A LEADER IN INTUITIVE MOTION CONTROL

2024 INTERIM REPORT

NEXTEER AUTOMOTIVE GROUP LIMITED
耐世特汽車系統集團有限公司
STOCK CODE: 1316
Incorporated under the laws of the Cayman Islands with limited liability

OUR STRATEGY FOR PROFITABLE GROWTH

- Expand & Diversify Revenue Base
- Strengthen Technology Leadership
- Capitalise on EPS as Enabler for ADAS
- Optimise Cost Structure
- Pursue Select Acquisitions & Alliances
- Target China & Emerging Markets

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Corporate Profile

CORPORATE PROFILE

Nextteer Automotive Group Limited (the **Company**) together with its subsidiaries are collectively referred to as **we, us, our, Nexteer, Nexteer Automotive or the Group**. Nexteer Automotive's vision is to be the global leading motion control technology company accelerating mobility to be safe, green and exciting.

> *"We are the Leading*
> ***MOTION CONTROL TECHNOLOGY COMPANY***
> *Accelerating Mobility to be*
> ***SAFE, GREEN & EXCITING."***
>
> OUR VISION

Our innovative product and technology portfolio of advanced steering and driveline systems solves motion control challenges across all megatrends – including electrification, software/connectivity, advanced driver assistance systems (**ADAS**)/automated driving (**AD**) and shared mobility.

In-house development and full system integration of hardware, software and electronics provides Nexteer a competitive advantage as an agile, full-service supplier to automotive original equipment manufacturers (**OEM**) around the world.

Our ability to seamlessly integrate our systems into OEM vehicles is a testament to our more than 115-year heritage of vehicle integration expertise and product craftsmanship. Our "One Nexteer" culture inspires employees to achieve personal and corporate growth by focusing on our core values across all aspects of the Company: people first, operational excellence and enterprise growth. As One Nexteer, our vision guides us every day, and we're making it a reality by challenging the impossible and making tomorrow better than today.

We strive to be the partner of choice for our customers and suppliers by delivering highly engineered, safety-critical products and building enduring relationships.

Nexteer provides real-world, vehicle-level solutions by being:

- **Customer-Focused:** Respected and trusted for delivering on commitments.
- **Proactive:** We listen carefully to understand customer needs, requirements and aspirations.
- **Innovative:** A market leader in steering and driveline system innovation and value-added service.
- **Agile:** Able to respond quickly with high-quality, cost-effective solutions.
- **Global:** Committed to exceeding customer and vehicle needs every time, in every customer-targeted market.

GLOBAL FOOTPRINT, PRODUCTS & CUSTOMERS

- **World Headquarters:** Auburn Hills, Michigan, United States of America (**USA or US**)
- **Manufacturing Plants:** 27, including 1 non-consolidated joint venture (**JV**)
- **Technical Centres:** 5
- **Customer Service Centres:** 13
- **Products:** Electric Power Steering (**EPS**) and Steer-by-Wire (**SbW**), Steering Columns and Intermediate Shafts (**CIS**), Driveline Systems (**DL**), Hydraulic Power Steering (**HPS**), Software Solutions
- **Customers:** 60+ global and domestic OEMs, including BMW Group (**BMW**), BYD Auto Co., Ltd. (**BYD**), Changan Automobile Co., Ltd. (**Changan**), Chery Automobile Co. Ltd. (**Chery**), Ford Motor Company (**Ford**), Guangzhou Automobile Group Co., Ltd. (**GAC**), General Motors Company and Subsidiaries (**GM**), Zhejiang Geely Holding Group Co., Ltd. (**Geely**), Great Wall Motor Company Limited (**GWM**), Lixiang Auto, Inc. (**Li Auto**), Maruti Suzuki India Limited (**Maruti-Suzuki**), Renault-Nissan-Mitsubishi Alliance (**RNM**), SAIC General Motors Co., Ltd. (**SAIC**), SAIC-GM-Wuling Automobile Co., Ltd. (**SGMW**), Stellantis N.V. (**Stellantis**), Volkswagen Group (**VW**), Guangzhou Xiaopeng Motors Technology Co. Ltd. (**XPeng**) and others.

Corporate Information

BOARD OF DIRECTORS

Executive Directors
LEI, Zili (雷自力)
(Chairman and Chief Executive Officer)
MILAVEC, Robin Zane

Non-Executive Directors
WANG, Jian (王堅)
ZHANG, Wendong (張文冬)
SHI, Shiming (石仕明)

Independent Non-Executive Directors
LIU, Jianjun (劉健君)
WANG, Bin (王斌)
YUE, Yun (岳雲)

COMPANY SECRETARY

WU, Guanhua (吳冠華)

AUTHORISED REPRESENTATIVES

LEI, Zili (雷自力)
WU, Guanhua (吳冠華)

LEGAL ADVISERS

As to Hong Kong Law
DLA Piper Hong Kong

As to Cayman Islands Law
Maples and Calder

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered PIE Auditors

AUDIT AND COMPLIANCE COMMITTEE

WANG, Bin (王斌) *(Chairman)*
SHI, Shiming (石仕明)
YUE, Yun (岳雲)

REMUNERATION AND NOMINATION COMMITTEE

LIU, Jianjun (劉健君) *(Chairman)*
ZHANG, Wendong (張文冬)
WANG, Bin (王斌)

HEADQUARTERS

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REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of America
Bank of China
Bank Pekao SA
China CITIC Bank
China Construction Bank
Comerica Bank
JPMorgan Chase & Co.
PKO Bank Polski SA
Shanghai Pudong Development Bank
Wells Fargo Capital Finance

STOCK CODE

Share Listing
Ordinary Shares
The Stock Exchange of Hong Kong Limited
(the **Hong Kong Stock Exchange**)
(Stock code: 1316)

COMPANY WEBSITE

http://www.nexteer.com/

Business Overview

STRATEGY FOR PROFITABLE GROWTH

We are committed to our six-point strategy for profitable growth to drive shareholder value and pursue our vision to be the global leading motion control technology company accelerating mobility to be safe, green and exciting.

Our strategy for profitable growth has served as our guidepost through the unprecedented environment we have navigated through over the past several years. This strategy continues to guide our daily decision-making as we move forward by defining and adjusting our business to align with the changing landscape and new challenges within the global automotive industry. We integrate our vision and strategy into our day-to-day operations, and we routinely review our strategic goals.

FIRST HALF 2024 BUSINESS HIGHLIGHTS

Brazil Flooding: Before covering business highlights, we would like to address southern Brazil's catastrophic flooding starting in April 2024 that impacted Nexteer families, communities and our Porto Alegre operations, including 50 employees who lost their homes and/or belongings. During these difficult times, Nexteer's global and local teams took extraordinary action to mitigate the impact on Nexteer families as well as the business. Our site remained flooded for 30 days and just five days after the water receded, our team delivered the first part to our customer. Porto Alegre site has been fully operational by the end of July 2024.

The following highlights demonstrate Nexteer's focus on delivering long-term profitable growth:

- **Half-year revenue of US$2.1 billion remains flat compared to first half of 2023**
    - Continued above market revenue growth driven by strong new and conquest bookings over the past several years
    - On-track to post record revenue for the full year of 2024
- **Achieved customer program Bookings totaling US$2.1 billion for first half of 2024**
    - 74% represented incumbent business, including key North America truck program for DL and CIS
    - 26% represented new/conquest business, including our first Dual Pinion-Assist EPS (**DPEPS**) booking in Asia Pacific (**APAC**) region

- **Continued growth momentum with China domestic OEMs (COEMs):** Out of the total 1H 2024 bookings of US$2.1 billion, approximately US$0.9 billion, or 43%, were generated by our COEM's business
  - When comparing 1H of 2023 to 1H of 2024, collective bookings among our COEM customer portfolio grew from US$325 million to US$930 million, or 186%
- **Successfully launched 38 new customer programmes across all regions** – marking another period of solid programme launches.
  - 32 of these customer programmes represented new or conquest business & 18 represented 100% EV launches supported by our products
  - Launched first DPEPS program in Europe, Middle East, Africa and South America (**EMEASA**)
  - Launched first major adjacent market program for steering
  - Continued launch momentum with leading COEMs
- **Announced mPEPS (modular Single-Pinion and Dual Pinion-Assist Electric Power Steering System):** A cost- and time-efficient, flexible, scalable PEPS solution that leverages existing EPS building blocks; completes Nexteer's suite of modular offerings covering all EPS architectures
- **Increasing production, testing and validation capacity in China and Mexico** via groundbreakings of new Changshu campus and Mexico Technical Centre expansion
- **Enhancing profitability** through global customer and supply chain management, reducing fixed costs, optimising footprint for efficiencies and alignment to market growth needs

PROFITABILITY UPDATE: IMPROVE RESILIENCY, REDUCE COSTS & INCREASE EFFICIENCIES

In the first half of 2024, the global automotive industry faced growing headwinds and persistent recessionary concerns across North America, China and Europe. The challenging operating environment was further strained by flooding in South America and an earthquake in Japan. When comparing forecasted global production volumes for the first half of 2023 to the first half of 2024, volumes are relatively flat with 1H 2023 units at 43.7 million versus 1H 2024 units at 43.6 million, a modest decrease of 0.1 million units (0.2%) according to S&P Global Mobility Light Vehicle Production forecast (June 2024).

Meanwhile, the first half of 2024 benefited from normalised supply, including chips availability and lead times, as well as easing inflation and costs of key raw materials and freight.

Given the holistic picture of the first half of 2024, the full year of global production volume is expected to come in just below 2023 levels with 88.7 million units, a decrease of 2.0% versus 90.5 million units in 2023, according to S&P Global Mobility Light Vehicle Production forecast (June 2024).

Amongst 2024's challenges, we also see opportunity for growth and expect to continue to grow revenue above market, driven by our strong new and conquest business wins over the past several years.

In addition to growing revenue above market levels, we continue to take proactive measures to further improve Nexteer's resiliency and enhance our profitability and competitiveness, including:

Executing Customer Recoveries: In the first half of 2024, we made significant progress in recoveries associated with cancelled programs. Even still, we continue to work with our customers to recover input cost increases with both contractual escalation agreements and other negotiations.

Reducing Fixed Costs: Another way we are optimising our cost structure is by reducing fixed costs.

- **Early Retirement Incentive Program (ERIP):** In the first half of 2024 (as well as in 2023), we announced a second ERIP for eligible US salaried employees. This voluntary program is an opportunity for those eligible employees who are considering retirement or a career change, and it will help improve Nexteer's resiliency by reducing fixed costs. Cost savings will be realised in the second half of 2024 when the program is implemented.

- **Saginaw Solar Field:** In the first half of 2024, we activated a 25-acre solar field at Nexteer's Saginaw, Michigan, US site. The solar field will reduce the site's operational costs through a renewable energy source with a fraction of the emissions compared to traditional sources such as natural gas or coal. Nexteer partnered with NorthStar Clean Energy (a subsidiary of CMS Energy and affiliate of Consumers Energy) to achieve this sustainable energy solution that required no upfront capital investment.

- **Relentless Fixed Cost Optimisation:** We continue to identify cost measures and implement actions to optimise our fixed costs holistically across our global operations to drive the highest value and efficiency from our resources.

Optimising Footprint for Efficiencies and Aligning with Market Growth Needs: In addition to reducing fixed costs, we continuously look for ways to improve efficiencies in our footprint and processes, as well as support current and future market growth opportunities.

A few examples follow:

- **Changshu Manufacturing and Testing Facility Groundbreaking:** In January 2024, Nexteer broke ground on a new manufacturing campus in Changshu. This new site strategically increases Nexteer's production and testing capacity in China and enables us to further capitalise on growth with global and domestic OEMs in China and throughout APAC. The new site will supplement steering system production from our nearby Suzhou Campus and will collaborate with Nexteer's APAC Technical Center in Suzhou to support innovation and customer service throughout APAC and globally. The facility is expected to open in early 2025.

- **Mexico Technical Centre Expansion Groundbreaking:** In March 2024, Nexteer held a groundbreaking for the expansion of the Mexico Technical Centre (**MXTC**). The expanded MXTC will serve as the hub of engineering activity for Nexteer Mexico by providing local engineering support for customers, including prototyping, product validation, testing and vehicle systems integration. The expansion is expected to be completed in 2026.

- **US Driveline (DL) Transformation:** Finished consolidation of DL operations from two plants into one in Q1 2024, including renovation of 166,000 square feet of plant space. Additionally, significant improvements in material flow resulted in zero premium shipment, automation efforts improved throughput by 22% and significant improvements in service delivery resulted in zero past-due to customers.

- **North America (NA) Columns Transition:** In the first half of 2024, Nexteer completed customers' approval processes and plant rearrangement activities in Mexico to accommodate the transition. As of the timing of this report, 20% of machine relocation has been completed. In the second half of 2024, we expect near completion of the business transition to Mexico, targeting full completion within 2025.

Leveraging Our Global Supply Chain: In April 2024, we hosted our annual Global Supplier Conference. While we have hosted this conference for many years, this is the second consecutive year in which we strategically hosted the conference in a different region – 2023 in Mexico and 2024 in Poland. This latest conference was attended by over 200 supplier representatives.

Our "think global and act local" approach to our Global Supplier Conference adds significant value to our global supply base and enhances region-specific business insights. Furthermore, this forum enables direct interaction with our broad cross-functional teams, deepening collaboration and understanding necessary for shared success. Strategic topics covered in the 2024 conference included:

- **Dual Sourcing:** Outlined risk mitigation and ensuring supply continuity for critical components

- **Cost Targets and Contractual APRs:** Highlighted necessity to achieve target costs, plus Annual Price Reductions (**APRs**) as part of contractual agreements

- **Accelerated Launches:** Addressed market demand for shorter, product launch lead times

- **Environmental, Social and Governance (ESG):** Communicated Nexteer's commitment to sustainability and ESG, as well as emphasized to our supplier partners the importance of managing ESG expectations

- **Digitalising Global Supply Chain Management:** Showcased ongoing and future initiatives in digitalising processes to enhance efficiency, transparency and responsiveness

In addition to these specific examples, we continue to relentlessly investigate many other areas where we can take action to enhance profitability and drive shareholder value.

