on the interest-bearing borrowings divided by total assets.

Note: The calculation methods for the above indicators are the same as those 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 2021 (Unaudited) *RMB'000*	At 31 December 2020 (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	**732,441**	604,926

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2021, the balance of the Group's bank borrowings was approximately RMB7,111,037,000, of which approximately RMB2,676,673,000 was bearing fixed interest rates, and approximately RMB4,434,364,000 was bearing floating interest rates. These borrowings had no seasonality features. In addition, approximately RMB3,394,503,000 of the borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalent of approximately RMB1,787,510,000, approximately RMB1,435,585,000 and approximately RMB171,408,000 were denominated in USD, EUR and HKD respectively.

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

As of 30 June 2021, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB346,640,000, of which approximately RMB187,086,000 was denominated in USD, approximately RMB104,479,000 was denominated in EUR, approximately RMB35,713,000 was denominated in Japanese Yen ("JPY"), approximately RMB13,149,000 was denominated in Peso Mexico ("MXN"), approximately RMB6,174,000 was denominated in HKD, the remainder of approximately RMB39,000 was denominated in other foreign currencies.

As a result of the constant expansion of overseas sales and the drastic fluctuation in the currency market, the management of the Group expressed great concerns on the foreign exchange risks, and would take the exchange rate expectations of relevant currencies into full consideration when deciding the billing currency 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 overseas 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 2021, the Group had no contingent liabilities (31 December 2020: Nil).

MORTGAGED ASSETS

As of 30 June 2021, the Group had borrowings of approximately RMB925,790,000 and issued bill payables of approximately RMB267,149,000 due within 6 months, which were pledged by bill receivables with par value of approximately RMB223,976,000 and bank deposits of RMB724,000,000. The borrowings are to be settled in RMB (31 December 2020: the Group had borrowings of approximately RMB770,790,000 and issued bill payables of approximately RMB246,551,000 due within 6 months, which were pledged by bill receivables with par value of approximately RMB162,818,000 and bank deposits of RMB776,000,000. The borrowings are to be settled in RMB).

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Period, the Group's capital expenditure amounted to approximately RMB1,504,326,000 (the same period in 2020: approximately RMB965,214,000), which was attributable to the fact that, during the Review Period, the Group further expanded R&D on battery housing and other innovative products and overseas production capacity layout in response to the development trend of the automobile industry, while taking the lead in the construction of future automobile intelligent industrial park to implement the intelligent development strategy. 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 investment in fixed assets for its traditional product lines.

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

As of 30 June 2021, the Group had a total of 18,804 employees, increased by 992 as compared to that as of 31 December 2020. The increase was mainly due to significant recovery of major markets and rapid growth of NEV markets around the globe, the Group's enhanced efforts to develop and strengthen its innovation and R&D team, continuous increase in the overseas mass production projects of the Group, steady and progressive implementation of the Group's overseas layout as well as its further investments in digital transformation during the Review Period.

During the Review Period, the Group has furthered the development and embedding of the culture of "love — demanding and caring". Based on its common core values and code of conduct, the Group has placed emphasis on realising family happiness of its employees and further motivating organisations and teams to tap into their potential. During the Review Period, the Group has fully upgraded the concept of overall wellness and held 4 sessions of Holistic Empowerment Camps for a total of 132 participants, whereby the Group focused on projects that could help the employees improve the happiness of their families, including organising the "Love Formula", "Family Drawing Room" and "Couple's Relationship Camp" projects and different forms of babysitting and childcare projects in various regions, with nearly a thousand participants in total. Moreover, regarding the senior's centre for employees' parents, apart from providing courses on arts, technology and relationship which enabled seniors to learn, the Group also rolled out projects such as "Mom's Kitchen" to encourage them to create new values. During the second half of 2021, the Group will continue to explore and innovate, and further give effect to the "overall wellness" philosophy, with emphasis on the practice and embedding of family happiness, to render more support to various teams and organisations within the Group.

To address the impacts brought about by worldwide normalisation of the pandemic, and on the basis of its management model of strategic control, the Group further refined the structure and layout of the regional industry chains across the globe to achieve operation capability of the entire value chain in a single region and reduce geographic influences. On the other hand, with continuous enhancement in the ability of strategic control at the Group's headquarter level, the Group adopted a more forward-looking approach, from both the organisational development and human resource input perspectives, to support for the accumulation and breakthrough of its innovation and R&D capabilities in its new products and technologies. The Group also carried out construction of organisational procedures in tandem with its end-to-end transformation projects to increase overall agility and efficiency of organisations. While continuing to deepen the aforesaid efforts, for the second half of 2021, the Group will also actively explore and upgrade models in respect of organisation objectives, performance and incentives so as to achieve concentration of organisation goals, capabilities and resources, thereby boosting morale of organisations and teams in a more efficient way, and providing support for achievement of business and strategic goals of organisations in the future.

