MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

2021 Interim Report

flexibility

digitalisation

intelligence

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

CONTENTS

Corporate Information	2
Management Discussion and Analysis	4
Other Information	35
Report on Review of Condensed Consolidated Financial Statements	41
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	43
Condensed Consolidated Statement of Financial Position	45
Condensed Consolidated Statement of Changes in Equity	47
Condensed Consolidated Statement of Cash Flows	49
Notes to the Condensed Consolidated Financial Statements	51

* 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)*
Chen Bin Bo *(Chief Executive Officer)*
Chin Chien Ya

Independent non-executive directors

Wang Ching
Wu Tak Lung
Chen Quan Shi
(appointed on 31 May 2021)
Yu Zheng
(retired on 31 May 2021)

COMPANY SECRETARY

Yi Lei Li

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 1 Yazhong Road, Nanhu District
Jiaxing City, Zhejiang Province
Postal Code 314006
China
Tel: (86 573) 8368–6700
Website: www.minthgroup.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 904, 9/F, Island Place Tower
No. 510 King's Road
North Point, Hong Kong

PRINCIPAL BANKERS

Bank of China
Ningbo Development Zone sub-branch
21 Donghai Road
Ningbo Economic and Technological
Development Zone
China

Citibank N.A.
Hong Kong Branch
44/F Citibank Tower
No. 3 Garden Road
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law
Reed Smith Richards Butler
17/F, One Island East
Taikoo Place, 18 Westlands Road
Quarry Bay, Hong Kong

As to PRC Law
Zhejiang T&C Law Firm
11/F Block A Dragon Century Square
1 Hangda Road
Hangzhou
China

As to Cayman Islands Law
Conyers Dill & Pearman
Century Yard, Cricket Square
Hutchins Drive, George Town
Grand Cayman, British West Indies

STOCK CODE

SEHK Code: 0425

INDUSTRY OVERVIEW

During the six months ended 30 June 2021 (the "Review Period"), the production and sales of China's passenger vehicles were approximately 9,840,000 units and approximately 10,007,000 units, respectively, representing a year-on-year increase of approximately 26.8% and approximately 27.0%, respectively. Substantial growth was recorded despite the impact of chip shortage. As to market segments, the production and sales of sedans increased by approximately 25.1% and approximately 26.2% respectively as compared to the same period last year. SUVs recorded year-on-year increases in production and sales of approximately 28.1% and approximately 28.6% respectively, and the production and sales of MPVs increased by approximately 37.5% and approximately 25.2% over the same period last year, respectively. During the Review Period, sales of luxury cars increased year-on-year by approximately 41.5%, outperforming the general passenger vehicle market. In terms of performance by product origins, under the impact of chip shortage, German and Japanese OEMs decreased in market share in China as compared to the same period last year, while the market share of Korean OEMs in China continued to fall due to their less competitive models. The market share of American OEMS in China remained flat as compared to the same period last year. The market share of Chinese OEMs in China experienced a significant increase, representing an increase of approximately 5.7% as compared to the same period last year. Production and sales of new energy vehicles ("NEVs") amounted to approximately 1,215,000 units and approximately 1,206,000 units, both of which were about triple those in the same period last year, and the market penetration rate had exceeded 9%.

According to LMC Automotive, global sales of light vehicles amounted to approximately 42,012,000 units during the Review Period, representing an increase of approximately 27.9% on a yearly basis, with all major markets recording substantial growth. Among mature markets, sales in the United States (the "US") market were approximately 8,341,000 units, registering a year-on-year increase of approximately 29.1%, and the sales in the Western European market were approximately 6,486,000 units, representing a year-on-year increase of approximately 27.1%. Sales in the Japanese market were approximately 1,522,000 units, representing a year-on-year increase of approximately 8.7%. Among major emerging markets, the Brazilian and Indian markets increased by approximately 26.3% and approximately 85.8% respectively on a yearly basis, and sales in the Thai market increased by approximately 13.6% on a yearly basis. Furthermore, sales in Mexico and Russia increased by approximately 10.5% and approximately 36.9% respectively on a yearly basis.

COMPANY OVERVIEW

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"), and the production and sales of auto parts, and toolings and moulds. The auto part business of the Group mainly includes metal and trim products, plastic products, aluminium products and aluminium battery housing products. The tooling and mould business mainly includes various moulds and fixtures for the development, processing and production of automobile exterior decorative parts and body structural parts. The Group is headquartered in China and has established worldwide presence through building R&D, design and production bases in China, the US, Mexico, Germany, the United Kingdom (the "UK"), Serbia, the Czech Republic, Thailand, Japan, etc., to continuously provide customers with quality services and products.

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

During the Review Period, the Group executed a more in-depth implementation of the Minth Operation Excellence System ("MOS") (敏實卓越運營系統) in its global factories. With the addition of product management during lead time and overall wellness, the cores of MOS were enriched from two, i.e. cost attribution matrix and safety, to four during the Review Period, thus creating an operation excellence model that better embodies Minth's characteristics and eliminates wastes and losses incurred in the course of operations in a more comprehensive and effective manner. The Group continued to promote MOS assessment standards from eight perspectives, namely management, "environment/quality/safety", cost, human resources, production excellence, logistics, supply chain and product management during lead time, to fully realise an operation excellence system covering the entire value chain from product development to production. During the Review Period, the Group utilised digital transformation to import the logic, methodology and tools of MOS in batches into SAP, manufacturing execution system ("MES") and Factory of the Future as needed, to ensure MOS is capable of implementing a self-sustaining operation excellence system for the entire value chain.

