MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

2022
INTERIM REPORT

CORE VALUES

- Integrity
- Teamwork
- Trust
- Embrace change

VISION

We create beauty in motion with intelligence

MISSION

Make automobiles lighter, prettier and more intelligent

TARGET

To be the top 50 global auto parts supplier in 2025

This interim report is printed on environmental paper

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

CORPORATE INFORMATION

THE BOARD

Executive directors

Wei Ching Lien *(Chairperson and Chief Executive Officer (appointed on 13 June 2022))*
Chin Chien Ya
Ye Guo Qiang *(appointed on 31 May 2022)*
Chen Bin Bo *(retired as Executive Director and resigned as Chief Executive Officer on 31 May 2022)*

Independent non-executive directors

Wang Ching
Wu Tak Lung
Chen Quan Shi

COMPANY SECRETARY

Yi Lei Li

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STOCK CODE

SEHK Code: 0425

INDUSTRY OVERVIEW

During the six months ended 30 June 2022 (the "Review Period"), the production and sales of China's passenger vehicles were approximately 10,434,000 units and approximately 10,355,000 units, respectively, representing a year-on-year increase of approximately 6.0% and approximately 3.4%. The resurgence of COVID-19 and the corresponding implementation of control and prevention policies, chip shortages and price fluctuations of raw materials at high range continued to dampen the automobile market to a certain extent. However, with the gradual recovery of consumer demand, as well as the active optimisation of the supply chain structure by OEMs and the rapid resumption of production, coupled with a series of stimulus measures taken by the central and local governments to boost market vitality, the overall passenger vehicle market in China recorded growth during the Review Period. As to market segments, the production and sales of sedans increased by approximately 8.2% and approximately 6.1% respectively as compared to the same period last year. SUVs recorded year-on-year increases in production and sales of approximately 7.1% and approximately 3.3% respectively, while the production and sales of MPVs decreased by approximately 18.3% and approximately 15.7% over the same period last year, respectively. During the Review Period, in terms of performance by product origins, under the impact of control and prevention policies against COVID-19 and chip shortage, the market share of German and Japanese OEMs in China was approximately 19.7% and approximately 20.7%, respectively, representing a decrease compared to the same period last year; the market share of American OEMs in China was approximately 9.1% and remained at similar level compared to the same period last year, while the market share of Korean OEMs in China was approximately 1.5% and continued to fall due to their less competitive models. Chinese brands had significantly increased their market share in China to approximately 48.0% through their accurate grasp of the Chinese customer preference and reliance on the advantages of the local supply chain. In terms of performance by powertrain, the shift to electric vehicles remained robust and the production and sales of new energy vehicles ("NEVs") amounted to approximately 2,661,000 units and approximately 2,600,000 units, representing an increase of approximately 118.2% and 115.0%, respectively, as compared to the same period last year, and the market penetration rate had exceeded 20%.

During the Review Period, the global light vehicle market was lackluster due to factors such as the resurgence of the pandemic, supply chain shortages and the Russia-Ukraine war. According to LMC Automotive, during the Review Period, global sales of light vehicles amounted to approximately 38,468,000 units, representing a decrease of approximately 8.5% on an annual basis, with all major markets recording substantial decline, except China, India and Thailand. Among mature markets during the Review Period, sales in the United States (the "US") market were approximately 6,864,000 units, registering a year-on-year decrease of approximately 17.8%, and the sales in the Western European market were approximately 5,020,000 units, representing a year-on-year decrease of approximately 14.3%. During the Review Period, sales in the Japanese market were approximately 1,286,000 units, representing a year-on-year decrease of approximately 15.5%. Among major emerging markets, during the Review Period, the Brazilian market decreased by approximately 15.0% on an annual basis while the Indian and Thai markets increased by approximately 19.0% and approximately 14.5% respectively on an annual basis. Furthermore, during the Review Period, sales in the Mexican market decreased by approximately 0.4% and sales in Russia slumped by approximately 57.5% on an annual basis.

COMPANY OVERVIEW

Minth Group Limited (the "Company") together with its subsidiaries (collectively the "Group") is primarily engaged in two major businesses, namely the research and development ("R&D"), production and sales of auto parts, 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, production and sales networks in China, the US, Mexico, Germany, the United Kingdom, Serbia, the Czech Republic, Thailand, Japan, etc., and intends to establish new production bases in France and Poland to continuously provide 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 improve operating efficiency through effective synergy among their respective project centres, development centres and factory production functions, while facilitating the nurturing of professional talent reserve with global vision, thus fortifying the Group's core competitiveness in terms of technology, product and talent. Meanwhile, the Group optimised its product planning and production capacity planning in consideration of actual demands of its global business development. The Group has established a platform to conduct cost assessment for all of its products. Specific products already in mass production were given priority during the optimisation process through benchmarking against products of the same type to minimise waste in each process, and balancing and resource deployment were made to the Group's production capacity in its global production bases with business demand assessment and foresight to improve its adaptability to volatile external circumstances.

During the Review Period, the Group continued to deepen the implementation of the Minth Operation Excellence System ("MOS") (敏實卓越運營系統). At its manufacturing plants in China, Thailand, Mexico, and Serbia, the Group continued to improve the cost and loss model using the cost attribution matrix pillar, focusing on production site management to intensively explore the waste and losses incurred in the operation process, conduct analysis in a more detailed manner and develop effective solutions for improvement to boost 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. The BUs are completing the MOS talent layout and establishing an echelon of teams utilising the LUTI (Learn/Use/Teach/Inspect) system. The Group continued to utilise MOS as the assessment standard and identified eight perspectives (including management, "environment/quality/safety", cost, human resources, production excellence, equipment maintenance, logistics and supply chain) as the principal management elements of its plant operations, promoted exchanges and appraisals among its factories, further improved and established a more competitive standard product cycle time, so that best practices could be quickly standardised and replicated in its plants at various locations globally. In the course of MOS implementation, the Group has also been seeking improvements continuously. During the Review Period, the Group optimised primary-stage product management as an evaluation criterion to reduce the risks and costs incurred prior to mass 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 all operating factories 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 exchange and interaction with its customers, the Group remained committed to the provision of systematic solution to customers' internal combustion engine vehicle models and NEV models by deepening its understanding of customer demands in relation to product, technology and material innovation. During the Review Period, while ensuring the smooth mass production for several battery-housing projects, the Group endeavoured to push forward the market expansion for innovative product offerings, such as body and chassis components and intelligent exterior decorative parts, and had obtained multiple orders, including products such as intelligent front modules, plastic tailgates, bumper beams and stiffener sills, with a view to assuring continual growth of the Group's revenue in the future.

The rapid development and widespread application of digitalisation are having a profound impact on numerous industries, including the manufacturing industry, and the Group is actively embracing change and promoting digital transformation in this trend. During the Review Period, 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 both domestic and overseas factories, with the aim of realising rapid collaborative handling of orders, multi-dimensional intelligent operation, interconnection and interoperability among various segments, 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 project has completed construction of factory, global interactive experience centre, global empowerment centre and its global big data centre, and some workshops have already commenced mass production. Equipped with systems or functions such as MES, warehouse management system, 3D visualisation and industrial internet at the preliminary stage, Factory of the Future is able to run as an unmanned factory and a lights-out factory. At the same time, the Group has also built an ecological farm in Factory of the Future to construct a brand-new prototype of the Group's industrial ecosystem featuring the beauty of intelligent manufacturing, humanistic care and eco-friendliness, which will be replicated when the operation model of Factory of the Future 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, health and occupational safety ("EHS") based on its EHS system, to achieve the goal of green manufacturing with intelligence and sustainable development, gradually finish the construction of both energy system and carbon emission management system, fulfil corporate social responsibilities ("CSR") and gradually promote and develop Minth's sustainability management system.

During the Review Period, the Group has been implementing the strategic goals of achieving carbon peaking by 2030 and carbon neutrality by 2050, and firmly implemented the industrial layout goal of "low-carbon R&D and circular economy" and the excellent operation direction of "digitalization, green energy and green supply chain". The Group commenced greenhouse gas emission management based on ISO14064 system to examine and audit the carbon emission of the Group during the Review Period, which provided the Group with data support for its carbon neutrality strategy. During the Review Period, the Group initiated ISO50001 energy management training and implementation 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, to ensure the fulfilment of the annual energy management targets of the Group, with a view to completing ISO50001 audit and certification for its factories in China within 2022. The Group paid continuous attention to the responsibility toward various stakeholders, such as workers, consumers, environment and community, and continued to implement online and onsite audit on CSR, NQC-SAQ4.0 self-assessment and CDP online audit.

During the Review Period, in strict compliance with its EHS management concept and rules, the Group continued to strengthen its safety management with a focus on on-site operations to enhance the safety awareness of employees and to reinforce the management's awareness of risk identification in order to ensure operational safety at the factory level. The Group continued to introduce advanced technologies for wastewater, emissions and hazardous waste treatment to reduce pollutant emission, while increasing investment in waste recycling facilities, reducing the procurement of raw materials and supplies, lowering operating costs with enhanced operation management of the emission treatment facilities, as well as installing an online emission monitoring system to provide real-time monitoring 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 also taken greater heed of 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 EHS function of the Group comprehensively boosted its management and control capability in key EHS risks and continued to implement a mid-year "ten major red lines" audit and MOS-EHS pillar assessment against each factory in China, commenced compliance audit from multiple dimensions, passed the supervisory audit of the ISO45001 and ISO14001 System and identified and eliminated on-site key risks, which facilitated the Group to reduce the occurrence of fire accident and work-related injury so as to ensure safe and healthy operations of the Group eventually. During the Review Period, work-related injury rate per million working hours of the Group was 0.99 and no material safety, fire, environmental and occupational health incidents were reported.