While the industry continues to be dynamic and challenging, we remain optimistic that the operating environment will improve as we move forward. Nexteer is well positioned to continue to leverage our technology strengths and megatrend alignment to maintain business growth above market levels.

FIRST HALF 2024 BOOKINGS: ALIGNED FOR CONTINUED GROWTH

We calculate our revenue bookings (**Bookings**) as the total value of lifetime revenue related to future programmes awarded during the period. A significant factor and input into the calculation of Nexteer's Bookings is forward year OEM production forecasts for awarded customer programmes. In determining forward year OEM production expectations, Nexteer considers reputable third-party automotive production forecasts, customer expectations and internal industry knowledge given past and current trends.

We closed the first half of this year with solid bookings, as our technology continues to be in high demand which will enable us to continue to grow our revenue over market levels. Our megatrend alignment plus our customer, product and market diversification positions us well as we pursue new levels of revenue growth.

In the first half of 2024, Nexteer achieved customer programme Bookings totaling US$2.1 billion. During this period, 41% of Nexteer's bookings were with our EPS product line, 59% were on our Driveline product line, 40% will be on fully EV or EV/internal combustion vehicle (**ICE**) split platforms, while 60% are completely ICE platforms. 26% of these bookings represent new/conquest business, which provides longer term growth over market for Nexteer.

COEM Expansion: In the first half of 2024, Nexteer continued to build upon its impressive momentum with leading COEMs both domestically in China as well as in support of their globalisation strategies covering both export and localisation. Nexteer's growth among our COEM customer portfolio represents $930 million in bookings for the first half of 2024, growing by 186%, from $325 million collective COEM bookings in the first half of 2023.

COEMs continue to grow within and beyond China borders. Overall COEMs' production volumes 1H of 2024 versus 1H of 2023 grew by 20% (1.3 million units); BYD, Chery, Geely and SGMW were main drivers of production growth and further buoyed by export. Furthermore, nine out of the top 10 producing COEMs year-to-date in 1H 2024 are Nexteer customers demonstrating the company's strategic alignment with targeted growth customers, regions and products. (Source: China Association of Automobile Manufacturers, CAAM June 2024).

Bookings is not a measure defined by International Financial Reporting Standards (**IFRS**), and our methodology for determining Bookings may not be comparable to the methodology used by other companies in determining the value of their bookings. Assumptions relative to estimated lifetime programme volumes and contract performance remain unchanged from our disclosures in prior periods. Any modification, suspension or cancellation of the contracts related to prior year Bookings by the Group's customers may have a substantial and immediate effect on our ability to actually generate and realise future revenue from these Bookings. While we believe that our current Bookings is a relevant financial metric, we must emphasise that the information set out in this section shall not constitute any forecast or prediction of the revenue and profits of the Group and the actual future value may differ from the estimated Bookings due to various factors beyond the Group's control.

NEW mPEPS PRODUCT ANNOUNCEMENT, COMPLETES SUITE OF MODULAR EPS OFFERINGS

Nexteer recently announced its mPEPS system, which expands the company's cost-effective, modular EPS offerings to now include Single-Pinion and Dual-Pinion systems.

With this latest announcement of mPEPS, Nexteer now offers a complete suite modular EPS solutions covering all architectures, including Modular-Column-Assist EPS (**mCEPS**) announced in October 2021, and Modular Rack-Assist EPS (**mREPS**) announced in April 2023.

COST-EFFICIENT, FLEXIBLE, SCALABLE: By leveraging Nexteer's existing, industry-leading EPS building blocks, mPEPS provides scalability, which in turn offers OEMs cost- and time-efficiencies including shorter development times and higher rate of component reuse on vehicle platforms – while still delivering advanced safety and performance for drivers such as low noise, vibration and harshness (**NVH**) levels.

Nexteer's modular approach also enables flexibility to meet OEMs' wide-ranging requirements and supports all vehicle propulsion types (EV, ICE, hybrid, etc.), mixed propulsion platforms as well as the cost-sensitive and diverse needs across global markets.

The timing of Nexteer's suite of modular steering systems fills an industry need as global and Chinese domestic OEMs seek to strike a balance among affordability, cost-efficiency, speed-to-market and cutting-edge technology to expand market share in highly competitive markets.

DEMONSTRATED LEADERSHIP VIA TECHNOLOGY DEMONSTRATIONS, SPEAKING ENGAGEMENTS

In the first half of 2024, Nexteer's thought leaders continued to be sought after speakers at high-profile, industry events around the world to discuss the challenges, opportunities and solutions related to mobility megatrends and motion control technology.

Nexteer experts were featured at the following events in the first half of 2024:

- Minds at the Autonomous Technologies Roundtable (Europe)
- iAutoBASE Forum (China)
- Society of Automotive Engineers (**SAE**) – Shift Forward: Women Shaping Mobility (India)

CUSTOMER & INDUSTRY RECOGNITION

In the first half of 2024, Nexteer was honored for quality, excellence and exceptional customer relationships:

- Manufacturing Leadership Award, Winner of "Manufacturing in 2030" (US)
- Manufacturing Leadership Award, "Digital Supply Chain" Category Finalist (US)
- GM Supplier Quality Excellence Award (India)
- GM Certificate of Excellence – Platinum Supplier Status for Nexteer Wuhu (China)
- SGMW's Excellent Quality Award for Nexteer Liuzhou (China)
- Changan's Excellent Cooperation Award for Nexteer Chongqing (China)
- Geely's Quality Excellence Award for Nexteer Wuhu (China)
- GAC AION's Excellent Partner Award for Nexteer Liuzhou (China)

Financial Highlights

Results (US'$000)	**For the six months ended June 30, 2024 (Unaudited)**	For the six months ended June 30, 2023 (Unaudited)	Change
Revenue	**2,098,927**	2,101,830	(0.1%)
Gross profit	**210,927**	190,831	10.5%
Profit before income tax	**40,790**	45,799	(10.9%)
Income tax expense	**17,729**	8,397	111.1%
Profit attributable to equity holders of the Company	**15,695**	33,993	(53.8%)
Profit for the period	**23,061**	37,402	(38.3%)
Adjusted EBITDA	**197,295**	186,134	6.0%

Assets and Liabilities (US'$000)	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)	Change
Non-current assets	**1,814,167**	1,856,924	(2.3%)
Current assets	**1,545,063**	1,547,669	(0.2%)
Non-current liabilities	**258,050**	304,722	(15.3%)
Current liabilities	**1,106,181**	1,089,030	1.6%
Capital and reserves attributable to the Company's equity holders	**1,948,126**	1,963,816	(0.8%)

These financial highlights should be read in conjunction with the Group's unaudited Condensed Consolidated Interim Financial Information for the six months ended June 30, 2024 (the **Condensed Financial Information**).

Management Discussion and Analysis

The following management discussion and analysis should be read in conjunction with the unaudited Condensed Financial Information, included herein, which have been prepared in accordance with International Accounting Standards IAS 34 "Interim Financial Reporting".

FINANCIAL REVIEW

Financial Summary

The Group achieved revenue of US$2.1 billion in the first six months of 2024, which is flat compared with the same period in 2023. Adjusting for unfavorable foreign currency translation and a decrease in commodity recovery, revenue grew by 1%, or 120 basis points over market. Continued strong growth in Asia Pacific led the way with revenue growing above market by 12% driven by growth with China OEMs.

Adjusted EBITDA for the first six months of 2024 was US$197.3 million, an increase of US$11.2 million or 6.0% compared to the same period in 2023. The improved profitability is driven mainly due to improved efficiencies and tempering cost, partially offset by unfavorable foreign currency exchange.

The Group's cash balance of US$279.8 million at June 30, 2024 represented a decrease of US$31.9 million when compared with US$311.7 million as at December 31, 2023. For the six months ended June 30, 2024, the Group's net cash generated from operating activities was US$152.4 million, a decrease of US$78.8 million compared with US$231.2 million for the same period of 2023. The decrease in cash flows from operations was driven by a US$38.3 million income tax refund received in 2023 and unfavourable net working capital. Cash from operating activities less cash used in investing activities was a use of US$2.3 million which compared unfavourably to a source of US$59.9 million in the same period of 2023. Cash used in financing activities during the six months ended June 30, 2024 was US$19.7 million, an increase of US$5.8 million, when compared with a use of cash of US$13.9 million during the six months ended June 30, 2023. The main driver of the Group's unfavourability in cash used in financing activities was a dividend of US$6.3 million paid to our non-controlling interests.

Operating Environment

The global automotive market has a direct impact on our business and operating results. Factors affecting the industry include macroeconomic influences such as consumer confidence, fluctuations in commodity prices, currency, fuel prices and regulatory environments. The ability to secure material and components from our supply base is also critical, as evidenced by the semiconductor chip shortage which created a significant industry-wide challenge over the past few years. The Group operates primarily in the US, Mexico, China, Poland, India, Morocco and Brazil.

According to S&P Global Mobility (July 2024), global OEM light vehicle production for the six months ended June 30, 2024 was weaker than the six months ended June 30, 2023, decreasing by 0.2%, with increases in Asia Pacific being more than offset by reductions in EMEASA. The following table highlights the percentage increases in OEM light vehicle production for the six months ended June 30, 2024 compared with the same period in 2023 for key markets served by the Group:

	First Half 2024
North America	1.8%
China	5.7%
India	7.4%
Europe	(4.1%)
South America	(9.4%)

The Group conducts its business from a global operating footprint to service its broad customer base and, accordingly, the financial results of the business are impacted by changes in foreign currencies measured against the US dollar, principally the European euro (**Euro**), Chinese Renminbi (**RMB**), and Mexican Peso (**MXN**). The Group's revenue and net profit were unfavourably impacted by foreign currency as the US dollar strengthened against the Euro and RMB and weakened against the MXN during the first six months of 2024 compared with the same period a year ago.

During the first six months of 2024, the Group successfully launched 38 new customer programmes – 13 programmes in North America, 2 programme in EMEASA and 23 programmes in Asia Pacific. Of the 38 programme launches, 32 represented new or conquest business for the Group and 6 represented incumbent business. 18 programme launches represented customer 100% EV programmes.

Revenue

The Group's revenue for the six months ended June 30, 2024 was US$2,098.9 million, a decrease of US$2.9 million or 0.1%, compared with US$2,101.8 million for the six months ended June 30, 2023. Despite a slight reduction in global OEM light vehicle production, significant new and conquest programme launches over the past few years helped provide a net increase of volume in the first half of 2024 when compared with 2023. The favourable volume during the period, was more than offset by unfavourable foreign currency translation, which further impacted the Group's revenue by approximately US$20.9 million, as a result of the strengthening of the US dollar against the RMB during the first half of 2024 compared with the same period a year ago. Customer price reductions, resulting from the partial pass through of raw material commodity decreases during the first half of 2024 in comparison to the first half of 2023, provided a further reduction of revenue in the amount of US$3.1 million. Adjusting for unfavourable foreign currency translation and the decline in commodity pricing, the Group's revenue increased by 1.0% during first half of 2024 compared with the same period a year ago, outpacing the revenue decrease in OEM production for the comparative period by 120 basis points. This performance reflected the on-going benefit from the launch of new and conquest customer programmes in recent years.

We measure the results of our operations by geographic segment regions. The change in revenue is analysed by volume, mix, price and foreign currency translation impact. Volume measure changes are driven by the volume of products sold and mix changes are driven by the type of products sold. Price measures the impact of changes within the pricing structure of each product sold. The impact of foreign currency translation is measured by the changes in foreign currencies measured against the US dollar.

Revenue by Geographical Segments

The following table sets forth revenue by geographic segments for the periods indicated:

	For the six months ended June 30, 2024		For the six months ended June 30, 2023	
	US$'000 (Unaudited)	**%**	US$'000 (Unaudited)	%
North America	**1,118,983**	**53.3**	1,194,519	56.8
Asia Pacific	**594,578**	**28.3**	543,983	25.9
EMEASA	**366,348**	**17.5**	361,149	17.2
Other	**19,018**	**0.9**	2,179	0.1
Total	**2,098,927**	**100.0**	2,101,830	100.0

The changes in revenue by geographical segments are primarily due to the following:

- North America segment – Revenue decreased by US$75.5 million, or 6.3%, for the six months ended June 30, 2024 compared with the same period in 2023. The most significant factor contributing to the revenue decrease was due to Nexteer customer programs underperformance in the market and certain customer programs ending in 2023. Despite an increase in North America OEM light vehicle production for the first half of 2024 by 1.8% compared with the same period in 2023, the North America segment experienced a revenue reduction of 6.3%. The segment was also impacted by customer price reductions related to raw material commodity inflation price decreases, amounting to US$0.3 million in the first half of 2024 compared to the same period in 2023.

- Asia Pacific segment – Revenue increased by US$50.6 million, or 9.3%, for the six months ended June 30, 2024 compared with the same period in 2023. The most significant factor contributing to the revenue was due to the significant new and conquest programme launches over the past few years. Increased OEM light vehicle production also contributed to revenue growth, with total Asia Pacific OEM production volumes higher by 1.1% including China higher by 5.7% for the first half of 2024 compared with the same period in 2023. Unfavourable foreign currency translation tempered the revenue growth in the region in the amount of US$21.0 million as the US dollar strengthened against the RMB during the first half of 2024 compared with the same period in 2023. Adjusting for unfavourable foreign currency translation and the decline in commodity pricing, the segment's revenue increased by 13.2% during first half of 2024 compared with the same period a year ago, outpacing the regional revenue increase in OEM production for the comparative period by 1,210 basis points.

- EMEASA segment – Revenue increased by US$5.2 million, or 1.4%, for the six months ended June 30, 2024 compared with the same period in 2023, despite a decrease in Europe and South America OEM light vehicle production of 4.1% and 9.4%, respectively, during the first half of 2024 compared with the same period in 2023. The Brazil flood impacted our operations causing revenue loss of US$10.0 million in the first half of 2024, which was more than offset by increased revenue due to program launches in Europe. Favorable foreign currency translation slightly impacted revenue in the region in the amount of US$0.1 million as the US dollar weakened against the Euro during the first half of 2024 compared with the same period in 2023. Adjusting for favourable foreign currency translation and the decline in commodity pricing, the segment's revenue increased by 2.1% during the first half of 2024 compared with the same period a year ago, outpacing the regional revenue decrease in OEM production for the comparative period by 690 basis points.