During the Review Period, with enhanced processing and manufacturing technologies and production models, the Group continued to boost the overall competitiveness of traditional products and strive for a thorough penetration of these products at customers' end. Meanwhile, through in-depth exchange between its cross-functional teams and customers, the Group remained committed to the provision of systematic solution to customers' internal combustion engine vehicle models and NEV models in relation to product, technology and material innovation. During the Review Period, the Group endeavoured to push forward the market expansion for new product offerings, such as chassis structural parts and intelligent interior and exterior decorative parts, with the aim of assuring continual growth of the Group's revenue. During the Review Period, a number of new products of the Group, such as battery housing, intelligent front module, bumper beam and roller shutter, smoothly entered into the project development phase.

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

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

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

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

During the Review Period, as management model reforms and digital transformation intensified, the Group focused on its development strategy and kept updating and maintaining the authorisation framework in accordance with its organisational needs. Process control was reviewed for its efficiency and effectiveness and optimised on an ongoing basis, while internal control and risk management were incorporated into daily operation and core value chain to gradually form a procedure-based internal control and comprehensive risk management system. The Group insisted on ensuring the independence of its internal audit function in terms of both system and organisational structure, while continuing to allocate sufficient resources to support the performance of its duties, in continuous enhancement of the efficiency, effectiveness and standardisation of its internal audit function. It monitored and promoted the internal control development and risk management in each functional department and operating unit. At the same time, the Group began the certification on ISO37001 anti-corruption system and considered such certification an opportunity to keep refining its anti-corruption system, strengthening promotion and education of anti-corruption knowledge and practices and enhancing the development of internal whistleblowing channels and stipulate the systematic protection and reward of reporting briberies and other acts of fraud, thereby creating an environment that values business ethics for the Group and each stakeholder. Based on the above relevant measures, the Group continued to improve its audit and supervision, internal control and risk management models, keep improving its capability in risk management and control and reasonably ensure that potential risk is under control within an acceptable level. These measures have effectively safeguarded and promoted the sustainable and steady development of the Group.

BUSINESS AND OPERATION LAYOUT

During the Review Period, the Group's revenue was approximately RMB6,659,671,000, representing an increase of approximately 37.3% as compared with approximately RMB4,849,154,000 in the same period in 2020, of which the domestic revenue of the Group was approximately RMB3,787,155,000, representing an increase of approximately 33.9% as compared with approximately RMB2,828,611,000 in the same period in 2020; the overseas revenue of the Group was approximately RMB2,872,516,000, representing an increase of approximately 42.2% as compared with approximately RMB2,020,543,000 in the same period in 2020.

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

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

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

RESEARCH AND DEVELOPMENT

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

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

Through independent R&D, the Group has mastered the technologies of three core materials, namely high-performance aluminium, high-elasticity TPV (Thermoplastic Vulcanizate) and modified plastics, as well as the related surface treatment technologies. The Group's automobile exterior decorative parts and body structural parts, which are developed with new materials, have been widely used by mainstream and high-end OEM customers around the world. To ensure the precision, quality and supply efficiency of finished products, the Group has also developed intelligent manufacturing technologies which integrate tooling, moulds, automated production lines etc., and the Group's automated equipment technologies are recognised by high-end customers worldwide.

The Group is well aware of the importance of its technological reserves and has adopted a number of measures to motivate, attract and retain talents to strengthen its talent pool and to consolidate its leading position in R&D. The Group attaches great importance to intellectual property rights. It has initiated a comprehensive deployment in trademarks and patents for innovative products and has been granted numerous awards such as the "National Intellectual Property Advantage Enterprise" (國家知識產權優勢企業) and the "Zhejiang Province Patent Excellence Award" (浙江省專利優秀獎) and actively applies for overseas patents. During the Review Period, 155 patent applications were newly filed for approval by the Group, among which 2 applications were related to overseas patents and were in the course of being approved. 241 patents were authorised by competent authorities during the Review Period.

FINANCIAL REVIEW

	Six months ended 30 June 2021 RMB'000	Six months ended 30 June 2020 RMB'000
Revenue	**6,659,671**	4,849,154
Gross profit	**2,122,245**	1,287,732
Profit before tax	**1,094,340**	461,083
Income tax expense	**(147,140)**	(67,291)
Profit for the period attributable to:		
Owners of the Company	**901,096**	369,808
Non-controlling interests	**46,104**	23,984

RESULTS

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

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

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 2021 RMB'000	%	Six months ended 30 June 2020 RMB'000	%
Metal & Trim	**2,353,548**	**35.3**	2,066,466	42.6
Plastic	**1,958,618**	**29.4**	1,447,636	29.9
Aluminum	**1,742,446**	**26.2**	1,335,038	27.5
Battery-housing	**93,050**	**1.4**	57,717	1.2
Others	**808,672**	**12.1**	246,564	5.1
Elimination	**(296,663)**	**(4.4)**	(304,267)	(6.3)
Total revenue	**6,659,671**	**100.0**	4,849,154	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 2021 RMB'000	%	Six months ended 30 June 2020 RMB'000	%
Domestic	3,787,155	56.9	2,828,611	58.3
Overseas	2,872,516	43.1	2,020,543	41.7
Total revenue	6,659,671	100.0	4,849,154	100.0

