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Shinelong Automotive Lightweight Application Limited

勳龍汽車輕量化應用有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1930)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Shinelong Automotive Lightweight Application Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) hereby announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 (the “**1H2024**”). The interim results of the Group have been reviewed by the Company’s auditor in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The interim results of the Group have also been reviewed by the Company’s audit committee (the “**Audit Committee**”).

**SUMMARY OF THE INTERIM CONDENSED CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	For the six months ended 30 June		
	2024	2023	Change
Revenue (<i>RMB'000</i>)	117,764	106,783	10.3%
Gross profit (<i>RMB'000</i>)	23,012	30,022	-23.3%
Gross profit margin	19.5%	28.1%	-8.6 percentage points
Net profit attributable to owners of the Company (<i>RMB'000</i>)	7,278	13,771	-47.1%
Net profit margin	6.2%	12.9%	-6.7 percentage points
Basic earnings per share (<i>RMB cents</i>)	1.1	2.1	-47.6%
Diluted earnings per share (<i>RMB cents</i>)	1.1	2.1	-47.6%

**SUMMARY OF THE INTERIM CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

	As at	As at	Change
	30 June 2024	31 December 2023	
Total assets (<i>RMB'000</i>)	644,605	619,063	4.1%
Cash and cash equivalents (<i>RMB'000</i>)	32,859	42,169	-22.1%
Total liabilities (<i>RMB'000</i>)	296,496	276,864	7.1%
Total equity (<i>RMB'000</i>)	348,109	342,199	1.7%
Return on equity ^(Note)	2.1%	4.1%	-2.0 percentage points
Return on total assets ^(Note)	1.1%	2.3%	-1.2 percentage points

Note: Return on equity and return on total assets are compared between this reporting period and the corresponding period of last year.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

	<i>Notes</i>	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	117,764	106,783
Cost of sales		(94,752)	(76,761)
Gross profit		23,012	30,022
Other income and gains, net		3,425	1,817
Selling and distribution expenses		(3,521)	(3,074)
General and administrative expenses		(13,905)	(11,502)
Finance costs		(512)	(261)
PROFIT BEFORE TAX	5	8,499	17,002
Income tax expense	6	(1,299)	(2,576)
PROFIT FOR THE PERIOD		7,200	14,426
Attributable to:			
Owners of the Company		7,278	13,771
Non-controlling interests		(78)	655
		7,200	14,426
OTHER COMPREHENSIVE INCOME			
Changes in fair value of debt investments at fair value through other comprehensive income		133	45
Exchange differences on translation of foreign operations		22	370
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		155	415
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7,355	14,841

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

For the six months ended 30 June 2024

	<i>Notes</i>	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Attributable to:			
Owners of the Company		7,433	14,186
Non-controlling interests		(78)	655
		<u>7,355</u>	<u>14,841</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY			
(in RMB cents per share)	8		
Basic			
— For profit for the period		1.1	2.1
Diluted			
— For profit for the period		<u>1.1</u>	<u>2.1</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	191,153	185,724
Right-of-use assets		8,629	9,443
Intangible assets		1,090	1,046
Prepayments, other receivables and other assets		1,530	1,996
Deferred tax assets		1,799	1,601
Restricted bank deposits	12	1,390	1,390
		<hr/>	<hr/>
Total non-current assets		205,591	201,200
CURRENT ASSETS			
Inventories	10	293,445	268,961
Trade and notes receivables	11	106,945	101,846
Prepayments, other receivables and other assets		4,307	3,956
Assets classified as held for sale		1,458	–
Net investments in subleases		–	236
Restricted bank deposits	12	–	695
Cash and cash equivalents	12	32,859	42,169
		<hr/>	<hr/>
Total current assets		439,014	417,863
CURRENT LIABILITIES			
Trade and bills payables	13	77,517	52,124
Other payables and accruals		38,709	50,405
Government grants		1,604	1,573
Contract liabilities	14	150,379	147,050
Interest-bearing bank and other borrowings		7,000	6,645
Dividends payable	7	1,445	–
Lease liabilities		914	1,266
Income tax payable		1,004	898
		<hr/>	<hr/>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
Total current liabilities		<u>278,572</u>	<u>259,961</u>
NET CURRENT ASSETS		<u>160,442</u>	<u>157,902</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>366,033</u>	<u>359,102</u>
NON-CURRENT LIABILITIES			
Government grants		4,380	3,622
Interest-bearing bank borrowings		13,362	12,905
Deferred tax liabilities		56	161
Lease liabilities		<u>126</u>	<u>215</u>
Total non-current liabilities		<u>17,924</u>	<u>16,903</u>
Net assets		<u>348,109</u>	<u>342,199</u>
EQUITY			
Equity attributable to the owners of the Company			
Share capital	<i>15</i>	5,806	5,806
Treasury shares		(43)	(43)
Reserves		<u>340,872</u>	<u>334,884</u>
		346,635	340,647
Non-controlling interests		<u>1,474</u>	<u>1,552</u>
Total equity		<u>348,109</u>	<u>342,199</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 2 October 2018. The registered address of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group are involved in the provision of comprehensive moulding services and solutions, covering product analysis, mould design and development, mould fabrication, assembling, testing and adjustment, trial production and after-sales services.