During the Review Period, the Group officially issued the "Internal Control and Risk Management System of Minth Group" and "Internal Control and Risk Management Guidelines of Minth Group". Centring around the Group's development strategy and in combination with management model reforms and digital transformation, the Group kept updating and maintaining the authorisation framework. 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 and began to establish audit and risk control models to achieve risk identification and warning through the models and, in turn, control risks in a timely manner. At the same time, to create a sound business ethics environment for the Group and its stakeholders, the Group's ISO37001 anti-bribery system certification is in progress as planned, taking the certification as an opportunity to continuously improve the anti-corruption system, strengthen anti-corruption publicity and education, and enhance the construction of internal and external reporting channels. The Group formally issued the "Code of Business Conduct and Ethics of Minth Group" to all functional departments and operating units and updated the "Ethics and Compliance Whistleblowing Policy of Minth Group", which clarifies and regulates the Group's requirements and commitments on business ethics and compliance at the institutional level, and protects and rewards the reporting of bribery, other fraudulent matters and violations of business ethics at the institutional level. 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 RMB7,252,100,000, representing an increase of approximately 8.9% as compared with approximately RMB6,659,671,000 in the same period in 2021, of which the domestic revenue of the Group was approximately RMB3,894,711,000, representing an increase of approximately 2.8% as compared with approximately RMB3,787,155,000 in the same period in 2021; the overseas revenue of the Group was approximately RMB3,357,389,000, representing an increase of approximately 16.9% as compared with approximately RMB2,872,516,000 in the same period in 2021.

During the Review Period, the Group continued to delve into and make significant breakthroughs in innovative products. In terms of battery-housing business, the Group won an order for battery housings of a major global platform vehicle model of Mercedes-Benz, and became the largest partner for battery housing of Mercedes-Benz; at the same time, the Group secured orders for battery housing for two more platform models from Stellantis, consolidating the Group's position as the core supplier of battery housing in Stellantis. In addition, the Group also secured orders for battery housing from Lucid, the second largest NEV start-up company in North America. During the Review Period, the Group kept up with the accelerated development of intelligence and reported frequent successes in intelligent exterior decorative parts and intelligent tailgates. In terms of intelligent exterior decorative parts, the Group secured orders for illuminated emblems and illuminated grilles from clients such as Geely, Volkswagen and General Motors, and won an order for smart B pillar cover from a Chinese brand, making it one of the few suppliers in the world to complete the development of the entire smart pillar assembly independently. In terms of intelligent tailgates, the Group was admitted to Nissan's supplier system for the first time and secured orders for one of the Venucia models. During the Review Period, the Group also continued to increase its customer coverage and penetration in traditional products. In addition to securing orders from BYD, the Group was also admitted to the supplier system of NEV start-ups such as Leapmotor, HOZON and JiDU; the Group was awarded the roof rack business by Honda in Japan for the first time, breaking through the stronghold in Honda's system. In terms of aluminium trims, the Group secured all orders for aluminium trims of Mercedes-Benz C-class electric vehicles, while maintaining its dominant position in Mercedes-Benz's aluminum trim and roof rack business in the North American market. Diversifying product pipeline and customer base are expected to give impetus to the sustainable growth of the Group's results in the long run.

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 2022, the Group finished the establishment of production lines for aluminium battery housings and other products in various locations globally, which gradually commenced mass production. In terms of domestic plant construction, the battery housing plant in Shenyang has entered the 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 projects have started to enter the trial mass production stage. As for the Group's Serbian plant, the Group has dispatched a number of experienced staff to Serbia to support and ensure the smooth ramp-up of the mass-production projects and the improvement of the overall operational efficiency. During the Review Period, the Group signed a memorandum of understanding with Renault to set up a joint venture in France, which will supply battery housings for multiple electric vehicle models of Renault. During the Review Period, the infrastructure of the Group's Polish plant was under construction, which helped the Group further complete its layout in Europe. Moreover, the chrome plating production lines and painting production lines in the Group's US plants have successfully entered mass production stage. Increasing global presence has enabled the Group to meet the demands for proximal supplies from its worldwide customers and further reinforced and consolidated the global competitiveness of its core products.

During the Review Period, the ongoing global pandemic continued to disrupt the normal operation of the automobile industry, coupled with the short-term lockdown policy due to the outbreak of the pandemic in some regions of China as well as the impact of the Russia-Ukraine war, the global environment of the automobile industry was challenging. To effectively reduce the ongoing impact of the outbreak and respond to the short-term lockdown policy, the Group has remained vigilant at all times and conducted the implementation work in accordance with the pandemic prevention and control response plan and emergency plan, in order to achieve the normal delivery of products while ensuring compliance, health and safety. In response to the impact of the Russia-Ukraine war, the Group set up 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. Meanwhile, the Group also implemented control measures by streamlining its processes, enhancing efficiency 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. During the Review Period, in the face of the negative impact of various factors on the automobile market, several government departments in the PRC worked together to jointly implement a number of stimulus policies, which have achieved initial results in boosting the production and sales of automobiles, and the Group's sales and production and operational efficiency have also been boosted as a result.

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 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, strengthens the self-initiated R&D and innovative research capability in respect of basic materials, products and technology, and continues 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 intends to firmly grasp the differences in product and technology requirements of various customers and the development trend; through self-innovation and cooperation with world-leading enterprises to promote technical breakthrough of processing technology, the Group prospectively improves the R&D capability and management efficiency as a whole 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 core strategic partner to OEM customers.

The Group will continue to engage in innovative research and development 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. For battery-housing and body and chassis parts, the Group has been cultivating the battery housing business and honing its competitive advantage to become a system solution provider. The Group, with its full-range vertical integration capabilities, has been growing to be a preferred partner for multiple global automotive OEMs. The Group's battery-housing solutions have been recognised by numerous customers, in particular, during the Review Period, the Group signed a memorandum of understanding with Renault with the intention to set up a joint venture factory in France, which will develop and provide battery-housings for multiple electric vehicle models of Renault in the future. During the Review Period, the Group continued to win the nomination from mainstream traditional OEMs and NEV start-ups, further consolidating the Group's leading position as one of the largest aluminium 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 align with 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 material. Meanwhile, based on its battery housing techniques and processing technologies, the Group has been gradually tapping into complementary parts and successfully developed products, such as front and rear crash management systems, subframes and other die casting structural parts, and started to see order inflows, which would help the Group achieve integration of battery housings and chassis structure progressively. 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. The Group has actively deployed in the field of intelligent door systems, including application scenarios such as intelligent access and automatic opening, providing solutions such as intelligent pillar cover with face recognition function, electric shutter driving mechanism and ultralight door, which have obtained technical approval from several OEMs. During the Review Period, the Group won an order for smart B pillar cover assembly from a Chinese brand, making it one of the few suppliers in the world to complete the development of the entire assembly independently.

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. During the Review Period, in terms of research and innovation of ultra-high-performance structural aluminium for automobiles, the Group has reached advanced level in the global market and has successively achieved technical breakthroughs in high yield strength crash resistant aluminium alloy. As at 30 June 2022, the Group has obtained over 40 core patents in terms of material formula and processing technology, which have been widely applied in the battery housings and body structural parts of mainstream OEMs, such as BMW, Benz, Audi and Volkswagen, demonstrating the Group's comprehensive capability as a market player with leading position in the Asia-Pacific region and the world. Meanwhile, to respond to the carbon neutrality target in various major markets in the world, the Group emphasises the R&D of green and low-carbon materials and utilises eco-friendly aluminium and recycled aluminium as raw materials to complete the development of proprietary ECO-ALUMIN® S series aluminium, which could meet the aluminium alloy requirement of mainstream OEMs in respect of crash resistance of 280MPa level.

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 during the Review Period. 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), the "Zhejiang Province Patent Excellence Award" (浙江省專利優秀獎) and "High Value Proprietary Offering Enterprise" (高價值專利組合企業). The Group also actively improves its patent planning in both domestic and overseas markets, and has initiated trademark related efforts in corporate brand, product and technology of the Group. During the Review Period, 251 patent applications were newly filed for approval by the Group, among which 10 applications were related to overseas patents. 319 patents and 192 trademark registration filings were authorised by competent authorities during the Review Period.

FINANCIAL REVIEW

	Six months ended 30 June 2022 RMB'000	Six months ended 30 June 2021 RMB'000
Revenue	**7,252,100**	6,659,671
Gross profit	**2,113,732**	2,122,245
Profit before tax	**796,711**	1,094,340
Income tax expense	**(118,558)**	(147,140)
Profit for the period attributable to:		
Owners of the Company	**657,601**	901,096
Non-controlling interests	**20,552**	46,104

RESULTS

During the Review Period, the Group's revenue was approximately RMB7,252,100,000, representing an increase of approximately 8.9% from approximately RMB6,659,671,000 in the same period in 2021. During the Review Period, although the global automobile market was affected by factors such as chip shortage, Russia-Ukraine war and the pandemic, given the mass production of the Group's battery-housing business, coupled with the good performance of major auxiliary vehicles for overseas customers in terms of sales volume, the Group achieved considerable revenue growth.

During the Review Period, the profit attributable to owners of the Company was approximately RMB657,601,000, representing a decrease of approximately 27.0% from approximately RMB901,096,000 in the same period in 2021. After excluding the effect of the one-off gains upon disposal of subsidiaries in the same period in 2021, the profit attributable to owners of the Company during the Review Period would have decreased by approximately 4.5% as compared to the same period in 2021, which was mainly due to the increase in distribution and selling expenses and research expenditures during the Review Period.