GROSS PROFIT

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

INVESTMENT INCOME

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

OTHER INCOME

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

OTHER GAINS AND LOSSES

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

DISTRIBUTION AND SELLING EXPENSES

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

ADMINISTRATIVE EXPENSES

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

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

RESEARCH EXPENDITURES

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

SHARE OF PROFITS OF JOINT VENTURES

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

SHARE OF PROFITS (LOSSES) OF ASSOCIATES

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

INCOME TAX EXPENSE

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

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

PROFITS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

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

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

COMMITMENTS

	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**732,441**	604,926

INTEREST RATE AND FOREIGN EXCHANGE RISKS

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

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

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

As a result of the constant expansion of overseas sales and the drastic fluctuation in the currency market, the management of the Group expressed great concerns on the foreign exchange risks, and would take the exchange rate expectations of relevant currencies into full consideration when deciding the billing currency for relevant businesses. The Group controls and mitigates foreign exchange risks by closely monitoring the size of its assets and liabilities denominated in foreign currencies in day-to-day operations and by selecting local currencies as settlement currencies appropriately according to the Group's overseas strategic deployment to reduce the size of businesses denominated in foreign currencies. Meanwhile, the Group also uses forward exchange contracts, currency swaps, options, interest rate swaps and other financial derivative products to further prevent interest rate risks and foreign exchange risks.

CONTINGENT LIABILITIES

As of 30 June 2021, the Group had no contingent liabilities (31 December 2020: Nil).

MORTGAGED ASSETS

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

CAPITAL EXPENDITURE

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

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

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

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

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

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 2020: approximately RMB1,091 million).

DIRECTORS

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

Executive Directors

Wei Ching Lien *(Chairperson)*
Chen Bin Bo *(Chief Executive Officer)*
Chin Chien Ya

Independent Non-executive Directors

Wang Ching
Wu Tak Lung
Chen Quan Shi *(appointed on 31 May 2021)*
Yu Zheng *(retired on 31 May 2021)*

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 purpose of the 2012 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 and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, services providers of any member 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 2012 Share Option Scheme.

The 2012 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 2012 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 22 May 2012, the date when the Company adopted the 2012 Share Option Scheme, which were 107,704,500 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 2012 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 2012 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 2012 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 2012 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 2012 Share Option Scheme was 24,126,500, representing approximately 2.08% of the 1,160,390,800 Shares in issue as at 30 August 2021, being the date of the interim report.

Details are as follows:

Name and category of participants	Number of Share Options (Note 1) Outstanding as at 1 January 2021	Granted during the Review Period	Exercised during the Review Period	Lapsed during the Review Period	Outstanding as at 30 June 2021	Date of grant (Note 4)	Exercise period (Note 5)	Exercise price of the Share Options (HKD) (Note 6)	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	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 2)	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
Ms. Yu Zheng (note 3)	100,000	–	–	–	100,000	10-4-2018	1-4-2019 to 31-12-2023	37.60	N/A
Mr. Wu Tak Lung	100,000	–	–	–	100,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Subtotal	1,650,000	–	–	–	1,650,000				
Other Participants	19,403,000	–	144,500	696,000	18,562,500	10-4-2018	1-4-2019 to 31-12-2023	37.60	42.24
	26,650,000	–	–	1,020,000	25,630,000	28-7-2020	1-7-2021 to 31-12-2025	23.85	N/A
Subtotal	46,053,000	–	144,500	1,716,000	44,192,500				
Total	47,703,000	–	144,500	1,716,000	45,842,500				

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

Note 2: 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 3: Ms. Yu Zheng ("Ms. Zheng") retired as an independent non-executive Director of the Company with effect from 31 May 2021.

Note 4: 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 5: 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 6: 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 Scheme exercised 144,500 Share Options in accordance with the rules and terms of the Share Option Scheme, and 1,716,000 Share Options lapsed as a result of the resignations of grantees. For the fair value of the Share Options granted, please refer to note 22 to the condensed consolidated financial statements.

Apart from the 2012 Share Option Scheme as disclosed above, no Share Option was granted, exercised, cancelled or lapsed during the Review Period. Particulars of the Company's 2012 Share Option Scheme are set out in note 22 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 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. Details of the movements in the Share Award Scheme during the Review Period are set out in note 22 to the condensed consolidated financial statements.

FUTURE PROSPECTS AND STRATEGIES

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

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

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

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

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

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

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

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (the same period in 2020: nil).

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, 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)	38.81%
Minth Holdings Limited ("Minth Holdings")	Beneficial owner	Long position	450,072,000 (Note 3)	38.81%
Mitsubishi UFJ Financial Group, Inc.	Interest of controlled corporations	Long position	102,962,000 (Note 4)	8.88%
Matthews International Capital Management, LLC	Investment manager	Long position	80,091,000	6.91%
JPMorgan Chase & Co.	Interest of controlled corporations	Long Position	3,268,053	0.28%
		Short Position	536,535	0.05%
	Investment manager	Long Position	39,796,310	3.43%
	Approved lending agent	Long Position	15,048,155 (Note 5)	1.30%

Note 1: The percentage of the Company's issued share capital of 1,159,800,000 Shares as at 30 June 2021.