- Other – Revenue increased by US$16.8 million, for the six months ended June 30, 2024 compared with the same period in 2023. Other revenue is related to non-production engineering design and development/prototype services.

Revenue by Products

The following table sets forth the Group's revenue by product lines for the periods indicated:

	For the six months ended June 30, 2024 US$'000 (Unaudited)	%	For the six months ended June 30, 2023 US$'000 (Unaudited)	%
EPS	**1,404,555**	**66.9**	1,442,653	68.6
CIS	**221,999**	**10.6**	188,113	9.0
HPS	**90,129**	**4.3**	85,582	4.1
DL	**382,244**	**18.2**	385,482	18.3
Total	**2,098,927**	**100.0**	2,101,830	100.0

The Group experienced a decrease in EPS revenue of US$38.1 million, or 2.6%, for the six months ended June 30, 2024 compared with the same period in 2023, driven mainly by the customer specific demand declines in North America. CIS revenue increased by US$33.9 million, or 18.0%, for the six months ended June 30, 2024 compared with the same period a year ago, with the most significant increase experienced in the EMEASA segment. HPS revenue increased by US$4.5 million, or 5.3%, for the six months ended June 30, 2024 compared with the same period of 2023. DL revenue decreased by US$3.2 million, or 0.8%, for the six months ended June 30, 2024 compared with the same period last year.

Net Profit Attributable to Equity Holders

The Group's net profit attributable to equity holders of the Company for the six months ended June 30, 2024 was US$15.7 million or 0.7% of total revenue, a decrease of US$18.3 million, compared to a profit for the six months ended June 30, 2023 of US$34.0 million, or 1.6% of total revenue. The decrease was principally attributable to the following factors:

- EBITDA improvement of US$11.2 million.
- Product development Intangible asset impairments totalling US$37.7 million related to programme cancellations on specific customer programs, partially offset by customer reimbursement of US$24.0 million.
- An increase of US$9.3 million to income tax expense during the first half of 2024 compared to a year ago which primarily resulted from the Group's determination during the first half of 2023 that our Brazil net operating losses were more likely than not to be realised, resulting in a one-time benefit of US$11.0 million.
- Increased profit at our driveline non-wholly owned subsidiary increasing our non-controlling interests share of profitability by US$4.0 million.

Cost of Sales

The Group's cost of sales for the six months ended June 30, 2024 was US$1,888.0 million, a decrease of US$23.0 million, or 1.2%, from US$1,911.0 million for the six months ended June 30, 2023.

Raw material costs represent a significant portion of the Group's total cost of sales and for the six months ended June 30, 2024 totaled US$1,328.6 million, or 63.3% of revenue, compared with US$1,382.8 million, or 65.8% of revenue, for the same period last year, reflecting a decrease of US$54.2 million, or 3.9%. The decrease in raw material costs for the period when compared with the same period a year ago, is mainly attributable to cost savings initiatives.

Depreciation and amortisation, including amortisation of capitalised product development costs, charged to cost of sales for the six months ended June 30, 2024 was US$131.5 million, a decrease of US$3.4 million, or 2.5% from US$134.9 million for the six months ended June 30, 2023.

Amortisation of capitalised product development costs recorded as cost of sales amounted to US$60.1 million for the six months ended June 30, 2024, or 2.9% of revenue, a decrease of US$10.5 million, or 14.9%, as compared with US$70.6 million, or 3.4% of revenue for the six months ended June 30, 2023. We expect amortisation to continue to increase in future years with the launch of new customer programmes that are currently in development.

As a percent of revenue, cost of sales decreased to 90.0% for the first half of 2024 compared with 90.9% for the same period a year ago.

Gross Profit

The Group's gross profit for the six months ended June 30, 2024 was US$210.9 million, an increase of US$20.1 million, or 10.5%, when compared with US$190.8 million for the six months ended June 30, 2023. Gross profit margin for the six months ended June 30, 2024 was 10.0% compared with 9.1% for the six months ended June 30, 2023. The increase in gross profit was primarily attributable to the reduction in raw material costs.

Engineering and Product Development Costs

For the six months ended June 30, 2024, the Group's engineering and product development costs charged to the income statement were US$88.6 million, representing 4.2% of revenue, an increase of US$20.6 million, or 30.3%, as compared to US$68.0 million, or 3.2% of revenue for the six months ended June 30, 2023. During the six months ended June 30, 2024, the Group recorded product development intangible asset impairments of US$7.3 million related to programme cancellations on specific customer programmes, with US$5.7 million recorded in the North America segment and US$1.6 million recorded in the Asia Pacific segment.

During the six months ended June 30, 2023, the Group recorded a net reversal of product development intangible asset impairments of US$1.7 million. The Group reversed impairments on a previously impaired programme of US$4.1 million in the Condensed Financial Information as engineering and product development costs in the North America segment. The Group recorded impairments of US$1.5 million and US$0.8 million related to programme cancellations and declining volumes on specific customer programmes recorded in the Condensed Financial Information as engineering and product development costs in the North America and EMEASA segments, respectively. In addition, the Group recorded customer recovery from a previously impaired programme of US$5.2 million in the Condensed Financial Information as engineering and product development costs in the North America segment.

Capitalised interest related to engineering development costs totaled US$3.4 million for the six months ended June 30, 2024 and US$2.8 million for the six months ended June 30, 2023. Depreciation and amortisation charged to engineering and product development costs for the six months ended June 30, 2024 was US$6.9 million, a decrease of US$0.1 million, or 1.4%, from US$7.0 million for the six months ended June 30, 2023.

The Group's aggregate investment in engineering and product development costs is defined as the sum of costs charged to the condensed consolidated interim income statement (excluding impairment charges associated with costs capitalised in previous periods) and total costs capitalised as intangible assets during the current period which will be amortised in future periods upon launch and start of production of related customer programmes currently in development. For the six months ended June 30, 2024, the Group incurred an aggregate investment in engineering and product development costs of US$135.4 million, a decrease of US$12.5 million, or 8.5%, compared with US$147.9 million for the six months ended June 30, 2023.

Selling, Distribution and General and Administrative Expenses

The Group's selling, distribution and general and administrative expenses for the six months ended June 30, 2024 were US$82.4 million, representing 3.9% of revenue, an increase of US$5.1 million, or 6.6%, as compared to US$77.3 million, or 3.7% of revenue for the six months ended June 30, 2023. Depreciation and amortisation charged to administrative expenses for the six months ended June 30, 2024 was US$3.9 million, a decrease of US$0.4 million, or 9.3% from US$4.3 million for the six months ended June 30, 2023.

Other Gains, net

Other gains, net represents gains/losses attributable to foreign exchange transactions, loss/gain on disposal of property, plant and equipment and others. Other gains, net for the six months ended June 30, 2024 was a gain of US$1.4 million, an increase of US$0.1 million compared to a gain of US$1.3 million for the six months ended June 30, 2023. All attributes of other gains/losses were mainly consistent year over year.

Finance Income/Finance Costs

Finance costs, net, consist of interest income and expense reduced by interest capitalised on qualifying assets and product development. The Group's net finance costs for the six months ended June 30, 2024 were US$2.2 million, compared to net finance costs of US$0.9 million for the six months ended June 30, 2023. The increase in finance costs was primarily due to fluctuation in short term borrowings for the six months ended June 30, 2024, when compared to same period of 2023.

Share of Results of Joint Ventures, net

Share of results of joint ventures, net relates to the Group's investments in Chongqing Nexteer Steering Systems Co., Ltd. (**Chongqing Nexteer**), Dongfeng Nexteer Steering Systems (Wuhan) Co., Ltd. (**Dongfeng Nexteer**), and CNX Motion, LLC (**CNXMotion**). For the six months ended June 30, 2024, the Group's share of profit (loss) in joint ventures amounted to US$1.7 million, (US$nil) and (US$nil) related to Chongqing Nexteer, Dongfeng Nexteer, and CNXMotion, respectively (six months ended June 30, 2023: US$1.9 million, (US$0.2 million), and (US$1.8 million)). Chongqing Nexteer's profitability increased during the six months ended June 30, 2024 compared with the same period in 2023 as a result of increased customer demand. During the year ended December 31, 2023, in separate agreements, Nexteer agreed with its joint venture partners of Dongfeng Nexteer and CNXMotion to dissolve both entities and dissolution of both entities were completed during the year ended December 31, 2023.

Income Tax Expense

The Group's income tax expense was US$17.7 million for the six months ended June 30, 2024, representing 43.5% of the Group's profit before tax, an increase of US$9.3 million from US$8.4 million, or 18.3% of profit before income tax, for the six months ended June 30, 2023.

During the six months ended June 30, 2024 and June 30, 2023, the Group determined that its US net deferred tax assets, mainly R&D credits, were not probable to be fully realised and recorded a decrease in the net deferred tax assets. Consistent with this determination, the Group has not recorded a tax benefit for credits and certain other deferred tax assets of US$16.3 million and US$22.4 million for the six months ended June 30, 2024 and June 30, 2023, respectively.

During the six months ended June 30, 2023, the Group determined that its Brazil net operating losses are more likely than not to be realised due to cumulative income in recent years and other positive evidence. These net operating losses have no expiration and remain available to offset future income tax liabilities. As a result, the Group recognised net deferred tax assets of US$11 million for the six months ended June 30, 2023.

The Organization for Economic Cooperation and Development has agreed to enact Pillar Two legislation. Pillar Two framework aims to ensure that certain multi-national enterprises (**MNEs**) pay a minimum tax rate on income within each jurisdiction in which they operate. Generally, the framework imposes a tax on profits arising in jurisdictions where the effective tax rate (**ETR**) is below 15%.

Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions in which the Group operates. The legislation was effective for the Group's financial year beginning January 1, 2024 for certain jurisdictions, and will be effective January 1, 2025 for the Group's remaining jurisdictions.

The Group is in scope of Pillar II legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on the most recent country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates meet the transitional safe harbor rules. Where the transitional safe harbor relief does not apply, the Group does not expect a material exposure to Pillar Two income taxes. Therefore, based on the Amendments to IAS 12 "Income Taxes": International Tax Reform – Pillar Two Model Rules, the Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published.

Provisions

As at June 30, 2024, the Group has provisions for litigation, environmental liabilities, warranties and decommissioning of US$83.6 million, a decrease of US$3.8 million as compared to US$87.4 million as at December 31, 2023. The decrease in provisions was principally due to the reduction in the litigation provision that was partially paid and partially settled during the six months ended June 30, 2024.

Liquidity and Capital Resources

Cash Flows

Our business requires a significant amount of working capital, which is primarily used to finance the purchase of raw materials, capital spending for customer programmes and engineering and product development costs. We have historically met our working capital and other capital requirements principally from cash generated from operations and borrowings from third-party financial institutions. We utilise a combination of strategies, including intercompany dividends, intercompany loan structures and other distributions and advances to provide the funds necessary to meet our global liquidity needs. The Company utilises a global cash pooling arrangement to consolidate and manage our global cash balances, which improves cash management efficiency. We believe that cash on hand and availability of borrowings under the Group's credit facilities will be adequate to fund our operations.

The following table sets forth a condensed consolidated interim statement of cash flows for the Group for the periods indicated:

	For the six months ended June 30, 2024 US$'000 (Unaudited)	For the six months ended June 30, 2023 US$'000 (Unaudited)
Cash generated from (used in):		
Operating activities	**152,387**	231,191
Investing activities	**(154,648)**	(171,316)
Financing activities	**(19,703)**	(13,857)
Net (decrease) increase in cash and cash equivalents	**(21,964)**	46,018

Cash Flows Generated from Operating Activities

For the six months ended June 30, 2024, the Group's net cash generated from operating activities was US$152.4 million, a decrease of US$78.8 million compared with US$231.2 million for the six months ended June 30, 2023. The decrease in cash flows from operations was driven by a US$38.3 million income tax refund received in 2023 and unfavourable net working capital.

Cash Flows Used in Investing Activities

The Group's cash flows used in investing activities primarily reflect capital spending for purchases of machinery, equipment and tooling and capitalised engineering and product development costs as intangible assets to support customer programmes.

The following table sets forth the cash used in investing activities within the Group for the periods indicated:

	For the six months ended June 30, 2024 US$'000 (Unaudited)	For the months ended June 30, 2023 US$'000 (Unaudited)
Purchase of property, plant and equipment	**(91,185)**	(98,669)
Addition of intangible assets	**(54,094)**	(78,184)
Addition of right-of-use assets	**(8,826)**	–
Others	**(543)**	5,537
Net cash used in investing activities	**(154,648)**	(171,316)

Cash Flows Used in Financing Activities

For the six months ended June 30, 2024, the Group's net cash used in financing activities was US$19.7 million, an increase of US$5.8 million when compared with a use of cash of US$13.9 million during the six months ended June 30, 2023. The main driver of the Group's unfavourability in cash used in financing activities was a dividend of US$6.3 million paid to our non-controlling interests.

Indebtedness

As at June 30, 2024, the Group's total borrowings was US$47.9 million, a decrease of US$1.2 million from US$49.1 million as at December 31, 2023. The decrease was primarily due to foreign currency impact on term loan borrowings in China which are denominated in RMB.

The following table sets forth the balances of short and long-term borrowing obligations within the Group for the periods indicated:

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Current borrowings	**47,901**	14,122
Non-current borrowings	**–**	34,988
Total borrowings	**47,901**	49,110

The table below sets forth the maturity profile of the borrowings within the Group for the periods indicated:

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Within 1 year	**47,901**	14,122
Between 1 and 2 years	**–**	34,988
Total borrowings	**47,901**	49,110

Pledge of Assets

The Group has several secured borrowings at certain subsidiaries. Assets securing the borrowings differ by site and include accounts receivable, inventories and property, plant and equipment. As at June 30, 2024, the Group had approximately US$812.3 million total assets pledged as collateral, an increase of US$21.8 million as compared with US$790.5 million as at December 31, 2023. The increase in collateral pledged was directly related to increases in the balances of the underlying assets pledged. No significant changes in collateral arrangements have occurred from December 31, 2023 to June 30, 2024.