SEGMENT REVENUE

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

Segment category	Six months ended 30 June 2022 RMB'000	%	Six months ended 30 June 2021 RMB'000	%
Metal & Trim	2,547,561	35.1	2,353,548	35.3
Plastic	2,095,181	28.9	1,958,618	29.4
Aluminum	1,739,014	23.9	1,742,446	26.2
Battery-housing	497,817	6.9	93,050	1.4
Others	859,797	11.9	808,672	12.1
Elimination	(487,270)	(6.7)	(296,663)	(4.4)
Total revenue	7,252,100	100.0	6,659,671	100.0

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

Customer category	Six months ended 30 June 2022 RMB'000	%	Six months ended 30 June 2021 RMB'000	%
Domestic	3,894,711	53.7	3,787,155	56.9
Overseas	3,357,389	46.3	2,872,516	43.1
Total revenue	7,252,100	100.0	6,659,671	100.0

GROSS PROFIT

During the Review Period, the Group's overall gross profit margin was approximately 29.1%, representing a decrease of approximately 2.8% from approximately 31.9% in the same period in 2021. It was mainly due to the fact that during the Review Period, the Group faced the pressures of ASP decline in prices of old model products and volatility of price of raw materials at high levels. Meanwhile, the Group witnessed an increasing percentage of revenue from certain overseas companies during their ramp-up period, which dragged down the Group's gross profit margin. In this regard, the Group continued to enhance production efficiency and production yield through adopting measures such as lean production and technology upgrade, so as to partly offset the decrease in overall gross profit margin.

INVESTMENT INCOME

During the Review Period, the investment income of the Group was approximately RMB152,874,000, representing an increase of approximately RMB19,255,000 from approximately RMB133,619,000 in the same period in 2021. 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 RMB156,223,000, representing an increase of approximately RMB38,069,000 from approximately RMB118,154,000 in the same period in 2021. It was mainly attributable to the increases in government grants related to income and profits from material sales.

OTHER GAINS AND LOSSES

During the Review Period, the Group's other gains and losses amounted to a net gain of approximately RMB20,449,000, representing a decrease of approximately RMB179,957,000 as compared to the net gain of approximately RMB200,406,000 in the same period in 2021. It was mainly attributable to the gains on disposal of subsidiaries recognised in the same period in 2021 but no such gains during the Review Period.

DISTRIBUTION AND SELLING EXPENSES

During the Review Period, the Group's distribution and selling expenses were approximately RMB449,927,000, representing an increase of approximately RMB109,618,000 from approximately RMB340,309,000 in the same period in 2021. It accounted for approximately 6.2% of the Group's revenue, representing an increase of approximately 1.1% from approximately 5.1% in the same period in 2021. It was mainly attributable to the Group's increase in revenue, as well as increased port and railway congestion due to the global pandemic which led to a continued high price in the global shipping market and an increase in the Group's unit transportation costs, the combined effects of which resulted in an 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 RMB551,310,000, representing a decrease of approximately RMB37,003,000 from approximately RMB588,313,000 in the same period in 2021. It accounted for approximately 7.6% of the Group's revenue, representing a decrease of approximately 1.2% from approximately 8.8% in the same period in 2021, which was mainly due to the Group's strict control on relevant expenses such as labour costs and the decrease in option expenses during the Review Period.

RESEARCH EXPENDITURES

During the Review Period, the research expenditures of the Group amounted to approximately RMB507,284,000, representing an increase of approximately RMB79,820,000 from approximately RMB427,464,000 in the same period in 2021. It accounted for approximately 7.0% of the Group's revenue, representing an increase of approximately 0.6% from approximately 6.4% in the same period in 2021. It was mainly due to the Group's continuous effort in promoting the R&D of innovative products and relevant technologies such as battery-housing, body and chassis components and intelligent exterior decorative parts during the Review Period to maintain its market competitiveness and sustainable development, while recruiting senior R&D talents to further enhance its R&D capability, which collectively increased the research expenditures as a percentage to the revenue as compared to the same period in 2021.

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 RMB14,576,000, representing an increase of approximately RMB8,325,000 from the net profit of approximately RMB6,251,000 in the same period in 2021. It was mainly attributable to the turnaround of one of the joint ventures from loss to profit 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 RMB9,200,000, representing a decrease of approximately RMB12,178,000 from the net profit of approximately RMB2,978,000 in the same period in 2021. It was mainly due to the increase in loss of one of the associates during the Review Period.

INCOME TAX EXPENSE

During the Review Period, the Group's income tax expense was approximately RMB118,558,000, representing a decrease of approximately RMB28,582,000 from approximately RMB147,140,000 in the same period in 2021.

During the Review Period, the effective tax rate was approximately 14.9%, representing an increase of approximately 1.5% from approximately 13.4% in the same period in 2021. It was mainly due to the decrease in income tax settlement refund of the Group during the Review Period as compared to the same period in 2021.

PROFITS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB20,552,000, representing a decrease of approximately RMB25,552,000 from approximately RMB46,104,000 in the same period in 2021. It was mainly attributable to the decrease in net profit of non-wholly owned subsidiaries during the Review Period as compared to that in the same period in 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2022, the Group's total amount of bank balances and cash and pledged bank deposits was approximately RMB4,834,582,000, representing a decrease of approximately RMB1,702,987,000 as compared to approximately RMB6,537,569,000 as of 31 December 2021. As of 30 June 2022, the Group's low-cost borrowings in aggregate amounted to approximately RMB7,329,077,000, among which the equivalent of approximately RMB3,396,090,000, approximately RMB2,499,413,000, approximately RMB1,173,237,000, approximately RMB150,002,000, approximately RMB57,769,000, approximately RMB34,550,000 and approximately RMB18,016,000 were denominated in US Dollar ("USD"), Euro ("EUR"), RMB, Thai Baht ("THB"), Great Britain Pound, Hong Kong Dollar ("HKD") and Taiwan New Dollar ("NTD") respectively, representing an increase of approximately RMB185,487,000 as compared to approximately RMB7,143,590,000 as of 31 December 2021. It was mainly attributable to borrowings made by the Group considering exchange rates, interest rates and consolidated gain on capital operations. As of 30 June 2022, the Group has strictly complied with all bank loan terms as well as the Group's treasury objectives to oversee and reduce any and all funding risks that may be triggered from exchange rates and interest rates.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB357,370,000, representing a decrease of approximately RMB386,624,000 from approximately RMB743,994,000 in the same period in 2021. It was mainly attributable to the growth in Group's battery-housing and overseas business, coupled with the extended shipping cycles, which resulted in an increase of the capital used in inventories during the Review Period.

Trade receivables turnover days were approximately 77 days, decreased by approximately 1 day from the approximately 78 days for the same period in 2021.

Trade payables turnover days were approximately 81 days, increased by approximately 2 days from approximately 79 days for the same period in 2021.

Inventory turnover days were approximately 113 days, increased by approximately 13 days from approximately 100 days for the same period in 2021, which was mainly due to the fact that during the Review Period the Group increased inventory reserve due to mass production of the battery-housing business. In the meantime, inventory turnover slowed down due to a combination of factors, such as longer shipping cycles due to the impact of the COVID-19 pandemic and order fluctuations due to the Russia-Ukraine war and the shortage of chips on the customer side; in addition, the Group is actively stocking up to prepare for the order recovery in the second half of the year.

The Group's current ratio was approximately 1.4 as of 30 June 2022, decreased by approximately 0.2 from approximately 1.6 as of 31 December 2021. As of 30 June 2022, the Group's gearing ratio was approximately 27.8% (31 December 2021: approximately 27.4%), which was a percentage calculated by dividing interest-bearing borrowings 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 2022 (Unaudited) RMB'000	At 31 December 2021 (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	**756,051**	732,528

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2022, the balance of the Group's bank borrowings was approximately RMB7,329,077,000, of which approximately RMB1,267,407,000 was on fixed interest rates, and approximately RMB6,061,670,000 was on floating interest rates. These borrowings had no seasonality features. In addition, approximately RMB5,309,777,000 of the borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalents of approximately RMB2,775,815,000, approximately RMB2,499,412,000 and approximately RMB34,550,000 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 2022, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB270,419,000, of which approximately RMB147,481,000 was denominated in EUR, approximately RMB69,888,000 was denominated in USD, approximately RMB35,225,000 was denominated in Japanese Yen ("JPY"), approximately RMB11,241,000 was denominated in Peso Mexico ("MXN"), approximately RMB6,546,000 was denominated in HKD, the remainder of approximately RMB38,000 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 2022, the Group had no contingent liabilities (31 December 2021: Nil).

MORTGAGED ASSETS

As of 30 June 2022, the Group had borrowings of USD1,000,000 (equivalent to approximately RMB6,711,000) and RMB5,000,000, which were charged by land with book value of NTD48,000,000 (equivalent to approximately RMB11,136,000).

As of 30 June 2022, the Group had borrowings of approximately RMB30,000,000 and issued bills payables of approximately RMB213,109,000 due within 6 months, which were pledged by bills receivables with par value of approximately RMB7,688,000 and bank deposits of RMB100,000,000. The borrowings are to be settled in RMB (31 December 2021: the Group had borrowings of approximately RMB322,481,000 and issued bills payables of approximately RMB207,954,000 due within 6 months, which were pledged by bills receivables with par value of approximately RMB114,389,000 and bank deposits of RMB904,000,000. The borrowings are to be settled in RMB).

Save as disclosed above and in the note 24 to the condensed consolidated financial statements, the Group did not have any other charge on its assets as of 30 June 2022.

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 RMB1,703,306,000 (the same period in 2021: approximately RMB1,504,326,000), 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 overseas 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.