Note 2: As at 30 June 2021, 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 2021, Minth Holdings, a company wholly-owned by Mr. Chin, was beneficially interested in 450,072,000 Shares.

Note 4: As at 30 June 2021, 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.

Note 5: As at 30 June 2021, 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 JPMorgan Chase & Co.

Other than as disclosed above, as at 30 June 2021, 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 2021, 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)	38.81%
Chen Bin Bo ("Mr. Chen")	Company	Long position	Beneficial owner	1,000,000 (Note 3)	0.09%
Chin Chien Ya	Company	Long position	Beneficial owner	250,000 (Note 3)	0.02%
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	200,000 (Note 3)	0.02%
Yu Zheng	Company	Long position	Beneficial owner	100,000	0.01%
			Interest of spouse	1,010,000 (Note 4)	0.09%
Wu Tak Lung ("Mr. Wu")	Company	Long position	Beneficial owner	100,000 (Note 3)	0.01%

Note 1: The percentage of the Company's issued share capital is based on the 1,159,800,000 Shares issued as at 30 June 2021.

Note 2: As at 30 June 2021, 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: These figures represent the number of Share Options granted to Mr. Chen, Ms. Chin, Dr. Wang and Mr. Wu under the 2012 Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Chen, Ms. Chin, Dr. Wang and Mr. Wu will own 1,000,000 Shares, 250,000 Shares, 200,000 Shares and 100,000 Shares, respectively.

Note 4: These figures represent (i) 100,000 Share Options granted to Ms. Zheng under the 2012 Share Option Scheme that are exercisable and (ii) 1,010,000 Shares held by Mr. Wei Wei ("Mr. Wei"). Upon exercise of the Share Options, Ms. Zheng will own 100,000 Shares. Since Ms. Zheng is the spouse of Mr. Wei, she is also deemed to be interested in the aforesaid Shares in which Mr. Wei is interested. Ms. Zheng retired as independent non-executive Director of the Company with effect from 31 May 2021.

Save as disclosed above, as at 30 June 2021, 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).

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

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "Corporate Governance Code") set out in Appendix 14 to the Listing Rules. None of the Directors is aware of any information that would reasonably indicate that the Company did not, at any time during the Review Period, comply with the Corporate Governance Code.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct and the code for dealing in the Company's securities by all Directors. Having made specific enquiries to all Directors, the Directors confirmed that they had strictly complied with the standards stipulated under the Model Code during the Review Period.

MATERIAL LITIGATION AND ARBITRATION

The Group was not engaged in any litigation or arbitration of material importance during the Review Period and up to the date of this 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 and the completeness and accuracy of the Group's financial statements and liaises on behalf of the Directors with the external auditor. Members of the Committee will meet regularly with the management and external auditor to review the audit reports as well as the interim and annual financial reports of the Group. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 and this interim report, and recommended the adoption by the Board.

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

Hong Kong, 30 August 2021

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 86, which comprise the condensed consolidated statement of financial position as of 30 June 2021 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

30 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	RMB'000
Revenue	3	**6,659,671**	4,849,154
Cost of sales		**(4,537,426)**	(3,561,422)
Gross profit		**2,122,245**	1,287,732
Investment income	4	**133,619**	125,536
Other income	5	**118,154**	85,945
Other gains and losses	6	**199,477**	(42,551)
Distribution and selling expenses		**(340,309)**	(198,602)
Administrative expenses		**(588,313)**	(427,051)
Research expenditures		**(427,464)**	(251,362)
Interest expenses		**(132,298)**	(119,332)
Share of profits of joint ventures		**6,251**	4,871
Share of profits (losses) of associates		**2,978**	(4,103)
Profit before tax		**1,094,340**	461,083
Income tax expense	7	**(147,140)**	(67,291)
Profit for the period	8	**947,200**	393,792

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	Six months ended 30 June **2021** **(Unaudited)** **RMB'000**	 2020 (Unaudited) RMB'000
Other comprehensive (expense) income:			
Item that will not be reclassified to profit or loss:			
Gain on remeasurement of defined benefit obligation		**6,160**	–
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		**(15,914)**	9,733
Fair value (loss) gain on:			
debt instruments measured at fair value through other comprehensive income		**(1,454)**	1,513
Other comprehensive (expense) income for the period (net of income tax)		**(11,208)**	11,246
Total comprehensive income for the period		**935,992**	405,038
Profit for the period attributable to:			
Owners of the Company		**901,096**	369,808
Non-controlling interests		**46,104**	23,984
		947,200	393,792
Total comprehensive income for the period attributable to:			
Owners of the Company		**888,066**	380,361
Non-controlling interests		**47,926**	24,677
		935,992	405,038
Earnings per share	10		
Basic		**RMB0.783**	RMB0.321
Diluted		**RMB0.778**	RMB0.320