Exposure to Currency Rate Fluctuations and Related Hedges

The Group seeks to limit its foreign currency exposure through matching its purchase of materials and sale of finished goods in the same currencies subject to sourcing constraints. The Group monitors its remaining foreign currency exposure regularly to reduce the risk of foreign currency fluctuations in its operations.

Gearing Ratio

The Group monitors its capital structure on the basis of the gearing ratio. The gearing ratio is calculated as total borrowings divided by total equity at the end of the respective period.

The gearing ratio as at June 30, 2024 was 2.4%, consistent with December 31, 2023.

OTHER INFORMATION

Future Prospects

The Group strives to maintain a market-leading position in global advanced steering and driveline systems, including electrification, driver assist and ADAS-enabling technologies. We boost our current position and future prospects by leveraging the following five Nexteer differentiators:

1. Relentless innovation

2. Depth and breadth of our product portfolio

3. Systems integration experience

4. In-house ownership of R&D and integrated product and process development

5. Global manufacturing footprint and prowess

Megatrends influencing the automotive industry and adjacent sectors continue to present new and unique channels for Nexteer. We retain thoughtful alignment across our product lines with megatrends including ADAS – Advanced Safety & Performance, Software & Connectivity, Electrification and Shared Mobility. In many cases, our technologies create a natural fit for Nexteer to offer solutions to OEMs across these megatrends, which provides us a competitive advantage and positions us well for potential future opportunities as these megatrends continue to evolve and mature.

Please refer to the Business Overview section earlier in this report for more details on our alignment to these megatrends.

Employees Remuneration Policy

As at June 30, 2024, the Group had approximately 13,000 full-time employees. The Group's remuneration policies are formulated based on the performance of individual employees and the Group's performance and are reviewed regularly. Our full-time employees participate in various employee benefit plans including retirement benefits, extended disability benefits and workers' compensation. In addition, we have adopted employee incentive plans designed to attract, retain, motivate and encourage employees to commit to enhancing value for us and the shareholders of the Company (the **Shareholders**) as a whole. For example, the Group has employee retention programmes that include individual development plans, merit wage adjustments, annual incentive plans and promotions. We offer training programmes to our full-time employees and contract personnel which are designed to develop the skills that we need to meet our enterprise goals and customer requirements and to meet certain training requirements such as mandated customer or regulatory requirement and contractual obligations.

The Group also uses contract personnel to support the workload of the business where considered the most efficient. As at June 30, 2024, the Group had approximately 1,500 personnel engaged on a contract basis.

FORWARD-LOOKING STATEMENTS

Any forward-looking statements and opinions contained within this interim report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Company, the Directors and the employees of the Company assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this interim report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Corporate Governance/Other Information

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The Company recognises that sound corporate governance practices are fundamental to our effective and transparent operation and to the Group's ability to protect the rights of the Shareholders and enhance Shareholder value.

The Company has adopted its own Internal Control and Corporate Governance Policies, which are based on the principles, provisions and practices set out in the Corporate Governance Code (the **Hong Kong CG Code**) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**).

Except as expressly described below, in the opinion of the directors (the **Directors**) of the board of the Company (the **Board**), the Company has complied with all applicable code provisions set out in the Hong Kong CG Code and all applicable laws and regulations that have a significant impact on the business and operation of the Group throughout the six months ended June 30, 2024.

The Company periodically reviews its corporate governance practices with reference to the latest developments of the Hong Kong CG Code.

Chairman and Chief Executive Officer

Pursuant to code provision C.2.1 in Part 2 of Appendix C1 to the Listing Rules, the roles of chairman and the chief executive should be segregate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. With effect from June 21, 2022, Mr. LEI, Zili (**Mr. LEI**), the Chairman of the Board (the **Chairman**), has been appointed as the Chief Executive Officer of the Company, which constitutes a deviation from code provision C.2.1 in Part 2 of Appendix C1 to the Listing Rules. The Board considers that the appointment of Mr. LEI as both chairman and chief executive can provide the Group with consistent leadership going forward and allow more effective implementation of the overall strategy of the Group. Furthermore, this structure does not compromise the balance of power and authority, as major decisions are made in consultation with the Board. The current senior management team of the Group also possesses rich knowledge and experience in different professional fields to assist Mr. LEI to make decisions about the businesses and operations of the Group.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by the Directors and the Company Secretary. With the support of the Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board's affairs so as to contribute to the Board's effective functioning. The Board, under the leadership of the Chairman, has adopted sound corporate governance practices and procedures and has taken appropriate steps to provide effective communication with Shareholders and other stakeholders.

COMPLIANCE WITH CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the **Model Code**) as set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they complied with the required standards set out in the Model Code for the six months ended June 30, 2024.

The Company has also adopted its own code of conduct regarding employees' securities transactions in terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

The Company maintains and regularly reviews a sensitivity list identifying factors or developments which are likely to give rise to the emergence of inside information or development of a false market for its securities.

The Company ensures that confidentiality agreements are signed by all relevant parties to a transaction that is likely to give rise to the emergence of inside information or development of a false market for its securities. The Company also adopts appropriate measures to maintain the confidentiality of the information, such as using project codes and restricting access to such information to a limited group of recipients on a need-to-know basis.

The Company organises periodic training as it deems necessary for employees who, because of their office or employment, are likely to be in possession of inside information in relation to the Company, to help them understand the Company's policies and procedures as well as their relevant disclosure duties and obligations.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has adopted a risk management and internal control system and associated procedures and conducts reviews of the effectiveness of the risk management and internal control system of the Group from time to time.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. WANG Jian (王堅), resigned as Chief Executive Officer of AVIC Cabin System Co., Limited in January 2024.

Except as disclosed above, there is no other change in the Directors' biographical details required to be disclosed in this interim report pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended June 30, 2024.

AUDIT AND COMPLIANCE COMMITTEE AND REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Audit and Compliance Committee had reviewed together with management and the external auditor the unaudited Condensed Financial Information of the Company for the six months ended June 30, 2024. There has been no disagreement between the Audit and Compliance Committee or the auditor with the accounting treatment adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES BY THE COMPANY

There was no purchase, sale or redemption of any listed securities (including sale of treasury shares) of the Company by the Company or any of its subsidiaries during the six months ended June 30, 2024.

SHARE OPTION SCHEME

On June 5, 2014, the Company adopted a share option scheme (the **Share Option Scheme**).

The Board may, at its discretion, invite any Directors (excluding Independent non-Executive Directors), senior management as well as other key employees approved by the Board as the Participants (as defined under the Share Option Scheme).

There were no options under the Share Option Scheme ("**Options**") vested during the six months ended June 30, 2024.

The number of share options available for grant under the Share Option Scheme as at January 1, 2024 was 166,636,790. No options were available for grant as at June 30, 2024, as the Share Option Scheme expired on June 5, 2024.

The summary of Options granted under the Share Option Scheme that were outstanding as at June 30, 2024 are as follows (there were no Options granted during the six months ended June 30, 2024 (six months ended June 30, 2023: nil)):

	Grant date	Options granted	Options held as at January 1, 2024	Options granted during the interim period	Options exercised during the interim period	Options cancelled/ lapsed during the interim period	Options held as at June 30, 2024	Exercise period[1]	Option exercise price per share HK$	Share price on the grant date[2] HK$	Share price on the exercise date HK$	Weighted average closing price of the Company's shares immediately before the exercise date HK$
Director												
LEI, Zili	October 25, 2022	1,667,970	1,111,980	–	–	–	1,111,980	October 25, 2022 – October 24, 2032	4.268	4.140	N/A	N/A
MILAVEC, Robin Zane	May 30, 2018	526,730	175,580	–	–	–	175,580	May 30, 2018 – May 29, 2028	12.456	11.960	N/A	N/A
	August 21, 2019	1,667,970	–	–	–	–	–	August 21, 2019 – August 20, 2029	6.390	6.390	N/A	N/A
	October 25, 2022	2,633,650	1,755,760	–	–	–	1,755,760	October 25, 2022 – October 24, 2032	4.268	4.140	N/A	N/A
WANG, Jian	August 21, 2019	702,300	–	–	–	–	–	August 21, 2019 – August 20, 2029	6.390	6.390	N/A	N/A
	October 25, 2022	351,150	234,100	–	–	–	234,100	October 25, 2022 – October 24, 2032	4.268	4.140	N/A	N/A
ZHANG, Wendong	October 25, 2022	351,150	234,100	–	–	–	234,100	October 25, 2022 – October 24, 2032	4.268	4.140	N/A	N/A
SHI, Shiming	October 25, 2022	351,150	234,100	–	–	–	234,100	October 25, 2022 – October 24, 2032	4.268	4.140	N/A	N/A
Sub-total		**8,252,070**	**3,745,620**	**–**	**–**	**–**	**3,745,620**					
Other Employee Participants (in aggregate)	June 11, 2014	11,236,860	–	–	–	–	–	June 11, 2014 – June 10, 2024	5.150	5.150	N/A	N/A
	June 10, 2015	10,358,990	–	–	–	–	–	June 10, 2015 – June 9, 2025	8.610	8.480	N/A	N/A
	June 10, 2016	10,602,490	279,380	–	–	–	279,380	June 10, 2016 – June 9, 2026	7.584	7.340	N/A	N/A
	May 29, 2017	11,919,310	139,690	–	–	–	139,690	May 29, 2017 – May 28, 2027	11.620	11.620	N/A	N/A
	May 30, 2018	12,446,040	490,850	–	–	–	490,850	May 30, 2018 – May 29, 2028	12.456	11.960	N/A	N/A
	August 21, 2019	11,304,800	–	–	–	–	–	August 21, 2019 – August 20, 2029	6.390	6.390	N/A	N/A
	October 25, 2022	7,023,050	3,979,710	–	–	–	3,979,710	October 25, 2022 – October 24, 2032	4.268	4.140	N/A	N/A
Sub-total		**74,891,540**	**4,889,630**	**–**	**–**	**–**	**4,889,630**					
Total		**83,143,610**	**8,635,250**	**–**	**–**	**–**	**8,635,250**					

Notes:

(1) The Options granted in 2014, 2015, 2016, 2017, 2018, 2019 and 2022 must be held for one year from June 11, 2014, June 10, 2015, June 10, 2016, May 29, 2017, May 30, 2018, August 21, 2019 and October 25, 2022, respectively. The Options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third at each anniversary of the Date of Grant of the share option. The October 25, 2022 grant contains various performance targets in order to vest. These performance targets require the Group to achieve a minimum return on invested capital, three-year compound annual growth rate, and operating margin. Also, the Group's return on invested capital, three-year compound annual growth rate, and operating margin must exceed benchmark companies.

(2) The exercise price for the Options granted on June 11, 2014, May 29, 2017 and August 21, 2019 was the closing price of the shares quoted on the Hong Kong Stock Exchange on the trading day on the Date of Grant of the Options. The exercise price for the Options granted on June 10, 2015, June 10, 2016, May 30, 2018 and October 25, 2022 was the average closing price for five consecutive trading days prior to the Date of Grant of the Options. The closing price of the shares of the Company immediately before the date of the Options (i.e. October 24, 2022) granted during the reporting year was HK$3.98.

During the six months ended June 30, 2024, there were 8,635,250 shares that may be issued in respect of options granted under the Share Option Scheme, which is 0.34% of the weighted average number of shares in issue, which can be exercised until no later than 10 years from the relevant grant date.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, the interests or short positions of the Directors or Chief Executives of the Company in the shares of the Company (the **Shares**), underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the **SFO**)) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to Model Code are as follows:

Interest in the Company

Name	Capacity	Nature of Interest	No. of underlying Shares of the Company held (through share options)[1]	Approximate Percentage of Total Issued Shares[2] %
LEI, Zili	Director	Beneficial owner	1,111,980 (L)	0.04%
MILAVEC, Robin Zane	Director	Beneficial owner	1,931,340 (L)	0.08%
SHI, Shiming	Director	Beneficial owner	234,100 (L)	0.01%
WANG, Jian	Director	Beneficial owner	234,100 (L)	0.01%
ZHANG, Wendong	Director	Beneficial owner	234,100 (L)	0.01%

Notes:

(L) Denotes a long position in the Shares.

(1) These represent the interests in underlying Shares in respect of the Options granted by the Company.

(2) The calculation is based on the total number of 2,509,824,293 Shares in issue as at June 30, 2024.

Except as disclosed above, as at June 30, 2024, none of our Directors and Chief Executives of the Company have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO; or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed above, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any of its subsidiaries were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them. Neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate for the six months ended June 30, 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2024, the following Shareholders (excluding the Directors and Chief Executives of the Company) had interests or short positions in any Shares and underlying Shares of the Company which will be required to be disclosed under provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO:

Name	Nature of Interest	No. of Shares	Approximate Percentage of Total Issued Shares(1) %
Nexteer Automotive (Hong Kong) Holdings Limited (**Nexteer Hong Kong**)(2)	Beneficial owner	1,105,000,000 (L)	44.03%
Pacific Century Motors, Inc. (**PCM China**)(2)	Interest of controlled corporation	1,105,000,000 (L)	44.03%
AVIC Automotive Systems Holding Co., Ltd. (**AVIC Auto**)(3)	Interest of controlled corporation	1,105,000,000(L)	44.03%
Aviation Industry Corporation of China, Ltd. (**AVIC**)(3)	Interest of controlled corporation	1,105,000,000(L)	44.03%
Beijing E-Town International Investment & Development Co. Ltd.(4)	Interest of controlled corporation	525,000,000 (L)	20.92%
Beijing E-Town International Automotive Investment & Management Co., Ltd.(4)	Beneficial owner	525,000,000 (L)	20.92%
M&G, Plc.	Interest of controlled corporation	133,657,000 (L)	5.33%

Notes:

(L) Denotes a long position in the Shares.