CHARGES ON GROUP ASSETS

Save and except the Group's borrowings of USD1,000,000 (equivalent to approximately RMB6,711,000) and RMB5,000,000, which were charged by land with book value of NTD48,000,000 (equivalent to approximately RMB11,136,000), the Group did not have any other charge on its assets as of 30 June 2022.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

As of 30 June 2022, the Group had a total of 19,758 employees, increased by 399 as compared to that as of 31 December 2021. The increase was mainly due to rapid growth of NEV markets around the globe, the Group's enhanced efforts to develop and strengthen its innovation and R&D team, increasing number of mass production projects in the Group's overseas operations, steady and progressive implementation of the Group's overseas layout during the Review Period.

During the Review Period, under the progress of the culture of "love — demanding and caring", the Group further implemented the concept of overall wellness in full by facilitating the continuous enhancement of awareness on overall wellness and initiating "one-to-one" care for employees while holding overall wellness workshops in various regions to inspire employees' self-awareness and growth. Meanwhile, the Group continued the development and embedding of family happiness through the "Couple's Relationship Camp" and "Family Drawing Room" sessions, of which the "Family Drawing Room" session has been extended to factories in North America, Thailand and Serbia, and will be implemented in other overseas factories in the future. Given the continuous development of the Group's international business, in order to enhance the overall wellness of its overseas dispatched employees, the Group has launched a comprehensive care project for these employees, including family care and education support for their children, staff career development planning, cross-cultural counseling and ability enhancement. In addition, different forms of babysitting and childcare projects for kids of Minth staff and a series of senior caring projects which provide employees' parents a platform for knowledge learning, companionship, and ability and happiness enhancement are underway.

In the face of everchanging competitive landscape in the global market and the Group's governance and business development plans, during the Review Period, the Group further improved the management and decision-making mechanisms of core senior management to enhance the quality and efficiency of major decisions; further streamlined and optimised the global management and effective synergy of headquarter functions, R&D, sales and BUs to continuously enhance overall efficiency and competitiveness; in accordance with the Group's strategy and business plan, each BU has progressed the business layout and organisation establishment in Europe and North America in an orderly manner, laying an important foundation for the next stage of business growth and sustainable development; the Group gradually explored and put into practice a market-oriented operation and settlement mechanism for its shared service functions, so as to activate resources and efficiency, while accelerating the establishment of its overseas shared service function, and initially setting up the Shared Service Centre in Serbia to provide professional and cost-competitive products and services to meet the needs of rapid development of the Group's European business. In the second half of 2022, the Group will further promote the implementation of organisational efficiency improvement, through continuous organisational streamlining and process optimisation, in-depth and solid reform and management, and continuous improvement of personnel and organisational efficiency to support the achievement of its business and strategic objectives.

On the front of talent development, during the Review Period, upon the basis of Group's expanding global footprint, progressive digital transformation and continuous R&D of new products and new technologies, the Group strived to upgrade the capabilities of its talents from the perspectives of digitalisation, strategy, innovation and global awareness. The Group continued to carry out various kinds of talent development work, including: (1) to carry out digital-related training for all staff to enhance the digital learning atmosphere and help improve work efficiency; (2) to carry out the overall leadership development project for the Group's employees in factory operation and management to help improve their strategic and visionary management capabilities; (3) to develop a talent development and assessment system and talent development and qualification standards for various teams to smooth talent development channels and drive employee growth and value contribution with qualification standards; (4) to select potential globalized talents from core teams to help them develop global vision and cross-cultural communication capability, to expand the Group's talent pool for overseas development. Looking forward to the second half of 2022, the Group will launch a strategic talent review and upon the results of which, it will continue to carry out various talent management work, especially the implementation of various talent development projects, so as to further build the team with problem-solving system and capability for the future and with global vision so as to build medium- and long-term strategic competitiveness.

The remuneration policy and package of the Group's employees are periodically reviewed. Apart from statutory benefits and in-house training programmes, discretionary bonuses, share awards and share options may be awarded to employees according to the assessment of individual performance. The total staff costs incurred by the Group during the Review Period were approximately RMB1,638 million (the same period in 2021: approximately RMB1,638 million).

DIRECTORS

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

Executive Directors

Wei Ching Lien *(Chairperson and Chief Executive Officer (appointed on 13 June 2022))*
Chin Chien Ya
Ye Guo Qiang *(appointed on 31 May 2022)*
Chen Bin Bo *(retired as Executive Director and resigned as Chief Executive Officer on 31 May 2022)*

Independent Non-executive Directors

Wang Ching
Wu Tak Lung
Chen Quan Shi

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

As at the date of the interim report, the number of Share Options that could still be granted under the 2022 Share Option Scheme was 116,183,579, representing approximately 10.00% of the 1,161,835,799 Shares in issue as at 23 August 2022, being the date of this interim report.

Details are as follows:

Name and category of participants	Number of Share Options (Note 1) Outstanding as at 1 January 2022	Granted during the Review Period	Exercised during the Review Period	Lapsed during the Review Period	Outstanding as at 30 June 2022	Date of grant (Note 5)	Exercise period (Note 6)	Exercise price of the Share Options (HKD) (Note 7)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Directors, chief executives, and substantial Shareholders and their respective connected persons									
Mr. Chen Bin Bo (Note 2)	1,000,000	—	—	—	1,000,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Ms. Chin Chien Ya (Note 3)	100,000	—	—	—	100,000	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	150,000	—	—	—	150,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Dr. Wang Ching	100,000	—	—	—	100,000	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	100,000	—	—	—	100,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Mr. Wu Tak Lung	100,000	—	—	—	100,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Mr. Ye Guo Qiang (Note 4)	110,000	—	—	—	110,000	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	250,000	—	—	—	250,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Subtotal	1,910,000	—	—	—	1,910,000				
Other Participants	17,651,500	—	—	414,000	17,237,500	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
	22,979,700	—	435,300	650,400	21,894,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	36.38
Subtotal	40,631,200	—	435,300	1,064,400	39,131,500				
Total	42,541,200	—	435,300	1,064,400	41,041,500				

Note 1: Numbers of Shares over which options granted under the 2012 Share Option Scheme are exercisable.

Note 2: Mr. Chen Bin Bo ("Mr. Chen") retired as an executive Director of the Company with effect from 31 May 2022.

Note 3: Ms. Chin Chien Ya ("Ms. Chin") is the daughter of Ms. Wei Ching Lien ("Ms. Wei", an executive Director and Chairperson of the Company), and an executive Director of the Company.

Note 4: Mr. Ye Guo Qiang ("Mr. Ye") was appointed as an executive Director of the Company with effect from 31 May 2022.

Note 5: The closing price of the Shares immediately before the date on which the Share Options were granted pursuant to the 2012 Share Option Scheme on (i) 10 April 2018, i.e. on 9 April 2018 was HKD37.65, and (ii) 28 July 2020, i.e. on 27 July 2020 was HKD22.40.

Note 6: The option period for the Share Options granted on 10 April 2018 is for five years eight months and twenty-one days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 April 2019; (ii) up to a further 30% of the Share Options granted on or after 1 April 2020; and (iii) all of the remaining Share Options granted on or after 1 April 2021. The option period for the Share Options granted on 28 July 2020 is for five years five months and three days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 July 2021; (ii) up to a further 30% of the Share Options granted on or after 1 July 2022; and (iii) all of the remaining Share Options granted on or after 1 July 2023.

Note 7: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

During the Review Period, the Grantees of the Share Option Schemes exercised 435,300 Share Options in accordance with the rules and terms of the 2012 Share Option Scheme, and 1,064,400 Share Options lapsed as a result of the resignations of grantees. For the fair value of the Share Options granted, please refer to note 21 to the condensed consolidated financial statements.

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

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, the continuous and multiple outbreaks of the pandemic have significantly impacted the Chinese automobile market, with great fluctuations in monthly production and sales of vehicles. In order to enhance the prospects for the automobile industry, OEMs have been launching new technologies and models, while the central and local governments have issued a series of policies to stimulate auto consumption, which have played a positive role in promoting auto production and consumption. During the Review Period, the increase in the production and sales of passenger vehicles demonstrated the strong consumption resilience and potential of the Chinese automobile market. The production and sales of NEVs continued their rapid growth as a striking highlight of the market, the share of compact NEVs began to increase and the market showed a diversified development trend, which broke the market structure with the outperformance of both high-end and low-end models in the past. In addition, Chinese brands were less impacted by chip shortage, and have achieved strong performance and significantly increased their market shares following the development of premiumisation and electrification. Propelled by factors such as positive results of the pandemic control measures, the gradual recovery of chip supply, downward treads of raw material and freight costs, stimulus policies which are issued to boost market confidence, the Chinese passenger vehicles market is expected to grow in the second half of the year. According to the forecast of China Association of Automobile Manufacturers, the sales of passenger vehicles in China in 2022 is expected to be around 23 million units, representing a year-on-year growth of around 7%.

During the Review Period, the global economic growth slowed down, and the global automobile market was in a slump due to the auto production disruption and reduced potential demand arising from the continued pandemic, the Russia-Ukraine war, supply chain disruption and other issues. However, as the global pandemic control subsides and supply improves, industry demand is expected to recover. According to S&P Global Mobility's forecast, global light vehicle production in 2022 is expected to be around 80.36 million units, representing a year-on-year increase of approximately 4.1%.

In the backdrop of tightening policies on carbon emissions, auto companies have accelerated the pace of transformation to electrification and promoted the upgrade of electric and intelligent products. Autonomous driving, vehicle-internet connectivity and AI technologies are leading profound structural changes in the auto industry chain, and consumer demand for customised intelligent experiences in vehicles is gradually increasing. The partnership between OEM customers and system integration suppliers is becoming closer and the interdependence between them will be higher.