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	11	**10,557,947**	9,615,646
Right-of-use assets	11	**1,040,133**	959,635
Goodwill		**98,030**	98,030
Other intangible assets		**67,287**	78,198
Interests in joint ventures		**182,062**	136,812
Interests in associates		**128,867**	125,889
Deferred tax assets		**170,375**	157,670
Prepayment for acquisition of property, plant and equipment		**288,282**	185,970
Contract assets	13	**620,149**	695,413
Contract costs		**172,733**	170,794
Plan assets		**2,065**	2,043
Derivative financial assets	15	**14,513**	–
Other non-current assets	16	**150,000**	–
		13,492,443	12,226,100
Current assets			
Inventories		**2,636,116**	2,384,748
Loan receivables		**6,000**	6,000
Property under development		**–**	13,405
Trade and other receivables	12	**4,175,023**	4,614,575
Contract assets	13	**210,789**	174,482
Derivative financial assets	15	**572**	4,834
Held-for-trading investments		**4,284**	450,625
Debt instruments at fair value through other comprehensive income		**346,560**	151,457
Pledged bank deposits		**862,839**	918,350
Cash and cash equivalents		**6,453,218**	6,008,272
		14,695,401	14,726,748
Assets classified as held for sale	16	**10,581**	252,897
		14,705,982	14,979,645

	Notes	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Current liabilities			
Trade and other payables	17	**3,722,759**	3,974,555
Tax liabilities		**82,233**	98,350
Borrowings	18	**4,629,017**	5,445,289
Lease liabilities		**9,694**	7,712
Contract liabilities		**77,904**	97,322
Derivative financial liabilities	15	**2,080**	4,969
		8,523,687	9,628,197
Liabilities classified as held for sale	16	**–**	4,770
		8,523,687	9,632,967
Net current assets		**6,182,295**	5,346,678
Total assets less current liabilities		**19,674,738**	17,572,778
Capital and reserves			
Share capital	19	**116,087**	116,069
Share premium and reserves		**15,227,679**	14,827,935
Equity attributable to owners of the Company		**15,343,766**	14,944,004
Non-controlling interests		**416,817**	368,891
Total equity		**15,760,583**	15,312,895
Non-current liabilities			
Borrowings	18	**2,482,020**	1,073,911
Deferred tax liabilities		**134,327**	107,111
Retirement benefit obligations		**6,836**	14,534
Lease liabilities		**91,362**	11,595
Derivative financial liabilities	15	**14,817**	20,181
Deferred income	20	**226,057**	28,209
Other long-term liabilities	21	**958,736**	1,004,342
		3,914,155	2,259,883
		19,674,738	17,572,778

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	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 2020 (audited)	115,227	3,937,536	–	276,199	(20,093)	757,206	110,335	(2,730)	(57,806)	162,194	9,046,877	14,324,945	418,749	14,743,694
Profit for the period	–	–	–	–	–	–	–	–	–	–	369,808	369,808	23,984	393,792
Other comprehensive income for the period	–	–	–	–	–	–	–	1,513	9,040	–	–	10,553	693	11,246
Total comprehensive income for the period	–	–	–	–	–	–	–	1,513	9,040	–	369,808	380,361	24,677	405,038
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	–	18,091	–	18,091	–	18,091
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	–	6,024	–	–	–	–	(6,024)	–	–	–	–
Dividends recognised as distribution (note 9)	–	–	–	–	–	–	–	–	–	–	(694,445)	(694,445)	–	(694,445)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(56,888)	(56,888)
Exercise of share options	116	20,266	–	–	–	–	–	–	–	(4,075)	–	16,307	–	16,307
At 30 June 2020 (unaudited)	115,343	3,957,802	–	276,199	(14,069)	757,206	110,335	(1,217)	(48,766)	170,186	8,722,240	14,045,259	386,538	14,431,797

	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

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.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH FROM OPERATING ACTIVITIES	**743,994**	567,848
NET CASH USED IN INVESTING ACTIVITIES:		
Proceeds from redemption of other financial assets and derivative financial instruments	**5,391,087**	5,545,675
Investment in other financial assets and derivative financial instruments	**(4,909,936)**	(5,501,587)
Receipt of government subsidies related to assets	**219,826**	–
Interest received	**80,580**	106,304
Proceeds on disposal of property, plant and equipment	**77,320**	36,681
Advance receipt from government (Note 16)	**308,000**	–
Payment for investment in a joint venture	**(35,000)**	–
New pledged bank deposits placed	**(5,000)**	(376,256)
Release of pledged bank deposits	**60,511**	–
Payment for right-of-use assets	**(17,322)**	(20,103)
Purchases of property, plant and equipment	**(1,487,004)**	(945,111)
Disposal of subsidiaries	**103,929**	–
Purchases of other intangible assets	**(3,015)**	(10,056)
	(216,024)	(1,164,453)

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH (USED IN) FROM FINANCING ACTIVITIES:		
Repayment of borrowings	**(10,741,635)**	(8,532,258)
Dividends paid to owners of the Company	**(550,119)**	(694,445)
Dividends paid to non-controlling shareholders	**–**	(56,888)
Interest paid	**(118,643)**	(96,365)
New borrowings raised	**11,469,679**	10,535,452
Repayment of other long-term liabilities	**(68,550)**	–
Proceeds from exercise of share options	**6,566**	16,307
Repayment of lease liabilities	**(5,391)**	(3,892)
Repayment to joint ventures	**(62,800)**	–
Payment on deferred issue costs	**(9,103)**	–
	(79,996)	1,167,911
Net increase in cash and cash equivalents	**447,974**	571,306
Cash and cash equivalents at 1 January	**6,008,272**	5,687,234
Effect of foreign exchange rate changes	**(3,028)**	(9,106)
Cash and cash equivalents at 30 June	**6,453,218**	6,249,434