(1) The calculation is based on the total number of 2,509,824,293 Shares issued as at June 30, 2024.

(2) Nexteer Hong Kong is wholly-owned by PCM China, which is in turn owned as to 72.88% by AVIC Auto and as to 27.12% by Beijing E-Town International Automotive Investment & Management Co. Ltd. (北京亦莊國際汽車投資管理有限公司) (a direct wholly-owned subsidiary of Beijing E-Town International Investment & Development Co. Ltd.). Each of PCM China and AVIC Auto is deemed to be interested in the 1,105,000,000 Shares held by Nexteer Hong Kong.

(3) AVIC Auto is owned as to 70.11% by AVIC. AVIC is deemed to be interested in the 1,105,000,000 Shares held by Nexteer Hong Kong.

(4) On September 23, 2022, Beijing E-Town International Automotive Investment & Management Co., Ltd. (北京亦莊國際汽車投資管理有限公司) (a direct wholly-owned subsidiary of Beijing E-Town International Investment & Development Co., Ltd.) became a direct holder of 525,000,000 shares of the Company. Beijing E-Town International Investment & Development Co., Ltd. is deemed to be interested in the 525,000,000 Shares held by Beijing E-Town International Automotive Investment & Management Co., Ltd.

Report on Review of Condensed Consolidated Interim Financial Information

Deloitte. 德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF NEXTEER AUTOMOTIVE GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information of Nexteer Automotive Group Limited (the "**Company**") and its subsidiaries (collective referred to as the "**Group**") set out on pages 34 to 72, which comprise the condensed consolidated interim balance sheet as at June 30, 2024 and the related condensed consolidated interim income statement, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information. 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 International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of the condensed consolidated interim financial information 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 International 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 interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
August 14, 2024

Condensed Consolidated Interim Balance Sheet

As at June 30, 2024

	Notes	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	**986,650**	1,000,227
Right-of-use assets	8	**54,534**	51,351
Intangible assets	7	**689,473**	732,560
Deferred income tax assets		**37,610**	27,053
Investments in joint ventures	26(b)	**20,097**	18,440
Income taxes receivable		**4,133**	4,133
Other receivables and prepayments	11	**21,670**	23,160
		1,814,167	1,856,924
Current assets			
Inventories		**310,827**	299,074
Trade receivables	9	**800,270**	750,496
Notes receivable	10	**26,936**	52,550
Income taxes receivable		**12,705**	14,435
Other receivables and prepayments	11	**114,302**	119,360
Restricted bank deposits		**187**	13
Cash and cash equivalents		**279,836**	311,741
		1,545,063	1,547,669
Total assets		**3,359,230**	3,404,593

The notes on pages 40 to 72 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Balance Sheet

As at June 30, 2024

	Notes	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	**32,377**	32,377
Other reserves		**(42,730)**	(18,874)
Retained earnings		**1,958,479**	1,950,313
		1,948,126	1,963,816
Non-controlling interests		**46,873**	47,025
Total equity		**1,994,999**	2,010,841
LIABILITIES			
Non-current liabilities			
Lease liabilities	8	**34,005**	37,097
Borrowings	13	**–**	34,988
Retirement benefits and compensations		**25,834**	25,706
Deferred income tax liabilities		**4,892**	8,583
Provisions	14	**55,509**	66,196
Deferred revenue	15	**96,892**	110,229
Other payables and accruals	17	**40,918**	21,923
		258,050	304,722
Current liabilities			
Trade payables	16	**810,295**	833,401
Other payables and accruals	17	**163,432**	158,123
Current income tax liabilities		**15,422**	17,916
Retirement benefits and compensations		**2,597**	2,877
Provisions	14	**28,091**	21,159
Deferred revenue	15	**26,417**	27,244
Borrowings	13	**47,901**	14,122
Lease liabilities	8	**12,026**	14,188
		1,106,181	1,089,030
Total liabilities		**1,364,231**	1,393,752
Total equity and liabilities		**3,359,230**	3,404,593

The notes on pages 40 to 72 are an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages 34 to 72 was approved by the Board of Directors on August 14, 2024 and were signed on its behalf.

LEI, Zili	**MILAVEC, Robin Zane**
Director	*Director*

Condensed Consolidated Interim Income Statement

For the six months ended June 30, 2024

	Notes	For the six months ended June 30, 2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Revenue	6	**2,098,927**	2,101,830
Cost of sales	19	**(1,888,000)**	(1,910,999)
Gross profit		**210,927**	190,831
Engineering and product development costs	19	**(88,628)**	(68,006)
Selling and distribution expenses	19	**(10,790)**	(10,150)
Administrative expenses	19	**(71,622)**	(67,157)
Other gains, net	18	**1,424**	1,300
Operating profit		**41,311**	46,818
Finance income	21	**3,131**	2,325
Finance costs	21	**(5,309)**	(3,206)
		(2,178)	(881)
Share of results of joint ventures, net	26(b)	**1,657**	(138)
Profit before income tax		**40,790**	45,799
Income tax expense	22	**(17,729)**	(8,397)
Profit for the period		**23,061**	37,402
Profit for the period attributable to:			
Equity holders of the Company		**15,695**	33,993
Non-controlling interests		**7,366**	3,409
		23,061	37,402
Earnings per share for profit for the period attributable to equity holders of the Company for the period (expressed in US$ per share)			
– Basic and diluted	23	**0.006**	0.014

The notes on pages 40 to 72 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended June 30, 2024

	For the six months ended June 30, 2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Profit for the period	**23,061**	37,402
Other comprehensive loss		
Item that may be reclassified subsequently to profit or loss		
Exchange differences	**(25,256)**	(10,086)
Total comprehensive (loss) income for the period	**(2,195)**	27,316
Total comprehensive (loss) income for the period attributable to:		
Equity holders of the Company	**(8,330)**	25,718
Non-controlling interests	**6,135**	1,598
	(2,195)	27,316

The notes on pages 40 to 72 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended June 30, 2024

	Attributable to equity holders of the Company							
	Share capital US$'000 (note 12)	Merger reserve US$'000	Share-based compensation reserve US$'000	Exchange reserve US$'000	Retained earnings US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total US$'000
For the six months ended June 30, 2023 (Unaudited)								
As at January 1, 2023	32,377	113,000	6,196	(143,558)	1,925,810	1,933,825	43,325	1,977,150
Comprehensive income								
Profit for the period	–	–	–	–	33,993	33,993	3,409	37,402
Other comprehensive loss								
Exchange differences	–	–	–	(8,275)	–	(8,275)	(1,811)	(10,086)
Total comprehensive (loss) income	–	–	–	(8,275)	33,993	25,718	1,598	27,316
Transactions with owners								
Value of employee services provided under Share Option Scheme (note 20)	–	–	400	–	–	400	–	400
Dividends payable to shareholders (note 24)	–	–	–	–	(11,796)	(11,796)	–	(11,796)
As at June 30, 2023	32,377	113,000	6,596	(151,833)	1,948,007	1,948,147	44,923	1,993,070
For the six months ended June 30, 2024 (Unaudited)								
As at January 1, 2024	**32,377**	**113,000**	**6,434**	**(138,308)**	**1,950,313**	**1,963,816**	**47,025**	**2,010,841**
Comprehensive income								
Profit for the period	**–**	**–**	**–**	**–**	**15,695**	**15,695**	**7,366**	**23,061**
Other comprehensive loss								
Exchange differences	**–**	**–**	**–**	**(24,025)**	**–**	**(24,025)**	**(1,231)**	**(25,256)**
Total comprehensive (loss) income	**–**	**–**	**–**	**(24,025)**	**15,695**	**(8,330)**	**6,135**	**(2,195)**
Transactions with owners								
Value of employee services provided under Share Option Scheme (note 20)	**–**	**–**	**169**	**–**	**–**	**169**	**–**	**169**
Dividends payable to shareholders (note 24)	**–**	**–**	**–**	**–**	**(7,529)**	**(7,529)**	**–**	**(7,529)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(6,287)**	**(6,287)**
As at June 30, 2024	**32,377**	**113,000**	**6,603**	**(162,333)**	**1,958,479**	**1,948,126**	**46,873**	**1,994,999**

The notes on pages 40 to 72 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended June 30, 2024

	For the six months ended June 30, 2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Operating activities		
Cash generated from operations	**185,570**	213,835
Income tax (paid) refunded, net	**(33,183)**	17,356
Net cash generated from operating activities	**152,387**	231,191
Investing activities		
Purchase of property, plant and equipment	**(91,185)**	(98,669)
Addition of intangible assets	**(54,094)**	(78,184)
Addition of right-of-use assets	**(8,826)**	–
Others	**(543)**	5,537
Net cash used in investing activities	**(154,648)**	(171,316)
Financing activities		
Proceeds from borrowings	**48,089**	9,955
Repayments of borrowings	**(48,089)**	(11,959)
Repayments of lease liabilities	**(7,588)**	(7,157)
Finance costs paid	**(5,828)**	(4,696)
Dividends paid to non-controlling interests	**(6,287)**	–
Net cash used in financing activities	**(19,703)**	(13,857)
Net (decrease) increase in cash and cash equivalents	**(21,964)**	46,018
Cash and cash equivalents at beginning of period	**311,741**	245,934
Effect of exchange rate changes on cash and cash equivalents	**(9,941)**	(1,865)
Cash and cash equivalents at end of period	**279,836**	290,087

The notes on pages 40 to 72 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended June 30, 2024

1 GENERAL INFORMATION

Nexteer Automotive Group Limited (the **Company**) was incorporated in the Cayman Islands on August 21, 2012 as an exempted company with limited liability under the Companies Law (as amended), of the Cayman Islands. The address of the Company's registered office is PO Box 309, Ugland House, Grand Cayman, KY1–1104, Cayman Islands.

The Company is an investment holding company. The Company, together with its subsidiaries (collectively referred to as the **Group**), are principally engaged in the design and manufacture of steering and driveline systems, Advanced Driver Assistance Systems (**ADAS**) and Automated Driving (**AD**) and components for automobile manufacturers and other automotive-related companies. The Group's primary operations are in the United States of America (**USA** or **US**), Mexico, the People's Republic of China (**China**), Poland, India, Morocco and Brazil and are structured to supply its customers globally. The principal markets for the Group's products are North America, Europe, South America, China and India.

The Company's directors regard Aviation Industry Corporation of China, Ltd. (**AVIC**), a company established in China, as being the ultimate holding company of the Company. The Company's immediate holding company is Nexteer Automotive (Hong Kong) Holdings Limited.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since October 7, 2013 (the **Listing**).

The functional currency of the Company is US dollar (**US$**). This condensed consolidated interim financial information (**Condensed Financial Information**) is presented in thousands of US dollars (**US$'000**), unless otherwise stated. This Condensed Financial Information was approved by the Board of Directors of the Company (the **Board**) for issue on August 14, 2024.

This Condensed Financial Information has not been audited.

2 BASIS OF PREPARATION

This Condensed Financial Information has been prepared in accordance with International Accounting Standard (**IAS**) 34 "Interim Financial Reporting" and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This Condensed Financial Information should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with all applicable International Financial Reporting Standards (**IFRS**), as issued by the International Accounting Standards Board (**IASB**) and disclosure requirements of the Hong Kong Companies Ordinance.

3 ACCOUNTING POLICIES

In addition to those described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2023, as described in those annual financial statements.

Amendments to standards adopted by the Group

The Group has adopted the following amendments which are relevant to the Group and mandatory for the accounting period beginning on January 1, 2024.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants

The adoption of these amendments did not have a significant effect on the Group's Condensed Financial Information.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Condensed Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Condensed Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended December 31, 2023.

5 FINANCIAL INSTRUMENTS

Fair value estimation

The carrying amounts of the Group's current financial assets and liabilities, including cash and cash equivalents, restricted bank deposits, trade receivables, notes receivable and other receivables, trade payables and other payables and accruals and current borrowings approximate their fair values. The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The Group has notes receivable measured at fair value through other comprehensive income (**FVOCI**) and included in Level 2 of the fair value hierarchy as at June 30, 2024 and December 31, 2023. Notes receivable are measured at FVOCI as (i) they are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The fair value of financial assets at FVOCI is estimated by discounting the future contracted cash flows at the current market interest rate that is available to the Group for similar financial instruments. The Group had no other financial assets or liabilities measured at fair value as at June 30, 2024 and December 31, 2023. The different levels are defined as follows:

- The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in **Level 1**.

- The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in **Level 2**.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in **Level 3**.

There were no transfers of financial assets or financial liabilities between fair value hierarchy classifications.

6 REVENUE AND SEGMENT INFORMATION

6.1 Revenue from contracts with customers

The Group contracts with customers, which are generally automotive original equipment manufacturers, to sell steering and driveline systems and components. In connection with these contracts, the Group also provides tooling and prototype parts. The Group does not have material significant payment terms as payment is received shortly after the point of sale.

Performance Obligations

The following summarises types of performance obligations identified in a contract with a customer.

Products	Nature, timing of satisfaction of performance obligations, and payment terms
Production Parts	The Group recognises the majority of revenue for production parts at a point in time upon shipment to the customer and transfer of the title and risk of loss under standard commercial terms. A limited number of the Group's customer arrangements for customised products with no alternative use provide the Group the right to payment during the production process. These revenues are recognised over time using the input method as performance obligations under the terms of a contract are satisfied. The amount of revenue recognised is based on the purchase order price. Customers typically pay for the product/prototype based on customary business practices with payment terms ranging from 30 to 90 days.
Tooling	The Group's development and sale of tooling for customers is performed in connection with the preparations to produce and sell products to its customers. Customers typically pay for the tooling in a lump sum upon acceptance. The Group recognises revenue for tooling over time using the input method as it satisfies its performance obligation. Revenue is recognised to the extent of costs incurred to date for reimbursable tooling from customers.
Engineering Design and Development/ Prototypes	The Group recognises non-production related engineering design and development revenue/prototypes, which is normally related to R&D, performance improvement and business pursuit. The Group recognises revenue for non-production related engineering design and development/prototypes revenue over time using the input method as it satisfies its performance obligations.