The Group will actively address the severe challenges brought by the global political, economic and pandemic situations. The Group will closely monitor the changes in the macro-environment 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 global competitiveness in traditional products and continue to sharpen its competitive edges by using the most advanced equipment and processes to achieve scale benefit and continue to optimise its surface treatment processes. In the meantime, the Group will further reinforce its overall operations and constantly increase the share for its traditional products in global segment market. Besides, climate change is driving enterprises to pay increasing attention to the importance of sustainable development, and the rapid development of internet connectivity, electrification and autonomous driving has brought many development opportunities. In the face of such changes, 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 research and development, continuously achieving product innovation and building world-leading competitiveness to meet the challenges brought by the tremendous changes in the automobile industry.

The Group will further optimise the 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 to maximise the replication or sharing of advantages of its global plants in technology, management, cost, resource and talent and comprehensively enhance its global competitiveness.

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 peaking and carbon neutrality for the Group through in-depth application of next-generation digital technologies. The Group is also committed to 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 digitalised 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 respond to uncertainties of the macro-environment and achieve value positioning in a more flexible manner. In addition to its focus on the development potentials of Chinese market, the Group has been vigorously developing new markets on a global basis. At the same time, the Group will ensure that it has a relatively independent operating space in each of its major market regions, thereby realising a dual-presence of globalisation and regionalisation to protect the Group's stable development while reducing the potential risks arising from changes in the external environment and geopolitical factors. The Group will further cooperate with regional governments in its development, and at the same time, actively fulfil its corporate social responsibility. In an era of both opportunities and challenges, the Group will adhere to aggressive but steadfast development strategies and offer more system integration solutions and customised products and services to its clients by upgrading and renovating its traditional products while developing new products; at the same time, with Factory of the Future as the starting point, the Group will comprehensively promote the planning and construction of digital transformation, rapidly enhance its digital capability, and strive to become a global leader in the auto parts industry.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (the same period in 2021: nil).

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, the interests or short positions of substantial Shareholders, other than the Directors or the chief executives of the Company, in the Shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Long/Short Position	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Chin Jong Hwa ("Mr. Chin")	Interest of controlled corporations	Long position	450,072,000 (Note 2)	38.74%
Minth Holdings Limited ("Minth Holdings")	Beneficial owner	Long position	450,072,000 (Note 3)	38.74%
Mitsubishi UFJ Financial Group, Inc.	Interest of controlled corporations	Long position	92,633,580 (Note 4)	7.97%
Matthews International Capital Management, LLC	Investment manager	Long position	69,639,000	5.99%

Note 1: The percentage of the Company's issued share capital of 1,161,835,799 Shares as at 30 June 2022.

Note 2: As at 30 June 2022, Minth Holdings was beneficially interested in 450,072,000 Shares. Minth Holdings was wholly-owned by Mr. Chin and he was therefore deemed to be interested in the entire 450,072,000 Shares held by Minth Holdings.

Note 3: As at 30 June 2022, Minth Holdings, a company wholly-owned by Mr. Chin, was beneficially interested in 450,072,000 Shares.

Note 4: As at 30 June 2022, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Mitsubishi UFJ Financial Group, Inc.

Other than as disclosed above, as at 30 June 2022, the Company had not been acknowledged by any person of any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

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

As at 30 June 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would otherwise have to be notified to the Company and the Stock Exchange pursuant to Division 7 and Division 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wei Ching Lien	Company	Long position	Interest of spouse	450,072,000 (Note 2)	38.74%
Chen Bin Bo	Company	Long position	Beneficial owner	1,000,000 (Note 3)	0.09%
Chin Chien Ya	Company	Long position	Beneficial owner	250,000 (Note 4)	0.02%
Ye Guo Qiang	Company	Long position	Beneficial owner	360,000 (Note 5)	0.03%
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	200,000 (Note 4)	0.02%
Wu Tak Lung ("Mr. Wu")	Company	Long position	Beneficial owner	100,000 (Note 4)	0.01%

Note 1: The percentage of the Company's issued share capital is based on the 1,161,835,799 Shares issued as at 30 June 2022.

Note 2: As at 30 June 2022, Minth Holdings was beneficially interested in 450,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 450,072,000 Shares held by Minth Holdings. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei is deemed to be interested in the 450,072,000 Shares in which Mr. Chin is deemed to be interested.

Note 3: This figure represents the number of Share Options granted to Mr. Chen under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Chen will own 1,000,000 Shares. Mr. Chen retired as an executive Director of the Company with effect from 31 May 2022.

Note 4: These figures represent the number of Share Options granted to Ms. Chin, Dr. Wang and Mr. Wu under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Chin, Dr. Wang and Mr. Wu will own 250,000 Shares, 200,000 Shares and 100,000 Shares, respectively.

Note 5: This figure represents the number of Share Options granted to Mr. Ye under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Ye will own 360,000 Shares. Mr. Ye was appointed as an executive Director of the Company with effect from 31 May 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

EVENT AFTER THE REPORTING PERIOD

On 15 July 2022, the Company filed an application with the Shanghai Stock Exchange to withdraw its listing application made for its shares to be listed on the Sci-Tech Board ("RMB Share Issue"). Please refer to the announcements dated 1 December 2020, 4 March 2021, 14 April 2021, 23 March 2022, 13 April 2022 and 15 July 2022 and the circulars dated 19 March 2021 and 28 March 2022 of the Company for further details of the RMB Share Issue.

Save as disclosed above, there are no material events affecting the Group which have occurred after the end of the Review Period and up to the date of this interim report.

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

During the Review Period, the trustee of the Share Award Scheme has purchased a total of 3,000,000 shares of the Company on the Stock Exchange for a consideration of approximately HK$57,944,000 pursuant to the rules of the Share Award Scheme and the terms of the trust deed.

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 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 interim report.

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 2022 and this interim report, and recommended its adoption by the Board.

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

Hong Kong, 23 August 2022

TO THE BOARD OF DIRECTORS OF MINTH GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 84, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
	Notes	**2022 (Unaudited) RMB'000**	2021 (Unaudited) RMB'000
Revenue	3	**7,252,100**	6,659,671
Cost of sales		**(5,138,368)**	(4,537,426)
Gross profit		**2,113,732**	2,122,245
Investment income	4	**152,874**	133,619
Other income	5	**156,223**	118,154
Impairment losses under expected credit loss model, net of reversal	14	**(1,029)**	(929)
Other gains and losses	6	**20,449**	200,406
Distribution and selling expenses		**(449,927)**	(340,309)
Administrative expenses		**(551,310)**	(588,313)
Research expenditures		**(507,284)**	(427,464)
Interest expenses		**(142,393)**	(132,298)
Share of results of joint ventures		**14,576**	6,251
Share of results of associates		**(9,200)**	2,978
Profit before tax		**796,711**	1,094,340
Income tax expense	7	**(118,558)**	(147,140)
Profit for the period	8	**678,153**	947,200

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Note	Six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Other comprehensive income (expense):			
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		**7,849**	(15,914)
Fair value gain (loss) on:			
debt instruments measured at fair value through other comprehensive income		**567**	(1,454)
Other comprehensive income (expense) for the period (net of income tax)		**8,416**	(11,208)
Total comprehensive income for the period		**686,569**	935,992
Profit for the period attributable to:			
Owners of the Company		**657,601**	901,096
Non-controlling interests		**20,552**	46,104
		678,153	947,200
Total comprehensive income for the period attributable to:			
Owners of the Company		**673,856**	888,066
Non-controlling interests		**12,713**	47,926
		686,569	935,992
Earnings per share	10		
Basic		**RMB0.571**	RMB0.783
Diluted		**RMB0.571**	RMB0.778

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	**12,387,880**	11,623,394
Right-of-use assets	11	**1,081,592**	1,043,440
Goodwill		**98,030**	98,030
Other intangible assets		**70,370**	74,589
Interests in joint ventures		**218,769**	195,015
Interests in associates		**114,473**	122,601
Deferred tax assets		**233,868**	203,673
Prepayment for acquisition of property, plant and equipment		**666,190**	338,270
Contract assets	13	**774,884**	754,655
Contract costs		**148,228**	164,177
Plan assets		**2,065**	2,065
Derivative financial assets	15	**80,396**	34,093
		15,876,745	14,654,002
Current assets			
Inventories		**3,457,032**	2,960,843
Trade and other receivables	12	**5,518,625**	5,129,652
Contract assets	13	**270,039**	249,795
Derivative financial assets	15	**4,524**	2,144
Debt instruments at fair value through other comprehensive income		**50,796**	110,839
Pledged bank deposits	24	**241,550**	1,045,610
Bank balances and cash		**4,593,032**	5,491,959
		14,135,598	14,990,842

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Current liabilities			
Trade and other payables	16	**4,347,013**	4,250,385
Tax liabilities		**116,267**	133,779
Borrowings	17	**5,504,065**	4,888,450
Lease liabilities		**17,847**	19,691
Contract liabilities		**102,353**	83,206
Derivative financial liabilities	15	**9,093**	1,933
		10,096,638	9,377,444
Net current assets		**4,038,960**	5,613,398
Total assets less current liabilities		**19,915,705**	20,267,400
Capital and reserves			
Share capital	18	**116,255**	116,219
Share premium and reserves		**15,955,108**	15,906,753
Equity attributable to owners of the Company		**16,071,363**	16,022,972
Non-controlling interests		**571,636**	532,684
Total equity		**16,642,999**	16,555,656
Non-current liabilities			
Borrowings	17	**1,825,012**	2,255,140
Deferred tax liabilities		**183,050**	158,804
Retirement benefit obligations		**5,358**	5,358
Lease liabilities		**91,917**	99,802
Derivative financial liabilities	15	**–**	7,391
Deferred income	19	**165,349**	204,924
Other long-term liabilities	20	**1,002,020**	980,325
		3,272,706	3,711,744
		19,915,705	20,267,400