As for talent development, the Group continued to develop the management, professional and technological capabilities of its different functional teams during the Review Period, including: (1) helping over 150 management staff to enhance strategy-oriented and vision-oriented management skills through multiple sessions of Minth manager training programme; (2) cooperating with business departments to complete the construction of a learning map in relation to quality and production management, and at the same time carrying out professional talent development projects, such as Minth's international potential HR talent development programme, to enhance professional capabilities of its employees; (3) apart from skill training on traditional products, the "Welding Academy" implemented different phases of welding trainings to improve technological capabilities of the employees with the battery housing BU; (4) organising several "Digitalisation Lecture" training sessions to educate on strategy, organisation, R&D and operation of digital transformation for the purpose of supporting digital development; and (5) enhancing efforts in the formulation of bilingual management courses to provide a solid resource foundation for globalised and sustainable development. For the second half of 2021, the Group will continue to improve the development system, carry out the development projects in relation to the enhancement of team management and professional and technological capability. In the meantime, with an aim to further foster the capabilities of its teams that are in line with future business requirements, the Group will continue to explore nurturing models for digital, global and innovative talents so that the capabilities of its teams could easily underpin the achievement of its business and strategic objectives in the future.

SHARE OPTION SCHEME

The Company adopted a conditional share option scheme (the "Share Option Scheme") on 22 May 2012. The 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 Share Option Scheme.

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 their services to facilitate 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.

FUTURE PROSPECTS AND STRATEGIES

During the Review Period, as the pandemic gradually eased and production demand continued to recover, China's economy has steadily picked up. In order to promote automobile consumption and the realisation of the "carbon peak" and "carbon neutrality" goals, national and local governments have continued to intensively introduce relevant measures, while the policy system has shifted to a combination of national-level guidance and local government-led development, further propelling the development of the automobile industry. The parallel development of electrification and internet connectivity has also been continuously promoted. Under the influence of the above factors, production and sales of passenger cars in China both rose during the Review Period, demonstrating strong resilience and huge consumption potential of the Chinese automobile market. On the side of the passenger car market, thanks to high-end development and electrification, Chinese local brands rebounded remarkably and recorded excellent performance. In terms of NEVs, both the high-end and low-end markets saw booming development, and have become important driving forces for market growth. However, impacted by the chip shortage issue, many auto companies adjusted their production schedules, causing a reduction in inventory of some models, accompanied by price increases of certain models, resulting in a tightening of discounts in retail sales of cars in the end market, thus adding pressures on the release of market potential. Taking into account factors such as the economy, policies and the development momentum of the automobile market, the passenger car market in China is expected to reach 22 million units in 2021, representing a year-on-year growth of approximately 12%.

During the Review Period, with the accelerated pace of global vaccination and the successive lifting of lockdown measures in various countries, the world economic recovery has gained significant momentum. In particular, green development has become a leading force for global economic recovery and growth. For example, the European Union has adopted green transformation as a new growth strategy for the European economy, and the current U.S. government has also placed a high priority on green infrastructure and climate change issues. In the future, NEV and other sectors closely related to green economy will continue to develop. However, the recovery progress of major global economies is clearly differentiated, with a few major economies, such as China and the United States, leading the world economic recovery, while many emerging markets and developing economies are still suffering from the pandemic and undergoing a slow recovery. In addition, under the influence of the still hampered global supply chain and the chip shortage issue, it will still take some time for the auto market to fully recover. The global light vehicle market is expected to reach 83.4 million units in 2021, representing a year-on-year increase of about 9%.

The automobile industry is moving from the mechanical era into the era of intelligence and internet connectivity, and its core components are gradually shifting from engines, transmissions and chassis of traditional fuel vehicles to new architecture, chips, software and data of intelligent vehicles. Autonomous driving, vehicle-internet connectivity and AI technologies are leading profound structural changes in the auto industry chain. Meanwhile, consumer awareness of automobiles is gradually changing from a simple mode of transportation to a "third space", and their demand for customised and intelligent experiences in vehicles is gradually increasing. As for NEVs, the penetration rate in China and Europe has increased rapidly, and the electrification strategy in the U.S. resumed, which led to the rapid development of the global electrification industry chain, with a large number of suppliers already entering the system of global supply.