6 REVENUE AND SEGMENT INFORMATION (Continued)

6.1 Revenue from contracts with customers (Continued)

Contract balances

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on production parts, tooling and engineering design and development/ prototypes. The contract assets are reclassified into the receivables balance when the rights to receive payment become unconditional. Contract assets are assessed for impairment under the expected credit loss method in IFRS 9 "Financial Instruments". There have been no impairment losses recognised related to contract assets arising from the Group's contracts with customers. Contract liabilities are associated with consideration received from customers in advance of transferring goods promised in a contract. Recognition of revenue is deferred until the related performance obligations are satisfied in the future. The following table provides information about contract assets and contract liabilities from contracts with customers.

	Contract assets(i) US$'000	Contract liabilities, Current(ii) US$'000	Contract liabilities, Non-Current(ii) US$'000
Balances as at June 30, 2024 (Unaudited)	**46,154**	**26,417**	**96,892**
Balances as at December 31, 2023 (Audited)	48,655	27,244	110,229

(i) Contract assets are recorded within current other receivables and prepayments. As at January 1, 2023, contract assets amount to US$47,718,000.

(ii) Contract liabilities are recorded within deferred revenue. As at January 1, 2023, contract liabilities amount to US$128,853,000.

6.2 Segment information

The Group's segment information is presented on the basis of internal reports that are regularly reviewed by the Group's Chief Executive Officer (**CEO**) in order to allocate resources to the segments and assess their performance. For each of the Group's reportable segments, the Group's CEO reviews internal management reports on a quarterly basis.

The Group classifies its businesses into three reportable segments: North America, Asia Pacific and Europe, Middle East, Africa and South America (**EMEASA**). All of the Group's operating segments typically offer the same steering and driveline products. The "Others" category primarily represents parent company activities of the Company and activities of its non-operating direct and indirect subsidiaries, as well as elimination entries between segments.

For internal management reporting purposes, a US-based subsidiary and a Mexico-based subsidiary which are separate operating segments have been aggregated into the North America reportable segment considering these operating segments have similar economic characteristics including their gross margin, operating profit and Adjusted EBITDA as a percentage of revenue.

6 REVENUE AND SEGMENT INFORMATION (Continued)

6.2 Segment information (Continued)

The key performance indicator that the Group monitors to manage segment operations is operating income before interest, taxes, depreciation and amortisation, impairment of intangible assets, reversals of impairments on intangible assets, customer recovery income related to impairments and share of results of joint ventures, net (**Adjusted EBITDA**).

Information about reportable segments and reconciliations of reportable segment revenues is as follows:

	North America US$'000	Asia Pacific US$'000	EMEASA US$'000	Others US$'000	Total US$'000
For the six months ended June 30, 2024 (Unaudited)					
Total revenue	**1,151,635**	**616,680**	**368,276**	**(9,244)**	**2,127,347**
Inter-segment revenue	**(32,652)**	**(22,102)**	**(1,928)**	**28,262**	**(28,420)**
Revenue from external customers	**1,118,983**	**594,578**	**366,348**	**19,018**	**2,098,927**
Adjusted EBITDA	**87,329**	**104,737**	**7,422**	**(2,193)**	**197,295**
For the six months ended June 30, 2023 (Unaudited)					
Total revenue	1,233,464	557,311	362,199	(29,032)	2,123,942
Inter-segment revenue	(38,945)	(13,328)	(1,050)	31,211	(22,112)
Revenue from external customers	1,194,519	543,983	361,149	2,179	2,101,830
Adjusted EBITDA	97,540	81,500	18,405	(11,311)	186,134

The revenue from external parties reported to the Group's CEO is measured in a manner consistent with that in the Condensed Financial Information.

6 REVENUE AND SEGMENT INFORMATION (Continued)

6.2 Segment information (Continued)

Total assets and total liabilities represent total current and non-current assets and total current and non-current liabilities of the segments and include assets and liabilities between operating segments. Reconciliations of reportable segment total assets and liabilities are as follows:

	North America US$'000	Asia Pacific US$'000	EMEASA US$'000	Others US$'000	Total US$'000
As at June 30, 2024 (Unaudited)					
Total assets	**1,653,780**	**1,260,540**	**712,966**	**(268,056)**	**3,359,230**
Total liabilities	**876,627**	**581,117**	**276,823**	**(370,336)**	**1,364,231**
As at December 31, 2023 (Audited)					
Total assets	1,639,081	1,241,409	734,003	(209,900)	3,404,593
Total liabilities	837,413	610,185	272,104	(325,950)	1,393,752

Adjusted EBITDA includes a non-cash component for revenue recognised from deferred revenue. For the six months ended June 30, 2024, the North America segment, Asia Pacific segment and EMEASA segment recognised US$19,987,000 (six months ended June 30, 2023: US$16,982,000), US$5,526,000 (six months ended June 30, 2023: US$1,569,000) and US$2,144,000 (six months ended June 30, 2023: US$2,514,000), respectively. Reconciliations of reportable segment Adjusted EBITDA to the Group's profit before income tax are as follows:

	For the six months ended June 30,	
	2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Adjusted EBITDA from reportable segments	**197,295**	186,134
Depreciation and amortisation	**(142,285)**	(146,229)
Impairments on intangible assets	**(37,699)**	(2,371)
Reversals of impairments on intangible assets	**–**	4,100
Customer recovery income related to impairments	**24,000**	5,184
Finance income	**3,131**	2,325
Finance costs	**(5,309)**	(3,206)
Share of results of joint ventures, net	**1,657**	(138)
Profit before income tax	**40,790**	45,799

6 REVENUE AND SEGMENT INFORMATION (Continued)

6.2 Segment information (Continued)

In presenting information on the basis of geography, segment revenue is based on the geographical location of subsidiaries and segment assets and liabilities are based on geographical location of the assets.

The geographic distribution of revenue for the six months ended June 30, 2024 and 2023 is as follows:

	For the six months ended June 30, 2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
North America:		
US	**664,380**	709,033
Mexico	**454,603**	485,486
Asia Pacific:		
China	**524,420**	464,570
Rest of Asia Pacific	**70,158**	79,413
EMEASA:		
Poland	**220,917**	201,586
Rest of EMEASA	**145,431**	159,563
Other	**19,018**	2,179
	2,098,927	2,101,830

The geographic distribution of non-current assets, excluding deferred income tax assets, as at June 30, 2024 and December 31, 2023 is as follows:

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
North America:		
US	**448,099**	490,981
Mexico	**464,841**	471,072
Asia Pacific:		
China	**404,297**	410,099
Rest of Asia Pacific	**35,833**	33,771
EMEASA:		
Poland	**327,039**	327,498
Rest of EMEASA	**83,971**	87,403
Others	**12,477**	9,047
	1,776,557	1,829,871

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For the six months ended June 30, 2024

6 REVENUE AND SEGMENT INFORMATION (Continued)

6.2 Segment information (Continued)

Disaggregation of revenue

	North America US$'000	Asia Pacific US$'000	EMEASA US$'000	Others US$'000	Total US$'000
For the six months ended June 30, 2024 (Unaudited)					
Electric Power Steering (**EPS**)	**697,541**	**394,522**	**293,506**	**18,986**	**1,404,555**
Steering Columns and Intermediate Shafts (**CIS**)	**163,910**	**28,412**	**29,652**	**25**	**221,999**
Hydraulic Power Steering (**HPS**)	**89,306**	**516**	**307**	**–**	**90,129**
Driveline Systems (**DL**)	**168,226**	**171,128**	**42,883**	**7**	**382,244**
	1,118,983	**594,578**	**366,348**	**19,018**	**2,098,927**

	North America US$'000	Asia Pacific US$'000	EMEASA US$'000	Others US$'000	Total US$'000
For the six months ended June 30, 2023 (Unaudited)					
EPS	753,224	380,352	306,904	2,173	1,442,653
CIS	167,126	16,709	4,272	6	188,113
HPS	83,294	1,542	746	–	85,582
DL	190,875	145,380	49,227	–	385,482
	1,194,519	543,983	361,149	2,179	2,101,830

6 REVENUE AND SEGMENT INFORMATION (Continued)

6.2 Segment information (Continued)

Revenue by type

	For the six months ended June 30, 2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Production parts	**2,066,804**	2,082,835
Tooling	**9,834**	12,551
Engineering design and development/prototypes	**22,289**	6,444
	2,098,927	2,101,830

Customers amounting to 10 percent or more of the Group's revenue are as follows and reported in all segments:

	For the six months ended June 30, 2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
GM	**754,995**	721,887
Customer A	**408,694**	517,418
Customer B	**342,660**	340,123
	1,506,349	1,579,428

7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment US$'000	Intangible assets US$'000
Six months ended June 30, 2024 (Unaudited)		
Net book amount as at January 1, 2024	**1,000,227**	**732,560**
Additions	**73,617**	**57,490**
Disposals	**(883)**	**–**
Impairment	**–**	**(37,699)**
Depreciation and amortisation	**(72,866)**	**(60,186)**
Exchange differences	**(13,445)**	**(2,692)**
Net book amount as at June 30, 2024	**986,650**	**689,473**
Six months ended June 30, 2023 (Unaudited)		
Net book amount as at January 1, 2023	971,192	725,145
Additions	58,279	80,979
Disposals	(1,349)	–
Impairment	–	(2,371)
Reversals of impairment	–	4,100
Depreciation and amortisation	(67,673)	(70,669)
Exchange differences	(3,064)	(3,875)
Net book amount as at June 30, 2023	957,385	733,309

Intangible asset additions include additions for product development. Product development cost additions, including capitalised interest, for the period ended June 30, 2024 were US$57,490,000 (six months ended June 30, 2023: US$80,979,000).

Capitalised product development costs not yet available for use are tested annually based on the recoverable amount of the cash-generating unit to which the intangible asset is related.

The recoverable amount of the cash-generating units is determined based upon value in use from the most recent detailed calculations. The value in use is estimated using the discounted cash flow approach. For significant cash-generating units, the pre-tax discount rates used for the six months ended June 30, 2024 to estimate future cash flows range between 12% and 14% (six months ended June 30, 2023: between 11% and 14%), which are based on an estimated weighted average cost of capital depending on geographical location and risk factors and includes estimates of country risk premiums. Estimated cash flows are based on the estimated useful life of the cash-generating unit.

7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

In determining value in use, it is necessary to make a series of assumptions to estimate future cash flows. There is risk in future profitability forecasts including, but not limited to, assumptions of customer volumes and commodity pricing. The assumptions for customer volumes and commodity pricing are reviewed annually as part of management's budgeting and strategic planning cycles.

The assumptions related to customer volume and timing of sales to customers may vary due to a number of factors, including variation in demand for customers' products, customers' attempts to manage their inventories, design changes, changes in customers' manufacturing strategy, etc. Accordingly, many of the Group's customers do not commit to long-term production schedules.

The assumptions related to commodity pricing may vary as raw material costs are influenced by several commodities and the volatility of these prices may have an adverse impact on the Group's business. However, to mitigate the risk the Group continues its efforts to pass material, component and supply cost increases to the Group's customers.

During the six months ended June 30, 2024, the Group recorded product development intangible asset impairments of US$37,699,000 related to programme cancellations on specific customer programmes, with US$36,147,000 recorded in the North America segment and US$1,552,000 recorded in the Asia Pacific segment. In addition, the Group recorded customer recovery income from an impaired programme of US$24,000,000 in the Condensed Financial Information in the North America segment.

During the six months ended June 30, 2023, the Group recorded a net reversal of product development intangible asset impairments of US$1,729,000. The Group reversed impairments on a previously impaired programme of US$4,100,000 in the Condensed Financial Information as engineering and product development costs in the North America segment. The Group recorded impairments of US$1,542,000 and US$829,000 related to programme cancellations and declining volumes on specific customer programmes recorded in the Condensed Financial Information as engineering and product development costs in the North America and EMEASA segments, respectively. In addition, the Group recorded customer recovery income from a previously impaired programme of US$5,184,000 in the Condensed Financial Information as engineering and product development costs in the North America segment.

Certain of the Group's property, plant and equipment have been pledged as collateral under the Group's borrowing arrangements. The carrying amounts of property, plant and equipment pledged as collateral were US$265,364,000 as at June 30, 2024 (December 31, 2023: US$286,199,000).

8 LEASES

The Group's leases are mainly comprised of real-estate, equipment and tooling and vehicles. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

	Real-Estate US$'000 (Unaudited)	Equipment and Tooling US$'000 (Unaudited)	Other US$'000 (Unaudited)	Total US$'000 (Unaudited)
Balance as at January 1, 2024	**42,671**	**2,594**	**6,086**	**51,351**
Depreciation charge for the six months ended June 30, 2024	**6,382**	**2,448**	**403**	**9,233**
Balance as at June 30, 2024	**50,417**	**296**	**3,821**	**54,534**
Depreciation charge for the six months ended June 30, 2023	**6,223**	**991**	**673**	**7,887**

Additions to the right-of-use assets during the six months ended June 30, 2024 were US$15,143,000 (six months ended June 30, 2023: US$3,657,000).

Depreciation is charged to the following expense by function:

	For the six months ended June 30,	
	2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Cost of sales	**7,131**	5,541
Engineering and product development costs	**1,009**	1,078
Administrative expenses	**1,093**	1,268
	9,233	7,887

8 LEASES (Continued)

Lease liabilities

(i) Gross lease liabilities – minimum lease payments:

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Within 1 year	**12,180**	16,975
Between 1 and 2 years	**10,555**	11,931
Between 2 and 5 years	**20,819**	21,420
Over 5 years	**7,428**	7,179
	50,982	57,505
Less: future finance charges	**(4,951)**	(6,220)
	46,031	51,285

(ii) Present value of lease liabilities:

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Within 1 year	**12,026**	14,188
Between 1 and 2 years	**9,930**	10,637
Between 2 and 5 years	**17,426**	19,551
Over 5 years	**6,649**	6,909
	46,031	51,285
Less: non-current portion	**(34,005)**	(37,097)
Current portion	**12,026**	14,188

For the six months ended June 30, 2024, the Group recognised interest on lease liabilities of US$1,309,000 (six months ended June 30, 2023: US$1,486,000) in the Condensed Financial Information.