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (audited)	116,069	4,089,100	(222,075)	276,199	(9,406)	1,049,900	379,664	(1,058)	(105,026)	185,910	9,184,727	14,944,004	368,891	15,312,895
Profit for the period	–	–	–	–	–	–	–	–	–	–	901,096	901,096	46,104	947,200
Other comprehensive income for the period	–	–	–	–	–	–	–	(1,454)	(17,736)	–	–	(19,190)	1,822	(17,368)
Remeasurement of defined benefit obligation	–	–	–	–	–	–	–	–	–	–	6,160	6,160	–	6,160
Total comprehensive (expense) income for the period	–	–	–	–	–	–	–	(1,454)	(17,736)	–	907,256	888,066	47,926	935,992
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	–	51,251	–	51,251	–	51,251
Transfer to reserve fund	–	–	–	–	–	12,154	32,870	–	–	–	(45,024)	–	–	–
Transfer to other reserve for share option forfeited after the vesting date	–	–	–	–	4,602	–	–	–	–	(4,602)	–	–	–	–
Dividends recognised as distribution (note 9)	–	–	3,989	–	–	–	–	–	–	–	(554,110)	(550,121)	–	(550,121)
Exercise of share options	18	8,114	–	–	–	–	–	–	–	(1,566)	–	6,566	–	6,566
Others	–	–	–	–	4,000	–	–	–	–	–	–	4,000	–	4,000
At 30 June 2021 (unaudited)	116,087	4,097,214	(218,086)	276,199	(804)	1,062,054	412,534	(2,512)	(122,762)	230,993	9,492,849	15,343,766	416,817	15,760,583

	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	FVTOCI reserve RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022 (audited)	116,219	4,137,777	(218,086)	276,199	38,417	1,073,376	430,651	(814)	(129,399)	240,250	10,058,382	16,022,972	532,684	16,555,656
Profit for the period	–	–	–	–	–	–	–	–	–	–	657,601	657,601	20,552	678,153
Other comprehensive income for the period	–	–	–	–	–	–	–	567	15,688	–	–	16,255	(7,839)	8,416
Total comprehensive income for the period	–	–	–	–	–	–	–	567	15,688	–	657,601	673,856	12,713	686,569
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	–	28,390	–	28,390	–	28,390
Transfer to reserve fund	–	–	–	–	–	22,255	–	–	–	–	(22,255)	–	–	–
Transfer to other reserve for share option forfeited after the vesting date	–	–	–	–	4,296	–	–	–	–	(4,296)	–	–	–	–
Dividends recognised as distribution (note 9)	–	–	6,156	–	–	–	–	–	–	–	(621,768)	(615,612)	–	(615,612)
Exercise of share options	36	10,928	–	–	–	–	–	–	–	(2,476)	–	8,488	–	8,488
Capital contribution from non-controlling shareholders (note i)	–	–	–	–	–	–	–	–	–	–	–	–	26,239	26,239
Treasury stock (note 21)	–	–	(46,731)	–	–	–	–	–	–	–	–	(46,731)	–	(46,731)
At 30 June 2022 (unaudited)	116,255	4,148,705	(258,661)	276,199	42,713	1,095,631	430,651	(247)	(113,711)	261,868	10,071,960	16,071,363	571,636	16,642,999

Note:

(i) During the current interim period, Jiaxing Sinoone Investments Co., Ltd.* (嘉興司諾投資有限公司) ("Jiaxing Sinoone"), a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Tokai Kogyo Co., Ltd. ("Tokai Kogyo"), a minority shareholder of one subsidiary of the Group, pursuant to which Jiaxing Sinoone and Tokai Kogyo agree to set up Jiaxing Dongrong Minth Automotive Parts Co., Ltd.* (嘉興東榮敏實汽車零部件有限公司) ("Jiaxing Dongrong"),with the registered capital of USD 24,000,000 and each party holds 50% of the equity interest in Jiaxing Dongrong. According to the cooperation agreement, Jiaxing Sinoone has the right to approve the major matter of Jiaxing Dongrong alone on the Shareholders' Meeting, and appoint a majority of directors of the board of Jiaxing Dongrong, upon which Jiaxing Dongrong would be a 50% owned subsidiary of the Company. As at 30 June 2022, Jiaxing Dongrong has received the initial capital contribution of USD 8,000,000 (equivalent to approximately RMB52,478,000) from Tokai Kogyo and Jiaxing Sinoone.

* The English names are for identification purpose only.

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

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

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

The financial instruments measured at fair value through other comprehensive income ("FVTOCI") reserve represents the changes in fair value of bill receivables which was measured as debt instruments at FVTOCI upon the adoption of HKFRS 9 since 1 January 2018 in the condensed consolidated financial statements.

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH FROM OPERATING ACTIVITIES	**357,370**	743,994
NET CASH USED IN INVESTING ACTIVITIES:		
Proceeds from redemption of other financial assets and derivative financial instruments	**3,319,252**	5,391,087
Investment in other financial assets and derivative financial instruments	**(3,307,724)**	(4,909,936)
Receipt of government subsidies related to assets	**16,129**	219,826
Interest received	**76,607**	80,580
Dividend received from a joint venture	**5,000**	–
Proceeds on disposal of property, plant and equipment	**90,420**	77,320
Advance receipt from government	**–**	308,000
Payment for investment in a joint venture	**(14,178)**	(35,000)
Payment for investment in an associate	**(1,072)**	–
Placement of pledged bank deposits	**–**	(5,000)
Withdrawal of pledged bank deposits	**804,060**	60,511
Payment for right-of-use assets	**(53,797)**	(17,322)
Purchases of property, plant and equipment	**(1,649,509)**	(1,487,004)
Net cash inflow arising on settlement of consideration receivable in respect of disposal of subsidiaries in prior period	**–**	103,929
Net cash inflow arising on settlement of consideration receivable in respect of disposal of subsidiary in current period	**150,000**	–
Purchases of other intangible assets	**(12,538)**	(3,015)
	(577,350)	(216,024)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH USED IN FINANCING ACTIVITIES:		
Repayment of borrowings	**(13,101,324)**	(10,741,635)
Dividends paid to owners of the Company	**(615,612)**	(550,119)
Dividends paid to non-controlling shareholders	**(10,665)**	–
Interest paid	**(129,173)**	(118,643)
New borrowings raised	**13,203,151**	11,469,679
Repayment of other long-term liabilities	**–**	(68,550)
Proceeds from exercise of share options	**8,488**	6,566
Repayment of lease liabilities	**(13,472)**	(5,391)
Loan from related companies	**30,000**	–
Repayment to related companies	**(30,000)**	(62,800)
Capital contributions from non-controlling shareholders	**26,239**	–
Payment on repurchase shares as treasury stock	**(46,731)**	–
Transaction cost attributable to issue of new shares	**–**	(9,103)
	(679,099)	(79,996)
Net (decrease) increase in cash and cash equivalents	**(899,079)**	447,974
Cash and cash equivalents at 1 January	**5,491,959**	6,008,272
Effect of foreign exchange rate changes	**152**	(3,028)
Cash and cash equivalents at 30 June	**4,593,032**	6,453,218

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 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of Amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

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

2.1 Impacts and accounting policies on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

2.1.1 Accounting policies

Property, plant and equipment

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing the related assets functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss.

2.1.2 Transition and summary of effects

The application of the amendments has had no material impact on the Group's financial position and performance.

2.2 Impacts and accounting policies on application of Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract

2.2.1 Accounting policies

Provisions

Onerous contracts

For assessment of outstanding unfulfilled contracts as at 1 January 2022, the unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs of direct labor and material and an allocation of other costs of the depreciation charge for property, plant and equipment used in fulfilling contracts.

2.2.2 Transition and summary of effects

The Group has applied the amendments to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application, 1 January 2022.

The application of the amendments has had no material impact on the Group's financial position and performance.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

	Six months ended 30 June 2022 (unaudited)		
	Automobile body part RMB'000	**Mould RMB'000**	**Total RMB'000**
Types of goods or services			
Sales of goods	**6,791,419**	**460,681**	**7,252,100**
Geographical markets			
The PRC	**3,648,113**	**246,598**	**3,894,711**
Other countries	**3,143,306**	**214,083**	**3,357,389**
Total	**6,791,419**	**460,681**	**7,252,100**

	Six months ended 30 June 2021 (unaudited)		
	Automobile body part RMB'000	Mould RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	6,150,760	508,911	6,659,671
Geographical markets			
The PRC	3,546,186	240,969	3,787,155
Other countries	2,604,574	267,942	2,872,516
Total	6,150,760	508,911	6,659,671

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

3B. SEGMENT INFORMATION

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

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

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

For the six months ended 30 June 2022 (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	2,547,561	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

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 results of joint ventures							6,251
Share of results of associates							2,978
Profit before tax							1,094,340
Income tax expense							(147,140)
Profit for the period							947,200

4. INVESTMENT INCOME

	Six months ended 30 June	
	2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Interest on bank balance	**152,874**	133,444
Interest on loan receivables	**–**	175
Total	**152,874**	133,619

5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Government grants (Note i)	**89,612**	74,863
Service and consultation income (Note ii)	**11,740**	13,480
Sales of scrap and raw materials (Note iii)	**26,429**	6,840
Property rental income	**15,069**	8,124
Others	**13,373**	14,847
Total	**156,223**	118,154

Notes:

(i) The amounts represent the various subsidies granted by the PRC local government authorities to group entities as incentives for their good performance in quality control or environmental protection, or involvement in the hi-tech know-how industry and product development activities. The government grants were unconditional and had been approved by the PRC local government authorities.