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of Amendments to HKFRSs

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

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

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

2.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

2.1.1 Accounting policies

Financial instruments

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

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

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

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

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

2.2 Transition and summary of effects

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

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

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

	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

	Six months ended 30 June 2020 (unaudited)		
	Automobile body part RMB'000	Mould RMB'000	Total RMB'000
Types of goods or services			
Sales of goods	4,383,419	465,735	4,849,154
Geographical markets			
The PRC	2,587,375	241,236	2,828,611
Other countries	1,796,044	224,499	2,020,543
Total	4,383,419	465,735	4,849,154

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 2021 (unaudited)

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

For the six months ended 30 June 2020 (unaudited)

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

4. INVESTMENT INCOME

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Interest on bank balance	**133,444**	125,361
Interest on loan receivables	**175**	175
Total	**133,619**	125,536

5. OTHER INCOME

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Government grants (Note i)	**74,863**	47,057
Service and consultation income (Note ii)	**13,480**	14,778
Sales of scrap and raw materials (Note iii)	**6,840**	7,176
Property rental income	**8,124**	3,759
Others	**14,847**	13,175
Total	**118,154**	85,945

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 RMB1,268,000 (For the six months ended 30 June 2020: RMB1,418,000).

(iii) Revenue for sales of scrap and raw materials is recognised when control of the materials has 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 RMB115,480,000 (For the six months ended 30 June 2020: RMB59,356,000).

6. OTHER GAINS AND LOSSES

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

Notes:

(i) The gains mainly come from a disposal of a subsidiary as disclosed in Note 16.

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

7. INCOME TAX EXPENSE

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

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

According to the Macau Law No. 15/2018 – Repeal of the legal regime of the offshore services, starting from 1 January 2021, Minth International Macau Commercial Offshore Limited ("Minth Macau"), a subsidiary of the Group, is required to pay profits tax on its business results in Macau. Meanwhile, the shareholders of Minth Macau will be subject to Macau Complementary Tax on dividend if the Company distributes dividends in relation to the undistributed retained earnings of the Company as at 31 December 2020.

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

9. DIVIDENDS

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

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

The directors of the Company have determined that no dividend will be proposed in respect of the interim period (2020 interim period: nil).

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	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**901,096**	369,808
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,151,273**	1,150,597
Effect of dilutive share options and restricted shares (note)	**6,996**	3,361
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,158,269**	1,153,958

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

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share neither for the six months ended 30 June 2021 nor for the six months ended 30 June 2020 as they did not have dilutive effect on the Company's earnings per share because the exercise prices of these options were higher than the average market prices of the Company's shares during the current and prior interim period.

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

During the current interim period, the Group spent RMB1,487,004,000 (RMB945,111,000 for the six months ended 30 June 2020) on the construction of the manufacturing plant and acquisitions of plant and machinery in the PRC, Thailand, Germany, Mexico and USA, 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 RMB3,318,000 (RMB45,579,000 for the six months ended 30 June 2020) 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 RMB112,310,000 (six months ended 30 June 2020: RMB9,190,000) and lease liabilities of RMB93,857,000 (six months ended 30 June 2020: RMB8,012,000).

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Trade receivables		
– associates	**11,939**	12,920
– joint ventures	**7,988**	10,713
– non-controlling shareholders of subsidiaries	**172**	134
– other related parties*	**1,060**	1,680
– third parties	**2,600,867**	3,291,311
Less: allowance for credit losses	**(13,270)**	(14,328)
	2,608,756	3,302,430
Bill Receivables	**45,496**	68,985
Other receivables	**148,627**	198,913
Less: allowance for credit losses	**(1,574)**	(1,574)
	147,053	197,339
	2,801,305	3,568,754
Prepayments to suppliers	**751,855**	704,705
Utility and rental prepayments	**49,404**	31,968
Consideration receivable for disposal of subsidiaries (Note i)	**157,000**	9,000
Value-added tax recoverable	**255,750**	202,487
Interest receivable	**150,606**	97,661
Deferred issue costs (Note ii)	**9,103**	–
Total trade and other receivables	**4,175,023**	4,614,575

Notes:

(i) The consideration receivable for disposal of subsidiaries mainly come from a disposal of a subsidiary as disclosed in Note 16.

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

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

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

	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Age		
0–90 days	**2,464,138**	3,020,718
91–180 days	**99,089**	143,121
181–365 days	**16,769**	61,298
1–2 years	**25,816**	75,755
Over 2 years	**2,944**	1,538
	2,608,756	3,302,430

13. CONTRACT ASSETS

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

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

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

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Net impairment loss recognised in respect of		
Trade receivables	**(881)**	(20,772)
Other receivables	**(48)**	(1,086)
	(929)	(21,858)

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 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

15. DERIVATIVE FINANCIAL ASSETS/DERIVATIVE FINANCIAL LIABILITIES

	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	**334**	4,427
Foreign currency structural option contracts (b)	**238**	407
Cross-currency swap contracts (c)	**14,513**	–
	15,085	4,834
Derivative financial liabilities		
Foreign exchange forward contracts (a)	**581**	4,269
Foreign currency structural option contracts (b)	**1,499**	700
Interest rate swap contracts (d)	**14,817**	20,181
	16,897	25,150