For the six months ended June 30, 2024, the Group's total cash outflows for leases amounted to US$17,723,000 (six months ended June 30, 2023: US$8,643,000) in the Condensed Financial Information.

9 TRADE RECEIVABLES

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Trade receivables, gross	**806,454**	752,240
Less: provision for impairment	**(6,184)**	(1,744)
	800,270	750,496

Credit terms range primarily from 30 to 90 days after the invoice date depending on the customer and the geographical region. Ageing analysis of trade receivables based on invoice date is as follows:

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
0 to 30 days	**468,348**	367,893
31 to 60 days	**244,457**	298,029
61 to 90 days	**34,888**	65,953
Over 90 days	**58,761**	20,365
	806,454	752,240

The provision for impairment of receivables includes estimates and assessments of individual receivables based on the expected credit loss method.

Trade receivables of US$4,439,000 (December 31, 2023: US$nil) and US$1,745,000 (December 31, 2023: US$1,744,000) were credit impaired and non-credit impaired, respectively, as at June 30, 2024 on which provisions were made.

The carrying amounts of trade receivables pledged as collateral were US$438,669,000 as at June 30, 2024 (December 31, 2023: US$386,790,000).

10 NOTES RECEIVABLE

Certain customers in China pay for goods and services through the use of notes receivable. As at June 30, 2024, notes receivable outstanding was in the amount of US$26,936,000 (December 31, 2023: US$52,550,000). The notes receivable are measured at FVOCI.

Ageing analysis of notes receivable based on note date is as follows:

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
0 to 30 days	**8,243**	28,108
31 to 60 days	**6,495**	6,176
61 to 90 days	**4,452**	6,126
Over 90 days	**7,746**	12,140
	26,936	52,550

11 OTHER RECEIVABLES AND PREPAYMENTS

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Other taxes recoverable[(i)]	**27,454**	25,750
Prepaid assets	**39,332**	46,102
Contract assets[(ii)]	**46,154**	48,655
Deposits to vendors	**8,410**	10,764
Others	**14,622**	11,249
	135,972	142,520
Less: non-current portion	**(21,670)**	(23,160)
Current portion	**114,302**	119,360

Notes:

(i) Balance mainly represents value-added tax recoverable.

(ii) As stated in note 6, the Group has contracts with customers that require revenue to be recognised over time as costs are incurred. Contract assets balance represents rights to consideration for work completed but not billed, at the reporting date on production parts, tooling and engineering design and development/prototypes.

12 SHARE CAPITAL

	Number of ordinary shares	**Amount**
Issued and fully paid:		
HK$0.10 each as at December 31, 2023 and June 30, 2024	2,509,824,293	HK$250,982,429

13 BORROWINGS

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Non-Current		
Borrowings from banks		
– Unsecured(1a(i))	–	35,306
Add: Non-current portion of		
– Debt issuance costs(1b)	–	(318)
Total Non-Current	–	34,988
Current		
Borrowings from banks		
– Unsecured(1a(i))	**47,901**	14,122
Total Current	**47,901**	14,122
Total Borrowings	**47,901**	49,110

1. Notes:

(a) The Group has the following significant utilised and unutilised bank facilities at the end of the reporting period:

(i) An unsecured credit facility containing certain financial covenants, consisting of 3 term loan tranches, obtained by a subsidiary of the Company with a balance of US$47,901,000 as at June 30, 2024 (December 31, 2023: US$49,428,000). Tranche 1 has a balance of US$13,759,000 (December 31, 2023: US$14,122,000) and matures in December 2024. Tranche 2 has a balance of US$13,759,000 (December 31, 2023: US$14,122,000) and matures in February 2025. Tranche 3 has a balance of US$20,638,000 (December 31, 2023: US$21,184,000) and matures in April 2025. Each tranche bears interest at the China Loan Prime Rate minus 0.25%. The credit facility has no remaining unused capacity as at June 30, 2024 and December 31, 2023.

(ii) A revolving line of credit obtained by a subsidiary of the Company which bears interest at SOFR plus a range of 1.35% to 1.85% per annum, depending on borrowing type, matures in June 2026 and is secured by trade receivables, inventories and machinery and equipment. Availability under the agreement fluctuates according to a borrowing base. In addition, outstanding amounts under the credit facility may become immediately due and payable upon certain events of default, including failure to comply with the financial covenant in the credit agreement, a fixed charge coverage ratio requirement that applies when excess availability under the credit line is less than certain thresholds, or certain other affirmative and negative covenants in the agreement. As at June 30, 2024, the Group has availability of US$321,968,000 (December 31, 2023: US$320,569,000) of the US$325,000,000 (December 31, 2023: US$325,000,000) line of credit.

(iii) A factoring facility with availability to borrow up to US$42,806,000 (December 31, 2023: US$44,319,000) by a subsidiary of the Company which bears interest at EURIBOR or WIBOR plus 1.5% per annum, is secured by certain receivables. As at June 30, 2024, the subsidiary has availability to borrow based on collateral up to US$21,349,000 (December 31, 2023: US$22,189,000).

(iv) An overdraft facility with availability to borrow up to US$19,849,000 (December 31, 2023: US$20,442,000) by a subsidiary of the Company which bears interest at EURIBOR plus 1.5% per annum or WIBOR plus 1.3% per annum, depending on the currency borrowed, is secured by certain trade receivables.

(v) A revolving line of credit with availability to borrow up to US$3,595,000 (December 31, 2023: US$3,608,000) by a subsidiary of the Company which bears interest at the India Marginal Cost of Funds Based Lending Rate + 0.8% per annum, is secured by property, plant and equipment, trade receivables and inventories.

(vi) A revolving line of credit with availability to borrow up to US$3,595,000 (December 31, 2023: US$3,608,000) by a subsidiary of the Company which bears interest at the India Marginal Cost of Funds Based Lending Rate +0.4% per annum, is secured by property, plant and equipment, trade receivables and inventories.

(b) The Group capitalised debt issuance costs related to various borrowing as noted above. Amortisation of the debt issuance costs is recognised in the Condensed Financial Information as finance cost over the period of the borrowing using the effective interest method. The unamortised balance of debt issuance costs is US$318,000 as at December 31, 2023.

13 BORROWINGS (Continued)

2. Maturity of borrowings

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Within 1 year	**47,901**	14,122
Between 1 and 2 years	**–**	34,988
Between 2 and 5 years	**–**	–
Total Borrowings	**47,901**	49,110

3. The carrying amount and fair value of non-current borrowings are as follows:

	Carrying amount		Fair value	
	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Bank borrowings	**–**	35,306	**–**	35,492

As at December 31, 2023, the fair values of bank borrowings are based on discounted cash flows using applicable discount rates based upon the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics as at the balance sheet dates. Such discount rates were 3.2% as at December 31, 2023, and were within Level 2 of the fair value hierarchy.

4. Weighted average annual interest rates

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Bank borrowings	**4.5%**	4.1%

14 PROVISIONS

	As at June 30, 2024 (Unaudited)			As at December 31, 2023 (Audited)		
	Current US$'000	Non-current US$'000	Total US$'000	Current US$'000	Non-current US$'000	Total US$'000
Litigation[i]	**189**	**1,642**	**1,831**	223	13,644	13,867
Environmental liabilities[ii]	**150**	**11,815**	**11,965**	150	11,839	11,989
Warranties[iii]	**27,752**	**31,532**	**59,284**	20,286	30,396	50,682
Decommissioning[iv]	**–**	**10,520**	**10,520**	–	10,317	10,317
Other provision	**–**	**–**	**–**	500	–	500
	28,091	**55,509**	**83,600**	21,159	66,196	87,355

Movement of provisions is as follows:

	Litigation[i] US$'000	Environmental liabilities[ii] US$'000	Warranties[iii] US$'000	Decom-missioning[iv] US$'000	Other Provision US$'000	Total US$'000
Six months ended June 30, 2024 (Unaudited)						
As at January 1, 2024	**13,867**	**11,989**	**50,682**	**10,317**	**500**	**87,355**
(Reversals) additions, net	**(6,370)**	**(2)**	**20,226**	**222**	**(500)**	**13,576**
Payments	**(5,517)**	**(15)**	**(10,737)**	**–**	**–**	**(16,269)**
Exchange differences	**(149)**	**(7)**	**(887)**	**(19)**	**–**	**(1,062)**
As at June 30, 2024	**1,831**	**11,965**	**59,284**	**10,520**	**–**	**83,600**
Six months ended June 30, 2023 (Unaudited)						
As at January 1, 2023	13,162	12,013	58,734	9,818	–	93,727
Additions, net	644	4	4,816	260	–	5,724
Payments	(335)	(15)	(11,820)	–	–	(12,170)
Exchange differences	40	3	(511)	(5)	–	(473)
As at June 30, 2023	13,511	12,005	51,219	10,073	–	86,808

14 PROVISIONS (Continued)

Notes:

(i) Litigation

The balance represents a provision primarily for certain labour claims brought against the Group. Litigation is subject to many uncertainties and the outcome of the individual litigated matters is not predictable with assurance. Based on currently available information, it is the opinion of management that the outcome of such matters will not have a material adverse impact on the Group.

(ii) Environmental liabilities

A provision is recognised for remediation costs to be incurred for the restoration of the manufacturing sites upon the initial recognition of the related assets.

(iii) Warranties

A provision is recognised for warranty costs associated with products sold to the customer principally at the time of sale or when it is determined that such obligations are probable and can be reasonably estimated.

(iv) Decommissioning

This represents asset retirement obligations at certain of the Group's facilities.

15 DEFERRED REVENUE

Contract liabilities are associated with consideration received from customers in advance of transferring goods promised in the contract. The Group periodically receives upfront consideration from customers in connection with engineering, prototyping and pre-production programme-specific activities. These revenue amounts are deferred and recognised over the life of the related programme, which typically ranges between four and seven years. The carrying amount of deferred revenue is as follows:

	As at June 30, 2024 (Unaudited)			As at December 31, 2023 (Audited)		
	Current US$'000	**Non-current US$'000**	**Total US$'000**	Current US$'000	Non-current US$'000	Total US$'000
Pre-production activity	**26,417**	**96,892**	**123,309**	27,244	110,229	137,473

Movement of deferred revenue is as follows:

	For the six months ended June 30,	
	2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
As at January 1	**137,473**	128,853
Additions	**14,239**	15,412
Recognised in profit or loss	**(27,657)**	(21,065)
Exchange differences	**(746)**	(798)
As at June 30	**123,309**	122,402

16 TRADE PAYABLES

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Trade payables	**756,550**	776,013
Notes payable	**53,745**	57,388
	810,295	833,401

Certain vendors in China are paid for goods and services through the use of notes payable, which are included in trade payables. As at June 30, 2024, notes payable outstanding was in the amount of US$53,745,000 (December 31, 2023: US$57,388,000).

The ageing analysis of trade payables based on invoice date is as follows:

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
0 to 30 days	**370,755**	460,109
31 to 60 days	**241,568**	215,503
61 to 90 days	**113,129**	93,620
91 to 120 days	**35,084**	18,738
Over 120 days	**49,759**	45,431
	810,295	833,401

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17 OTHER PAYABLES AND ACCRUALS

	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
Accrued expenses	**145,601**	136,096
Deposits from customers	**1,045**	452
Other taxes payable	**18,225**	17,990
Dividends payable to equity holders of the Company	**7,529**	–
Others[(i)]	**31,950**	25,508
	204,350	180,046
Less: non-current portion	**(40,918)**	(21,923)
Current portion	**163,432**	158,123

Note:

(i) Included in others is the estimated customer claim in respect of production downtime caused to the customer due to unexpected supply chain disruption.

18 OTHER GAINS, NET

	For the six months ended June 30, 2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Foreign exchange losses, net	**(253)**	(376)
Loss on disposal of property, plant and equipment	**(1,497)**	(432)
Others	**3,174**	2,108
	1,424	1,300

19 EXPENSE BY NATURE

	For the six months ended June 30,	
	2024	2023
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Inventories used, including finished goods and work-in-progress	**1,339,211**	1,391,251
Employee labour and benefit costs	**322,679**	288,777
Temporary labour costs	**49,496**	59,971
Supplies and tools	**98,016**	101,633
Depreciation on property, plant and equipment (note 7)	**72,866**	67,673
Depreciation on right-of-use assets (note 8)	**9,233**	7,887
Amortisation on intangible assets (note 7)	**60,186**	70,669
Impairment charges on		
– trade receivables (note 9)	**4,439**	55
– intangible assets (note 7)	**37,699**	2,371
Reversals of impairment on intangible assets (note 7)	**–**	(4,100)
Customer recovery income related to impairments (note 7)	**(24,000)**	(5,184)
Write-down on inventories	**103**	1,438
Warranty expenses (note 14)	**20,226**	4,816
Auditors' remuneration		
– audit and non-audit services	**379**	190
Others	**68,507**	68,865
Total cost of sales, engineering and product development costs, selling and distribution, and administrative expenses	**2,059,040**	2,056,312

20 SHARE-BASED PAYMENTS

(a) Share options

Pursuant to a shareholders' resolution passed on June 5, 2014, the Company adopted a share option scheme (the **Share Option Scheme**). The Share Option Scheme has remained in force for a period of 10 years commencing from June 5, 2014 and the period within which the option may be exercised must expire no later than 10 years from the relevant date of grant.

The options will be vested and become exercisable after the grantees complete a period of service of 1 to 3 years from the date of grant and subject to the Group achieving its performance targets.

Movements in the number of share options outstanding and their average exercise prices are as follows:

	Average exercise price (per share) HK$	Outstanding options (thousands)
As at January 1, 2023 (Audited)	5.109	14,341
Expired	9.571	(878)
Forfeited	4.268	(1,053)
As at June 30, 2023 (Unaudited)	4.865	12,410
Exercisable as at June 30, 2023	11.094	1,085
As at January 1, 2024 (Audited) and as at June 30, 2024 (Unaudited)	**5.126**	**8,635**
Exercisable as at June 30, 2024	**11.094**	**1,086**

There were no options granted during the six months ended June 30, 2024 or the six months ended June 30, 2023. No options were available for grant as at June 30, 2024 as the Share Option Scheme expired on June 5, 2024. The number of share options available for grant under the Share Option Scheme as at December 31, 2023 was 166,636,790.