(ii) The Group provides certain maintenance, repairing and technical consultation services to customers, which are recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. As a practical expedient, the Group has not disclosed the information of unsatisfied performance obligation since the performance obligation has an original expected duration of one year or less. The amounts shown in note 5 for the period have been offset by the relevant costs for service and consultation income of RMB4,231,000 (For the six months ended 30 June 2021: RMB1,268,000).

(iii) Revenue for sales of scrap and raw materials is recognised when control of the materials has been transferred to the buyer, being at the point the goods are delivered to the buyer. As a practical expedient, the Group has not disclosed the information of unsatisfied performance obligation since the performance obligation has an original expected duration of one year or less. The amounts shown in note 5 for the period have been offset by the relevant costs for sales of scrap and raw materials of RMB238,103,000 (For the six months ended 30 June 2021: RMB115,480,000).

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net foreign exchange losses	**(24,566)**	(37,709)
Gains on fair value changes of derivative financial instruments	**52,659**	15,662
Gains on fair value changes of other financial assets at fair value through profit or loss	**7,783**	37,768
Gains on disposal of subsidiaries (Note)	**–**	212,845
Losses on disposal of property, plant and equipment	**(6,504)**	(2,902)
Impairment loss recognised on property, plant and equipment	**(3,543)**	(3,318)
Provision of unpaid tax surcharges	**–**	(17,632)
Others	**(5,380)**	(4,308)
Total	**20,449**	200,406

Note:

On 30 December 2020, the Group entered into an agreement with Huzhou Huanqiao Construction and Development Co., Ltd. ("Huanqiao Construction"), an independent third party, pursuant to which, the Group disposed the entire equity interest in 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 at a cash consideration of RMB400,000,000, and a disposal gain of RMB212,103,000 was recognised during the last interim period through this transaction.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax	**100,648**	128,233
Other jurisdictions	**28,002**	35,014
	128,650	163,247
Over provision in prior years:		
PRC Enterprise Income Tax	**(4,143)**	(28,982)
Deferred tax:		
Current period (credit) charge	**(5,949)**	12,875
	118,558	147,140

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

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

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

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

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

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

(1) Those entities which are located in specific provinces of western China and engaged in specific encouraged industries enjoy a preferential tax rate of 15% under the EIT Law.

(2) Those entities which are qualified as "Hi-New Tech Enterprises" ("HNTE") would enjoy a preferential tax rate of 15% under the EIT Law and the qualification of HNTE is subject to every 3-year renewal.

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

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

8. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Directors' remuneration	**3,573**	4,878
Other staff's salaries and allowances	**1,415,911**	1,405,294
Other staff's related welfares and benefits	**101,610**	105,852
Other staff's retirement benefits scheme contributions	**89,300**	72,999
Other staff's share-based payments	**27,135**	48,749
Total staff costs	**1,637,529**	1,637,772
Depreciation of property, plant and equipment	**486,558**	426,151
Depreciation of right-of-use assets	**17,300**	22,559
Amortisation of other intangible assets	**14,561**	14,801
Total depreciation and amortisation	**518,419**	463,511
Cost of inventories recognised	**5,138,368**	4,537,426
Write-down of inventories	**18,865**	12,864
Reversal of inventories provision	**(1,496)**	(35,788)

9. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividends recognised as distribution during the period:		
2021 Final – HK$0.630 (2020: final dividend HK$0.572) per share	**621,768**	554,110

On 22 June 2022, a dividend of HK$0.630 per share was paid to shareholders as the final dividend for 2021 (On 22 June 2021, a dividend of HK$0.572 per share was paid to shareholders as the final dividend for 2020).

The directors of the Company have determined that no dividend will be proposed in respect of the interim period (2021 interim period: nil).

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	(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)	**657,601**	901,096
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note i)	**1,151,695**	1,151,273
Effect of dilutive share options and restricted shares (Note ii)	**451**	6,996
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,152,146**	1,158,269

Notes:

(i) The computation of basic earnings per share for the six months ended 30 June 2022 and 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.

(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 2022 nor for the six months ended 30 June 2021 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.

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

During the current interim period, the Group spent RMB1,649,509,000 (RMB1,487,004,000 for the six months ended 30 June 2021) on the construction of the manufacturing plant and acquisitions of plant and machinery in the PRC, Thailand, Czech Republic, Mexico and Republic of Serbia, in order to upgrade its manufacturing capabilities.

During the current and last interim period, due to the change of business plan, the management of the Group identified certain idle machineries and equipment while the Group assessed that they had no alternative plan to use them since these assets were all customised machineries and equipment for its certain customers. Accordingly, the Group recognised an impairment in respect of these idle machineries and equipment in full with carrying amounts totalling RMB3,543,000 (RMB3,318,000 for the six months ended 30 June 2021) during the current interim period.

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 30 years. The Group is required to make fixed monthly payments and additional variable payments depending on the usage of the assets during the contract period. On lease commencement, the Group recognised right-of-use assets of RMB6,145,000 (For the six months ended 30 June 2021: RMB112,310,000) and lease liabilities of RMB6,145,000 (For the six months ended 30 June 2021: RMB93,857,000).

During the current interim period, the Group recognised right-of-use assets of RMB53,797,000 (For the six months ended 30 June 2021: RMB17,322,000) in respect of newly obtained land use right located in the PRC.

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Trade receivables		
– associates	**10,140**	11,194
– joint ventures	**29,166**	23,292
– non-controlling shareholders of subsidiaries	**5**	–
– other related parties*	**366**	1,366
– third parties	**3,562,389**	3,182,607
Less: Allowance for credit losses	**(12,571)**	(13,688)
	3,589,495	3,204,771
Bills receivables	**1,110**	51,197
Other receivables	**127,289**	117,687
Less: Allowance for credit losses	**(1,476)**	(1,476)
	125,813	116,211
	3,716,418	3,372,179
Prepayments to suppliers	**1,128,163**	882,000
Utility and rental prepayments	**37,395**	37,728
Consideration receivable for disposal of subsidiaries	**154,670**	304,670
Value-added tax recoverable	**204,385**	311,848
Interest receivable	**277,594**	201,327
Deferred issue costs	**–**	19,900
Total trade and other receivables	**5,518,625**	5,129,652

* These entities are those in which 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 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Age		
0–90 days	**3,248,848**	2,963,294
91–180 days	**237,162**	153,141
181–365 days	**96,210**	70,892
1–2 years	**6,024**	4,993
Over 2 years	**1,251**	12,451
	3,589,495	3,204,771

13. CONTRACT ASSETS

	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Moulds development	**1,044,923**	1,004,450
Analysed for reporting purpose as:		
Current	**270,039**	249,795
Non-current	**774,884**	754,655
	1,044,923	1,004,450

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

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net impairment loss recognised in respect of		
Trade receivables	**(1,029)**	(881)
Other receivables	**–**	(48)
	(1,029)	(929)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

15. DERIVATIVE FINANCIAL ASSETS/DERIVATIVE FINANCIAL LIABILITIES

	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	3,459	1,799
Foreign currency structural option contracts (b)	1,065	345
Cross-currency swap contracts (c)	70,810	34,014
Interest rate swap contracts (d)	9,586	79
	84,920	36,237
Derivative financial liabilities		
Foreign exchange forward contracts (a)	8,793	800
Foreign currency structural option contracts (b)	300	1,133
Interest rate swap contracts (d)	–	7,391
	9,093	9,324

	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Analysed for reporting purpose as:		
Current assets	4,524	2,144
Non-current assets	80,396	34,093
	84,920	36,237
Current liabilities	9,093	1,933
Non-current liabilities	–	7,391
	9,093	9,324

Notes:

a. Foreign exchange forward contracts

As of 30 June 2022, the Group had a number of outstanding foreign exchange forward contracts. Derivative financial assets of RMB3,459,000 (31 December 2021:RMB1,799,000), and derivative financial liabilities of RMB8,793,000 (31 December 2021:RMB800,000) have been recognised in accordance with the fair value of the above foreign exchange forward contracts, respectively.

b. Foreign currency structural option contracts

As of 30 June 2022, the Group had a number of foreign currency structural option contracts. Derivative financial assets of RMB1,065,000 (31 December 2021: RMB345,000),and derivative financial liabilities of RMB300,000 (31 December 2021: RMB1,133,000)have been recognised in accordance with the fair value of the above options contracts, respectively.

c. Cross-currency swap contracts

As of 30 June 2022, the Group had a number of cross-currency swap contracts. Derivative financial assets of RMB70,810,000 (31 December 2021: RMB34,014,000), have been recognised in accordance with the fair value of the above cross-currency swap contracts.

d. Interest rate swap contracts

As of 30 June 2022, the Group had a number of interest rate swap contracts. Derivative financial assets of RMB9,586,000 (31 December 2021: RMB79,000),and no derivative financial liability (31 December 2021: RMB7,391,000)have been recognised in accordance with the fair value of the above interest rate swap contracts.