The holding company of the Company is Shine Art International Limited (“**Shine Art**”), a company incorporated in the British Virgin Islands. The ultimate controlling shareholder of the Company is Mr. Lin Wan-Yi.

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) since 28 June 2019.

The Interim Financial Information comprises the condensed consolidated statement of financial position as at 30 June 2024, the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “**Interim Financial Information**”).

The Interim Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

2. BASIS OF PREPARATION

The Interim Financial Information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendment to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised IFRSs are described below:

- a. Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- b. The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- c. Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Sales of moulds		
Automotive moulds	91,189	78,298
Electrical appliance moulds	19,320	19,144
Other moulds	204	332
	<hr/>	<hr/>
Sub-total	110,713	97,774
Parts processing services	6,190	7,305
Others	861	1,704
	<hr/>	<hr/>
Total	117,764	106,783
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Represented by:		
Goods and services transferred at a point in time	117,764	106,783
	<hr/> <hr/>	<hr/> <hr/>
Represented by:		
Geographic markets		
The PRC	97,541	103,398
Overseas	20,223	3,385
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Total	117,764	106,783
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5. PROFIT BEFORE TAX

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Raw materials consumed	38,507	34,069
Direct labor cost	14,660	12,191
Subcontracting expenses	23,229	16,920
Depreciation of property, plant and equipment	8,622	5,505
Depreciation of right-of-use assets	1,466	3,037
Amortization of intangible assets	293	344
Research and development costs	4,332	3,553
Interest on lease liabilities	36	261
Auditor's remuneration	600	600
Employee benefit expenses (including directors' and chief executive's remuneration)		
Salaries and bonuses	8,662	9,286
Equity-settled share reward expense	–	79
Pension scheme contributions	956	2,970
	9,618	12,335
Impairment losses for trade and notes receivables, net	493	75
Provision for warranty	1,212	635
Write-down of inventories to net realizable value	1,048	1,081
Foreign exchange differences, net	136	11

6. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands. Tax on profits assessable in the PRC has been calculated at the applicable PRC corporate income tax rate of 25%. During the six months ended 30 June 2024 and 2023, Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited (“**Shinelong (Suzhou)**”) was qualified as a high and new technology enterprise and enjoyed a preferential income tax rate of 15%. Qingdao Xunzhan Molding Technology Company Limited, Xunhou Laser Technology (Suzhou) Company Limited, and Kunshan Longjun Management Consulting Company Limited were certified as small and micro-sized enterprises and enjoyed a 75% reduction in taxable income and the preferential income tax rate of 20% for the period ended 30 June 2024 and 2023 as their respective estimated annual taxable incomes were below RMB1 million.