	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Analysed for reporting purpose as:		
Current assets	**572**	4,834
Non-current assets	**14,513**	–
	15,085	4,834
Current liabilities	**2,080**	4,969
Non-current liabilities	**14,817**	20,181
	16,897	25,150

Notes:

a. Foreign exchange forward contracts

As of 30 June 2021, the Group had a number of outstanding foreign exchange forward contracts. Derivative financial assets of RMB334,000 (31 December 2020: RMB4,427,000), and derivative financial liabilities of RMB581,000 (31 December 2020: RMB4,269,000) 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 2021, the Group had a number of foreign currency structural option contracts. Derivative financial assets of RMB238,000 (31 December 2020: RMB407,000), and derivative financial liabilities of RMB1,499,000 (31 December 2020: RMB700,000) have been recognised in accordance with the fair value of the above options contracts, respectively.

c. Cross-currency swap contracts

As of 30 June 2021, the Group had a number of cross-currency swap contracts. Derivative financial assets of RMB14,513,000 (31 December 2020: nil), 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 2021, the Group had a number of interest rate swap contracts. Derivative financial liabilities of RMB14,817,000 (31 December 2020: RMB20,181,000) have been recognised in accordance with the fair value of the above interest rate swap contracts.

16. ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE

	At 30 June 2021 (Unaudited) (Note i) RMB'000	At 31 December 2020 (Audited) (Note ii) RMB'000
Property, plant and equipment	6,919	166,253
Right-of-use assets	3,662	70,378
Other intangible assets	–	3,549
Inventories	–	3,608
Trade and other receivables	–	1,863
Cash and cash equivalents	–	7,246
Total assets classified as held for sale	10,581	252,897
Trade and other payables	–	4,743
Deferred income	–	27
Total liabilities classified as held for sale	–	4,770

Notes:

(i) During the six months ended 30 June 2021, the Group entered into an agreement with local government in Ningbo, PRC in relation to a parcel of land and buildings on the land held by the wholly-owned subsidiary of the Group namely Ningbo Shintai Machines Co., Ltd. (寧波信泰機械有限公司). The local government agreed to make a payment of RMB440,198,000 on the land relocation. As of 30 June 2021, a prepayment of RMB308,000,000 has been received as disclosed in Note17, and the transaction has not yet been completed. In July 2021, the land relocation of Ningbo Shintai Machines Co., Ltd. has been completed and the Group received RMB440,198,000 in full amount.

Above assets, which are expected to be disposed within twelve months, have been classified as a disposal group held for sale and are presented separately in the condensed consolidated statement of financial position. The net proceeds of disposal are expected to exceed the net carrying amount of the relevant asset and accordingly, no impairment loss has been recognised.

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

Such disposal has been completed upon transfer of the control over Huzhou Minchi and Huzhou Enchi during current interim period and a disposal gain amounting to RMB212,103,000 has been recognised as disclosed in Note 6.

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

17. TRADE AND OTHER PAYABLES

	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Trade payables		
– associates	**38,633**	48,838
– joint ventures	**12,780**	9,168
– non-controlling shareholders of subsidiaries	**1,044**	1,831
– other related parties*	**43,900**	32,219
– third parties	**1,685,168**	2,111,587
	1,781,525	2,203,643
Bill payables	**267,149**	246,551
Other payables		
– associates	**33**	61
– joint ventures	**112**	63,402
– non-controlling shareholders of subsidiaries	**1,960**	28,580
– other related parties*	**4,559**	4,440
	6,664	96,483
	2,055,338	2,546,677
Payroll and welfare payables	**363,949**	411,918
Consideration payable for acquisition of property, plant and equipment	**321,081**	247,848
Advance receipt from government (Note)	**308,000**	–
Technology support service fees payable	**37,779**	9,676
Freight and utilities payable	**84,276**	120,437
Other tax payable	**51,517**	138,680
Deposits received	**10,257**	5,221
Provision (Note 6)	**70,507**	52,875
Others	**420,055**	441,223
Total trade and other payables	**3,722,759**	3,974,555

Note: The amount represents the advance receipt as disclosed in Note 16.

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

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

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

18. BORROWINGS

During the current interim period, the Group obtained new borrowings amounting to RMB11,469,679,000 (RMB10,535,452,000 for the six months ended 30 June 2020). 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 RMB10,741,635,000 (RMB8,532,258,000 for the six months ended 30 June 2020) were made during the current interim period in line with the relevant repayment terms.

19. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	5,000,000	500,000

	Number of shares '000	Share capital RMB'000
Issued and fully paid:		
As at 1 January 2020 (audited)	1,149,991	115,227
Exercise of share options	1,279	116
At 30 June 2020 (unaudited)	1,151,270	115,343
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

20. DEFERRED INCOME

	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Government grants received – non-current liabilities	**226,057**	28,209

During the six months ended 30 June 2021, the Group received government subsidies of RMB200,000,000 in relation to production facilities located at Zhejiang Province. Such government subsidies have been recognised as deferred income and will be recognised as a deduction from the carrying amounts of the relevant production facilities upon satisfaction of the relevant conditions and will be transferred to profit or loss over the expected useful lives of corresponding production facilities.

21. 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 2021, the carrying amount of this long-term liability together with the interest payable is RMB100,736,000 (31 December 2020: RMB98,447,000).