16. TRADE AND OTHER PAYABLES

	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Trade payables		
– associates	**8,741**	55,832
– joint ventures	**37,262**	37,455
– non-controlling shareholders of subsidiaries	**721**	1,473
– other related parties*	**33,430**	9,455
– third parties	**2,408,659**	2,191,110
	2,488,813	2,295,325
Bills payables	**213,109**	207,954
Other payables		
– associates	**637**	528
– joint ventures	**415**	87
– non-controlling shareholders of subsidiaries	**1,909**	2,259
– other related parties*	**5,922**	5,069
	8,883	7,943
	2,710,805	2,511,222
Payroll and welfare payables	**291,945**	514,616
Consideration payable for acquisition of property, plant and equipment	**448,323**	448,868
Technology support services fees payable	**37,874**	28,344
Freight and utilities payable	**115,252**	85,393
Other tax payable	**103,475**	92,031
Deposits received	**14,240**	13,670
Provision	**48,371**	50,232
Dividend payables	**21,334**	31,999
Others	**555,394**	474,010
Total trade and other payables	**4,347,013**	4,250,385

* 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 the invoice date at the end of the reporting period:

	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Age		
0–90 days	**1,949,660**	1,981,573
91–180 days	**320,383**	169,133
181–365 days	**153,567**	98,709
1–2 years	**58,168**	33,179
Over 2 years	**7,035**	12,731
	2,488,813	2,295,325

17. BORROWINGS

During the current interim period, the Group obtained new borrowings amounting to RMB13,203,151,000 (RMB11,469,679,000 for the six months ended 30 June 2021). The loans bear interest at variable market rates. The proceeds were used to provide additional working capital for the Group. Repayments of borrowings amounting to RMB13,101,324,000 (RMB10,741,635,000 for the six months ended 30 June 2021) were made during the current interim period in line with the relevant repayment terms.

18. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	5,000,000	500,000

	Number of shares '000	Share capital RMB'000
Issued and fully paid:		
As at 1 January 2021 (audited)	1,159,656	116,069
Exercise of share options	144	18
At 30 June 2021 (unaudited)	1,159,800	116,087
As at 1 January 2022 (audited)	1,161,401	116,219
Exercise of share options	435	36
At 30 June 2022 (unaudited)	1,161,836	116,255

19. DEFERRED INCOME

	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (Audited) RMB'000
Government grants received – non-current liabilities	**165,349**	204,924

As at 30 June 2022, deferred income received by the Group is mainly composed of:

(1) Resettlement costs in relation to land relocation of RMB71,194,000 received during the year ended 31 December 2021. During the current interim period, such subsidies of RMB30,319,000 has been recognised by offsetting corresponding costs, and the remaining subsidies of RMB40,875,000 will be recognised in profit or loss when it becomes unconditional pursuant to the usage as instructed by local government.

(2) Government subsidies of RMB100,000,000 received during the year ended 31 December 2021, in relation to production facilities located at Zhejiang Province and such government subsidies will be recognised in profit or loss over the expected useful lives of corresponding production facilities.

20. OTHER LONG-TERM LIABILITIES

During the year ended 31 December 2020, the Group entered into an agreement with a local government agency in the PRC, who agreed to inject capital contribution amounting to RMB117,000,000 into Qingyuan Minth Automobile Parts Co., Ltd.* (清遠敏實汽車零部件有限公司) ("Qingyuan Minth"), a subsidiary of the Group. Pursuant to the capital injection agreement, the local government agency would not participate in Qingyuan Minth's operation and management. The local government agency would enforce the right requiring the Group, and the Group is obligated, to redeem the capital injection from local government agency within five years after the receipt of the capital, together with interest calculated based on the below-market interest rate stipulated in the agreement. Therefore, the capital injection made by the local government agency is treated as a long-term liability. The difference between the present value of the long-term liability based on the expected repayment term and its principal amount is accounted for as government grant and recorded as deferred income. As at 30 June 2022, the carrying amount of this long-term liability together with the interest payable is RMB105,420,000(31 December 2021: RMB103,025,000).

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 2022, the carrying amount of this long-term liability together with the interest payable is RMB896,600,000(31 December 2021: RMB877,300,000).

* The English names are for identification purpose only.

21. SHARE-BASED PAYMENTS

Share options

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

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

For the six months ended 30 June 2022, no new share options were granted (For the six months ended 30 June 2021, no new share options were granted).

The table below discloses movement of the Company's share options held by the Group's directors and employees:

	Number of share options
Outstanding as at 1 January 2021 (audited)	47,703,000
Granted during the period	–
Exercised during the period	(144,500)
Forfeited during the period	(1,716,000)
Outstanding as at 30 June 2021 (unaudited)	45,842,500

	Number of share options
Outstanding as at 1 January 2022 (audited)	42,541,200
Granted during the period	–
Exercised during the period	(435,300)
Forfeited during the period	(1,064,400)
Outstanding as at 30 June 2022 (unaudited)	41,041,500

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

During the current interim period, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$24.67 (For the six months ended 30 June 2021: HK$42.24).

The Group recognised the total expenses of RMB22,119,000 for the current interim period (RMB46,244,000 for the six months ended 30 June 2021) in relation to share options granted by the Company.

Restricted shares

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

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

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

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

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

The table below discloses movement of the Company's Restricted Shares activity held by the Group's directors and employees:

	Number of Restricted Stocks
Outstanding as at 1 January 2021 (audited)	–
Granted during the period	3,000,000
Exercised during the period	–
Forfeited during the period	–
Outstanding as at 30 June 2021 (unaudited)	3,000,000

	Number of Restricted Stocks
Outstanding as at 1 January 2022 (audited)	2,856,000
Granted during the period	–
Exercised during the period	–
Forfeited during the period	(77,000)
Outstanding as at 30 June 2022 (unaudited)	2,779,000

The Group recognised the total expenses of RMB6,271,000 for the current interim period (RMB5,007,000 for the six months ended 30 June 2021) in relation to restricted share units granted by the Company.

22. COMMITMENTS

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

	At 30 June 2022 (Unaudited) RMB'000	At 31 December 2021 (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	**756,051**	732,528

23. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

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

Relationship with related/ connected party	Nature of transactions	Six months ended 30 June 2022 (Unaudited) RMB'000	Six months ended 30 June 2021 (Unaudited) RMB'000
Joint ventures, in which the Group has a 40%, 50% and 51% equity interests	Sales of raw materials	**106**	95
	Sales of finished goods	**22,267**	28,102
	Purchases of raw materials	**46,055**	31,381
	Purchases of finished goods	**26,696**	3,017
	Other operating expense	**174**	119
	Property rentals income	**4,120**	1,847
	Property rental expenses	**363**	–
	Other operating income	**3,952**	4,011
	Proceeds from disposal of property,plant and equipment	**–**	33
	Purchases of property, plant and equipment	**5**	–
Associates, in which the Group has a 10%, 12.7%, 30%, 35% and 40% equity interests	Sales of raw materials	**–**	3,451
	Sales of finished goods	**3,593**	6,209
	Purchases of raw materials	**14,886**	41,691
	Purchases of semi-finished products	**–**	17,654
	Purchases of finished goods	**3,172**	–
	Purchases of moulds	**–**	1,087
	Property rental income	**1,302**	1,298
	Purchases of property, plant and equipment	**–**	188
	Other operating income	**252**	825
Companies in which Mr. Chin and his family have control	Sales of raw materials	**–**	20
	Sales of finished goods	**–**	1,391
	Purchases of finished goods	**55,760**	55,891
	Purchases of property, plant and equipment	**–**	74
	Property rental income	**–**	985
	Property rental expenses	**4,621**	2,283
	Consulting services income	**950**	951
	Consulting services charge	**3,288**	6,728
	Proceeds from disposal of property,plant and equipment	**–**	427
	Technology support services charges	**–**	226

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

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short-term benefits	**4,063**	4,471
Post-employment benefits	**40**	44
Share-based payments	**2,063**	4,213
	6,166	8,728

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

24. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

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

	At 30 June 2022	At 31 December 2021
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Pledged bank deposits	**241,550**	1,045,610
Pledged bill receivables	**–**	551
Pledged debt instruments at fair value through other comprehensive income	**7,662**	12,548
	249,212	1,058,709

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets/financial liabilities	Fair value as at 30 June 2022 (unaudited)	Fair value as at 31 December 2021 (audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
1) Foreign exchange forward contracts	Assets – RMB3,459,000 Liabilities – RMB8,793,000	Assets – RMB1,799,000 Liabilities – RMB800,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Interest rate swaps contracts	Assets – RMB9,586,000	Assets – RMB79,000 Liabilities – RMB7,391,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates and contracted interest rates on each maturity date and contracted forward interest rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.
3) Cross-currency swap contracts	Assets – RMB70,810,000	Assets – RMB34,014,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.
4) Debt instruments at FVTOCI	Assets – RMB50,796,000	Assets – RMB110,839,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
5) Foreign currency structural option contracts	Assets – RMB1,065,000 Liabilities – RMB300,000	Assets – RMB345,000 Liabilities – RMB1,133,000	Level 3	Fair value is derived using binomial tree computation method. The key parameters used include forward exchange rates (from observable forward exchange rate at the end of the reporting period), contracted exchange rates, discount rate, risk-free rate, time to maturity, and volatility.

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

There were no transfers between Level 1 and 2 during the period.

Reconciliation of Level 3 fair value measurement:

	Foreign currency structural option contracts		
	Assets	**Liabilities**	**Total**
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2021 (audited)	407	(700)	(293)
Fair value changes	345	(1,133)	(788)
Settlements	(407)	700	293
Balance as at 31 December 2021 (audited)	345	(1,133)	(788)
Fair value changes	1,065	(300)	765
Settlements	(345)	1,133	788
Balance as at 30 June 2022 (unaudited)	1,065	(300)	765

Of the total gains or losses for the period included in profit or loss, unrealised gain of RMB765,000 (2021: loss of RMB788,000) relates to structural option contracts held at the end of the current interim period. Fair value gains or losses on structural option contracts assets are included in 'other gains and losses'.