The Group will actively address the pressures brought by the grim global political situations, price hike of raw materials and logistics, the challenge of de-globalisation resulting from the normalisation of the pandemic. The Group will closely monitor the changes in the macroscopic context of the industry to seize any development opportunities arising from the global automobile industry, while devising a strategic layout in tandem with global policies on NEV related industries and the trends of light-weight, intelligence and electrification in the automobile industry. The Group will further enhance its competitiveness in traditional products and reinforce its overall operations through improvement of quality, optimisation of cost and global capacity layout, and extension and upgrade of existing production processes, thereby further increasing the share for its traditional products in global segment market. In the meantime, the Group will continue to increase its investment in the R&D of new products, new technologies and new materials and diversify into new business segments to garner new driving force for its sound development in the long term.

The Group will further conduct strategic planning for all BUs to persistently enhance their operational capability, with a view to forging integrated competitive strengths in technology, cost, staff efficiency and resource application. In the meantime, the Group will also continue to improve the global layout of its BUs, bolster the operational capability of its plants in both China and abroad, and replicate the advantages of domestic and overseas plants in technology, management and talent to maximise sharing of technologies, talent and resources among its global operations and comprehensively enhance the global competitiveness of its products.

In terms of operational upgrade and transformation, the Group will carry out the replacement and upgrade of its global application system through digital transformation, in a bid to develop a data standardisation system with Minth characteristics and link up the business process systems for research, production, supply, sales and services for the establishment of a global operation and management platform, finalising the transition of the Group's management from experience-based to data-based decision making so as to support its globalised and enduring operation. The Group will also strive to realise the carbon footprint traceability of the entire product life cycle, and enable the achievement of carbon peak and carbon neutrality for the Group through in-depth application of next-generation digital technologies. The Group is also committed to assisting enterprises in the construction of humanistic plants characterised by high efficiency, energy conservation, eco-friendliness, operational safety and comfort through digital transformation, as well as technical platforms with highly-digitalised functions. The Group will continue to work closely with third-party partners to introduce best practices for the construction of intelligent industrial parks and provide the best humanistic experience with the aid of state-of-the-art technologies, so as to build Minth Factory of the Future into a benchmark among the advanced enterprises in China. Meanwhile, upon completing the transformation and upgrade of subsidiaries within the Group, it will strive to replicate the experience and resources of Factory of the Future for small and medium-sized enterprises in neighbouring regions and beyond in China to develop its new business format of external services. Furthermore, the Group will continue to drive the implementation of MOS with robust efforts, seeking consistent improvements to operations management at the preventive stage in order to lower operating costs and ensure ongoing development of its standardised operation capability. In the meantime, the Group's MOS will be closely integrated with digital transformation and Factory of the Future, which are incorporated with the MOS concept and standards, facilitating the Group to achieve full value chain coverage.

The Group will strive to balance and optimise its investment portfolio and value chain layout in the global market and build excellent operation ability, in order to better manage risks and uncertainties arising from the economic development and achieve value positioning in a more flexible manner. In addition to its focus on the development potentials of Chinese market, the Group will also vigorously develop new markets on a global basis and seek further cooperation with governments in various regions so as to further fulfill its corporate social responsibility. In an era of both opportunities and challenges, the Group will, with Factory of the Future as a starting point adhere to aggressive but steadfast development strategies and drive with full force the planning and development of its digital transformation and upgrade to seek swift improvements in its digital ability. Meanwhile, the Group will offer more modularised product solutions and customised products and services to its clients by upgrading and renovating its traditional products while developing new products, aiming for the leading position in the global auto parts sector.

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

During the Review Period, the Grantees of the Share Option Scheme exercised 144,500 share options in the Company ("Share Options") in accordance with the rules and terms of the Share Option Scheme and 1,716,000 Share Options lapsed as a result of the resignations of grantees.

Since the adoption of the Share Award Scheme and up till 30 June 2021, the trustee of the Share Award Scheme of the Company (the "Trustee") has purchased a total of 8,520,000 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. During the Review Period, the Trustee did not purchase any Awarded Share. During the Review Period, the Group granted a total of 3,000,000 Awarded Shares to non-director grantees pursuant to the rules of the Share Award Scheme and the terms of the trust deed. The first tranche of the Awarded Shares granted shall be vested upon three years from the date of grant and the remaining tranches shall be vested in each year thereafter and vesting is subject to the fulfilment of performance targets of the grantees.

Save as disclosed herein, 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

The Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Wu Tak Lung (chairman of the Audit Committee), Dr. Wang Ching and Professor Chen Quan Shi. 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 2021 and this interim results announcement, and recommended the adoption by the Board.

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

Hong Kong, 30 August 2021

As at the date of this announcement, the Board comprises Ms. Wei Ching Lien, Mr. Chen Bin Bo and Ms. Chin Chien Ya, being executive Directors; and Dr. Wang Ching, Mr. Wu Tak Lung and Professor Chen Quan Shi, being independent non-executive Directors.