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 2021, the carrying amount of this long-term liability together with the interest payable is RMB857,900,000 (31 December 2020: RMB838,600,000).

During the year ended 31 December 2018, the Group entered into an agreement with a local government agency in the PRC, who agreed to inject capital contribution amounting to RMB60,000,000 into Jiaxing Guowei Automotive Parts Co., Ltd.* (嘉興國威汽車零部件有限公司) ("Jiaxing Guowei"), a subsidiary of the Group. Pursuant to the capital injection agreement, the local government agency would not participate in Jiaxing Guowei'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 three years after the receipt of the capital. Therefore, the capital injection made by the local government agency is treated as a long-term liability. The Group calculated the relevant liabilities according to the amortized cost. The liability has been repaid during the current interim period.

* The English names are for identification purpose only.

22. 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 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 2021, no new share options were granted (For the six months ended 30 June 2020, 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 2020 (audited)	31,724,500
Granted during the period	–
Exercised during the period	(1,279,000)
Forfeited during the period	(1,325,000)
Outstanding as at 30 June 2020 (unaudited)	29,120,500

	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

The Binomial model had been used to estimate the fair value of the options. 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$42.24 (six months ended 30 June 2020: HK$25.25).

The Group recognised the total expenses of RMB46,244,000 for the current interim period (RMB18,091,000 for the six months ended 30 June 2020) 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). 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 following table summarised the Group's Restricted Shares activity for the current interim period:

	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

The Group recognised the total expenses of RMB5,007,000 for the current interim period (nil for the six months ended 30 June 2020) in relation to restricted share units granted by the Company.

23. COMMITMENTS

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

	At 30 June 2021 (Unaudited) RMB'000	At 31 December 2020 (Audited) RMB'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**732,441**	604,926

24. 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 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Joint ventures, in which the Group has a 50% and 51% equity interests	Sales of raw materials	**95**	316
	Sales of finished goods	**28,102**	17,313
	Purchases of raw materials	**31,381**	9,706
	Purchases of finished goods	**3,017**	933
	Other operating expense	**119**	–
	Property rentals income	**1,847**	–
	Consulting services income	**4,011**	–
	Proceeds from disposal of property,plant and equipment	**33**	–
Associates, in which the Group has a 12.7%, 30%, 35% and 40% equity interests	Sales of raw materials	**3,451**	95
	Sales of finished goods	**6,209**	304
	Purchases of raw materials	**41,691**	25,418
	Purchases of semi-finished products	**17,654**	10,657
	Purchases of finished goods	**–**	106
	Purchases of moulds	**1,087**	1,750
	Property rental income	**1,298**	4
	Purchases of property, plant and equipment	**188**	–
	Other operating income	**825**	144
Companies in which Mr. Chin and his family have control	Sales of raw materials	**20**	–
	Sales of finished goods	**1,391**	800
	Purchases of semi-finished moulds	**–**	5,433
	Purchases of moulds	**–**	17,853
	Purchases of finished goods	**55,891**	14,311
	Purchases of property, plant and equipment	**74**	22,435
	Property rental income	**985**	602
	Property rental expenses	**2,283**	726
	Consulting services income	**951**	–
	Consulting services charge	**6,728**	–
	Proceeds from disposal of property,plant and equipment	**427**	–
	Technology support services charges	**226**	29

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	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short-term benefits	**4,471**	7,015
Post-employment benefits	**44**	74
Share-based payments	**4,213**	1,217
	8,728	8,306

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

25. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

The Group's 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	At 31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Pledged bank deposits	**862,839**	918,350
Pledged bill receivables	**29,821**	28,846
Pledged debt instruments at fair value through other comprehensive income	**169,125**	17,039
	1,061,785	964,235

26. 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 2021 (unaudited)	Fair value as at 31 December 2020 (audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
1) Foreign exchange forward contracts	Assets – RMB334,000 Liabilities – RMB581,000	Assets – RMB4,427,000 Liabilities – RMB4,269,000	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	Liabilities – RMB14,817,000	Liabilities – RMB20,181,000	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 – RMB14,513,000	N/A	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 – RMB346,560,000	Assets – RMB151,457,000	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 – RMB238,000 Liabilities – RMB1,499,000	Assets – RMB407,000 Liabilities – RMB700,000	Level 3	Fair value is derived using binomial tree computation method. The key parameters used include forward exchange rates (from observable forward exchange rate at the end of the reporting period), contracted exchange rates, discount rate, risk-free rate, time to maturity, and volatility.
6) Investment in private fund	Assets – RMB4,284,000	Assets – RMB450,625,000	Level 2	Net asset value determined based on the fair value of underlying assets which are observable and adjustments of related expenses.

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 2020 (audited)	100	–	100
Fair value changes	407	(700)	(293)
Settlements	(100)	–	(100)
Balance as at 31 December 2020 (audited)	407	(700)	(293)
Fair value changes	238	(1,499)	(1,261)
Settlements	(407)	700	293
Balance as at 30 June 2021 (unaudited)	238	(1,499)	(1,261)

Of the total gains or losses for the period included in profit or loss, unrealised loss of RMB1,261,000 (2020: loss of RMB293,000) relates to structural option contracts held at the end of the current reporting period. Fair value gains or losses on structural option contracts assets are included in 'other gains and losses'.