The weighted average remaining contractual life for the share options outstanding as at June 30, 2024 was 7.6 years (December 31, 2023: 8.10 years). The range of exercise prices for options outstanding as at June 30, 2024 was HK$4.268 to HK$12.456 (December 31, 2023: HK$4.268 to HK$12.456).

The fair value of the share options charged to the Condensed Financial Information was US$169,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: US$400,000).

20 SHARE-BASED PAYMENTS (Continued)

(b) Performance awards

Pursuant to an award agreement granted on November 13, 2020, the Company granted 16,299,000 units of performance awards to certain eligible individuals determined by the Board (**2020 Performance Awards**). The 2020 Performance Awards remained in force for a period beginning on November 13, 2020 and ended on June 30, 2023. 2020 Performance awards were equally vested in three tranches in 2021, 2022 and 2023 under the circumstance that non-market performance conditions are met. Each unit of performance awards was settled in cash for appreciation amounts between the stock price of the Company on the end date of the tranche and the initial stock price of HK$4.36 determined by the Board (**Initial Stock Price**).

As at June 30, 2024 and December 31, 2023, there were no outstanding tranches of unit awards granted in November 2020. For the six months ended June 30, 2023, the fair value of the performance awards of US$315,000 was credited to the Condensed Financial Information. For the six months ended June 30, 2023, 174,730 units of 2020 Performance Awards were forfeited, and nil units of 2020 Performance Awards totaling US$nil were settled in cash upon vesting.

Pursuant to an award agreement granted on June 1, 2021, the Company granted 18,055,000 units of performance awards to certain eligible individuals determined by the Board (**2021 Performance Awards**). The 2021 Performance Awards remained in force for a period beginning on June 1, 2021 and ended on June 30, 2024. 2021 Performance Awards were equally vested in three tranches in 2022, 2023 and 2024 under the circumstance that non-market performance conditions are met. Each unit of 2021 Performance Awards was settled in cash for appreciation amounts between the stock price of the Company on the end date of the tranche and the initial stock price of HK$10.18 determined by the Board.

As at June 30, 2024, there were no outstanding tranches of unit awards granted in June 2021. As at June 30, 2023, the fair value of the outstanding tranche of unit awards granted during June 2021 was determined using a Black-Scholes model of HK$0.049 per unit. For the six months ended June 30, 2023, the outstanding tranche of 2021 Performance Awards had a maximum cash payout not to exceed HK$5.384 per unit (HK$15.564 per unit less initial stock price at grant date of HK$10.180) or US$1,199,000 for the remaining tranche. Expected volatility was determined by calculating the historical volatility of the Company's share price over the expected term. The inputs into the model are disclosed as follows:

	For the six months ended June 30, 2023 (Unaudited)
Initial stock price	HK$10.180
The 30-day average stock price immediately before June 30	HK$3.877
Weighted average expected volatility	51.80%
Range of the expected term	1.0 year
Range of risk-free rates	5.40%

20 SHARE-BASED PAYMENTS (Continued)

(b) Performance awards (Continued)

For the six months ended June 30, 2024, the fair value of the 2021 Performance Awards of US$125,000 was credited to the Condensed Financial Information (six months ended June 30, 2023: US$290,000). For the six months ended June 30, 2024, nil units of 2021 Performance Awards were forfeited (six months ended June 30, 2023: 350,730 units), and nil (six months ended June 30, 2023: nil) units of 2021 Performance Awards totaling US$nil (six months ended June 30, 2023: US$nil) were settled in cash upon vesting. As at June 30, 2024 the payable for the 2021 Performance Awards of US$nil (December 31, 2023: US$222,000) was included in "other payables and accruals".

(c) Restricted Units and Performance Units

On March 26, 2024, the Board approved the adoption of the Value Creation Plan (**VCP**).

Restricted Units granted under the VCP shall be settled in cash and shall vest based on continued service over a three-year vesting period and based on Company's share price. The cash value will be converted into the number of units at the beginning of the service period, using the average closing price per share for the twenty trading dates immediately prior to the first trading day of the service period. At the end of the service period the units will be reconverted into cash value calculated based on the average closing price per share for the twenty trading dates immediately prior to the last trading day of the service period. Dividend equivalents are accrued (without interest) and cash-settled on the vested Restricted Units. If the participant leaves the Company before the end of vesting period for any reasons, the Restricted Units will be forfeited and cancelled.

Performance Units granted under the VCP shall be settled in cash and shall be based on continued service and a three-year performance of total shareholder return, as determined by the Board, when comparing against the performance of selected global peer group, which may range from 0% to 300% for the target award amount. Dividend equivalents are accrued (without interest) and cash-settled on the vested Performance Units. If the participant leaves the Company before the end of vesting period for any reasons, the Performance Units will be forfeited and cancelled.

Restricted Units and Performance Units are expected to be settled in cash and are accounted for as cash-settled share based payments.

Pursuant to the VCP, the Company granted 1,395,000 Restricted Units and 4,184,000 Performance Units awards to certain eligible individuals on June 28, 2024 (2024 Awards). The 2024 Awards remain in force for a service period beginning on January 1, 2024, and will end on December 31, 2026 and include the performance conditions defined above.

20 SHARE-BASED PAYMENTS (Continued)

(c) **Restricted Units and Performance Units** (Continued)

Restricted Unit and Performance Unit transactions and related information for the six months ended June 30, 2024 was as follows:

	Outstanding Restricted Units (thousands)	Weighted average fair value of Restricted Units (per unit) HK$	Outstanding Performance Units (thousands)	Weighted average fair value of Performance Units (per unit) HK$
As at January 1, 2024	–	–	–	–
Granted	1,395	4.066	4,184	2.686
Dividend Equivalent Units Awarded	32	4.101	98	2.709
As at June 30, 2024 (Unaudited)	1,427	4.037	4,282	2.666

The total fair value of Restricted Units and Performance Units charged to the Condensed Financial Information during the six months ended June 30, 2024, was US$5,000. No cash was paid to settle the 2024 Awards during the six months ended June 30, 2024.

The fair value of the Restricted Units is determined based on the closing price of the Company's shares as of June 30, 2024. The fair value of Performance Units is estimated using a Monte Carlo simulation. Expected volatility was calculated based on historical stock price volatility over the previous year. The dividend yield was based on Company's historical patterns and future expectation. The fair value of the Performance Units was estimated using the following assumptions:

	For the six months ended June 30, 2024 (Unaudited)
The 20-day average stock price immediately before June 30	HK$4.037
Weighted average expected volatility	57.57%
Dividend yield	0.66%
Range of the expected term	2.5 years
Range of risk-free rates	4.52%

21 FINANCE INCOME/FINANCE COSTS

	For the six months ended June 30, 2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Finance income		
Interest on bank deposits	**3,131**	2,325
Finance costs		
Interest on bank borrowings	**3,246**	2,384
Interest on leases	**1,309**	1,486
Other finance costs	**4,150**	2,131
	8,705	6,001
Less: amount capitalised in qualifying assets	**(3,396)**	(2,795)
	5,309	3,206
	(2,178)	(881)

22 INCOME TAX EXPENSE

For the six months ended June 30, 2024, the Group recorded income tax expense in the Condensed Financial Information of US$17,729,000 (six months ended June 30, 2023: US$8,397,000).

For interim income tax reporting, the Group estimates its annual effective tax rate and applies it to its ordinary income for the six months ended June 30, 2024 and 2023. The tax effects of certain unusual or infrequently occurring items, including changes in judgement about whether it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered and effects of changes in tax laws or rates are recognised in the interim period in which they occur.

During the six months ended June 30, 2023, the Group determined that its Brazil net operating losses are more likely than not to be realised due to cumulative income in recent years and other positive evidence. These net operating losses have no expiration and remain available to offset future income tax liabilities. As a result, the Group recognised net deferred tax assets of US$10,983,000 for the six months ended June 30, 2023.

22 INCOME TAX EXPENSE (Continued)

The Organization for Economic Cooperation and Development has agreed to enact Pillar Two legislation. Pillar Two framework aims to ensure that certain multi-national enterprises (**MNEs**) pay a minimum tax rate on income within each jurisdiction in which they operate. Generally, the framework imposes a tax on profits arising in jurisdictions where the effective tax rate is below 15%.

Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions in which the Group operates. The legislation was effective for the Group's financial year beginning January 1, 2024 for certain jurisdictions, and will be effective January 1, 2025 for the Group's remaining jurisdictions.

The Group is in scope of Pillar II legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes based on the most recent country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates meet the transitional safe harbor rules. Where the transitional safe harbor relief does not apply, the Group does not expect a material exposure to Pillar Two income taxes. Therefore, based on the Amendments to IAS 12 "Income Taxes": International Tax Reform – Pillar Two Model Rules, the Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published.

23 EARNINGS PER SHARE

a. Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Profit for the period attributable to equity holders of the Company (US$'000)	**15,695**	33,993
Weighted average number of ordinary shares in issue (thousands)	**2,509,824**	2,509,824
Basic earnings per share (in US$)	**0.006**	0.014

23 EARNINGS PER SHARE (Continued)

b. Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise shares issued under the Share Option Scheme as at June 30, 2024. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the six months ended June 30, 2024) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares within the denominator for calculating diluted earnings per share. For the six months ended June 30, 2024 and 2023, the details are in the table below. The computation of diluted earnings per share for the six months ended June 30, 2024 and 2023 does not assume the exercise of the share options because the adjusted exercise prices of those share options were higher than the average market prices per share.

	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Profit for the period attributable to equity holders of the Company, used to determine diluted earnings per share (US$'000)	**15,695**	33,993
Weighted average number of ordinary shares in issue (thousands)	**2,509,824**	2,509,824
Adjustment for share options (thousands)	**–**	–
Weighted average number of ordinary shares in issue for calculating diluted earnings per share (thousands)	**2,509,824**	2,509,824
Diluted earnings per share (in US$)	**0.006**	0.014

24 DIVIDEND

On June 19, 2024, the Board declared a dividend of approximately US$7,529,000 relating to the Group's year ended December 31, 2023 earnings payable on July 9, 2024. The Company declared a dividend of US$11,796,000 during the six months ended June 30, 2023 relating to the Group's year ended December 31, 2022 earnings. The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: US$nil).

25 COMMITMENTS

Capital commitments
The Group has capital commitments of US$104,269,000 as at June 30, 2024 to purchase property, plant and equipment which are contracted but not provided for (December 31, 2023: US$120,161,000).

26 RELATED PARTY TRANSACTIONS

a. Transactions with Yubei Steering Systems Co., Ltd. (Yubei Steering), an associate of AVIC

	For the six months ended June 30,	
	2024	2023
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Purchase of goods	**2,111**	2,028

b. Transactions with joint ventures
The following table sets forth the transactions between the Group and its joint ventures.

	For the six months ended June 30,	
	2024	2023
	US$'000	US$'000
	(Unaudited)	(Unaudited)
Sale of product, equipment and services(i)	**6,457**	43,900
Purchase of services(i)	**5,182**	11,143

Note:

i. Services include engineering services, rent and other fees.

26 RELATED PARTY TRANSACTIONS (Continued)

b. Transactions with joint ventures (Continued)

Information about the Group's joint ventures is disclosed as follows:

Nexteer (China) Holding Co., Ltd. (**Nexteer China Holding**) (a direct, wholly-owned subsidiary of the Company) holds a 50% ownership interest in a joint venture, Chongqing Nexteer Steering Systems Co., Ltd. (**Chongqing Nexteer**) in Chongqing, China. The joint venture was formed to manufacture and sell steering parts, and the remaining 50% interest is held by Chongqing Jianshe Industry (Group) Co., Ltd.

In March 2017, Nexteer China Holding signed a joint venture agreement with Dongfeng Motor Parts and Components (Group) Co., Ltd. to form Dongfeng Nexteer Steering Systems (Wuhan) Co., Ltd. (**Dongfeng Nexteer**). Located in Wuhan, China, the joint venture, equally owned by both parties, designs and manufactures EPS systems for Dongfeng Motor Group Co., Ltd. and its affiliated companies. During the six months ended June 30, 2023, Nexteer China Holding and Dongfeng Motor Parts and Components (Group) Co., Ltd. agreed to dissolve Dongfeng Nexteer and the dissolution was completed during the six months ended June 30, 2023.

In January 2017, Nexteer Automotive Corporation (an indirect, wholly-owned subsidiary of the Company) agreed to form a joint venture with Continental Automotive Systems, Inc. Located in Grand Blanc, USA, the joint venture, CNXMotion, LLC (**CNXMotion**), is focused on integrating lateral and longitudinal control for mixed mode and automated driving applications. During the six months ended June 30, 2023, Nexteer Automotive Corporation and Continental Automotive Systems, Inc. agreed to dissolve CNXMotion and the dissolution was completed during the year ended December 31, 2023.

As at June 30, 2024 the Group's carrying amount of its investment in joint ventures is US$20,097,000 (December 31, 2023: US$18,440,000), which is related to Chongqing Nexteer. For the six months ended June 30, 2024, the Group's share of results from the joint ventures amount to US$1,657,000, which is related to Chongqing Nexteer. For the six months ended June 30, 2023, the Group's share of results from the joint ventures amounted to US$(138,000), including US$1,852,000, US$(196,000) and US$(1,794,000) related to Chongqing Nexteer, Dongfeng Nexteer and CNXMotion, respectively.

c. Key management compensation

The remunerations of the CEO, directors and other key management members were as follows:

	For the six months ended June 30,	
	2024 US$'000 (Unaudited)	2023 US$'000 (Unaudited)
Short-term employee benefits	**4,627**	4,702
Other long-term benefits	**1,191**	674
Termination benefits	**–**	78
Share-based payments	**44**	(205)
	5,862	5,249

These remunerations are determined based on the performance of individuals and market trends.