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current — PRC	1,441	1,916
Deferred — PRC	(142)	660
	<hr/>	<hr/>
Total tax charge for the period	<u>1,299</u>	<u>2,576</u>

7. DIVIDENDS

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
At beginning of the period	—	—
Final declared		
— RMB0.219 cents (2023: 0.210 cents) per ordinary share	<u>1,445</u>	<u>1,386</u>
	<hr/>	<hr/>
At end of the period	<u>1,445</u>	<u>1,386</u>

On 25 March 2024, the directors proposed a final dividend of RMB0.219 cents per ordinary share totalling approximately RMB1,445,000 for the year ended 31 December 2023, which was approved by the Company’s shareholders at the annual general meeting on 13 June 2024.

The directors did not recommend the payment of an interim dividend for the six months ended 30 June 2024 and 2023.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for six months ended 30 June 2024 attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 657,210,065 (six months ended 30 June 2023: 659,624,800) in issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation:	<u>7,278</u>	<u>13,771</u>
Shares		
For the six months ended 30 June		
Number of shares		
2024		
2023		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	657,210,065	659,624,800
Effect of dilution — weighted average number of ordinary shares Awarded shares	<u>—</u>	<u>801,276</u>
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u>657,210,065</u>	<u>660,426,076</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 1 January 2024	83,060	148,941	7,200	1,843	2,445	20,663	264,152
Additions	-	4	600	-	344	15,048	15,996
Transfer	8,688	24,071	2,483	-	-	(35,242)	-
Disposals	-	(4,663)	(84)	-	-	-	(4,747)
Transfer to assets classified as held for sale (Note)	-	(2,039)	-	-	-	-	(2,039)
At 30 June 2024	<u>91,748</u>	<u>166,314</u>	<u>10,199</u>	<u>1,843</u>	<u>2,789</u>	<u>469</u>	<u>273,362</u>
Accumulated depreciation							
At 1 January 2024	675	70,712	4,173	1,307	1,561	-	78,428
Depreciation charges for the period	1,710	6,322	348	132	110	-	8,622
Disposals	-	(4,184)	(76)	-	-	-	(4,260)
Transfer to assets classified as held for sale (Note)	-	(581)	-	-	-	-	(581)
At 30 June 2024	<u>2,385</u>	<u>72,269</u>	<u>4,445</u>	<u>1,439</u>	<u>1,671</u>	<u>-</u>	<u>82,209</u>
Net carrying amount							
At 30 June 2024 (unaudited)	<u>89,363</u>	<u>94,045</u>	<u>5,754</u>	<u>404</u>	<u>1,118</u>	<u>469</u>	<u>191,153</u>
	Buildings RMB'000	Machinery RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 1 January 2023	1,503	130,487	6,377	2,908	2,112	42,329	185,716
Additions	-	1,127	314	790	23	20,991	23,245
Transfer	-	8,206	-	-	-	(8,206)	-
Disposals	-	(624)	(94)	-	-	-	(718)
At 30 June 2023	<u>1,503</u>	<u>139,196</u>	<u>6,597</u>	<u>3,698</u>	<u>2,135</u>	<u>55,114</u>	<u>208,243</u>
Accumulated depreciation							
At 1 January 2023	548	60,775	4,099	2,897	1,443	-	69,762
Depreciation charges for the period	34	5,016	308	130	17	-	5,505
Disposals	-	(113)	(85)	-	-	-	(198)
At 30 June 2023	<u>582</u>	<u>65,678</u>	<u>4,322</u>	<u>3,027</u>	<u>1,460</u>	<u>-</u>	<u>75,069</u>
Net carrying amount							
At 30 June 2023 (unaudited)	<u>921</u>	<u>73,518</u>	<u>2,275</u>	<u>671</u>	<u>675</u>	<u>55,114</u>	<u>133,174</u>

Note:

On 27 August 2021, the Group entered into an asset transfer agreement (the “**Asset Transfer Agreement**”) with Zhangpu Construction Bureau of Kunshan Municipality (“**Zhangpu Construction Bureau**”), pursuant to which the Group agreed to transfer one of its existing plants, including buildings and a leasehold land (the “**Plant**”) in Kunshan, Jiangsu Province, the PRC and certain machinery and equipment (the “**Assets**”) to Zhangpu Construction Bureau at a consideration of approximately RMB15,059,000. The control of the Plant was transferred to Zhangpu Construction Bureau on 23 September 2021. The Assets are expected to be transferred upon the completion of the Group’s relocation to a new plant in November 2024. As at 30 June 2024, a portion of the Assets with a net carrying value of approximately RMB1,458,000 were classified as held for sale in the condensed consolidated statement of financial position as they have ceased operation and are available for immediate sale. As at 30 June 2024, no impairment loss was recognised for the Assets classified as held for sale.

10. INVENTORIES

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB’000	RMB’000
Finished goods	193,005	201,156
Work in progress	99,221	66,901
Raw materials and low value consumables	1,219	904
	293,445	268,961

11. TRADE AND NOTES RECEIVABLES

An ageing analysis of the Group’s trade and notes receivables as at the end of the reporting period, based on the date of the final acceptance report and net of loss allowance, was as follows:

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB’000	RMB’000
Within 30 days	36,803	29,088
31–60 days	8,449	16,957
61–90 days	9,743	9,735
91–180 days	32,221	7,821
181–365 days	11,109	26,496
Over 365 days	8,620	11,749
	106,945	101,846

12. CASH AND CASH EQUIVALENTS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Cash and bank balances	<u>34,249</u>	<u>44,254</u>
Less: Restricted bank deposits (<i>Note</i>)	<u>(1,390)</u>	<u>(2,085)</u>
Cash and cash equivalents	<u><u>32,859</u></u>	<u><u>42,169</u></u>

Note:

As at 30 June 2024, the Group had placed restricted bank deposits in a bank with an aggregate amount of approximately RMB1,390,000 (31 December 2023: RMB2,085,000) relating to performance guarantees issued by the bank to Zhangpu Town People's Government of Kunshan Municipality for the acquisition of a parcel of leasehold land.

As at 30 June 2024 and 31 December 2023, the Group's cash and bank balances denominated in RMB were held in Mainland China amounting to RMB26,993,000 and RMB37,406,000, respectively. RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

13. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, was as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 30 days	38,549	20,548
31–60 days	16,434	13,240
61–90 days	18,841	8,061
91–120 days	3,334	9,226
Over 120 days	359	1,049
	<u>77,517</u>	<u>52,124</u>

14. CONTRACT LIABILITIES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Contract liabilities	<u>150,379</u>	<u>147,050</u>

Contract liabilities include advances received to deliver moulds.

15. SHARE CAPITAL

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Issued and fully paid/credited as fully paid 660,000,000 ordinary shares of HK\$0.01 each	<u>5,806</u>	<u>5,806</u>

BUSINESS REVIEW

The Group is a developer and major supplier of customised moulds in the People's Republic of China (the "PRC"), with a focus on moulds for the production of automotive parts, which cater for the growing trend of automotive lightweight application, as well as electrical appliance parts and other parts. The Group seeks to offer comprehensive moulding services and solutions to the customers, covering product analysis, mould design and development, mould fabrication, assembling, testing and adjustment, trial production and after-sales services.

In the first half of 2024, the global economic growth momentum is weak, geopolitical conflicts, international trade frictions and other problems are frequent, domestic effective demand is insufficient, and enterprises are under great pressure. Benefit from a series of measures implemented by Chinese government in strategy of expanding domestic demand and stimulating potential consumption, China's economy continued the recovery trend and remained stable overall in the first half of 2024.

In the first half of 2024, the production and sales of automobiles in the PRC increased by 4.9% and 6.1% year on year, respectively, among which the proportion of new energy vehicles increased to 35.2%. However, the overall operation of the industry is still facing great pressure, the price war between the automobile enterprises continues, and the fierce competition in the automobile and automotive mould market has risen sharply.

The household electrical appliance industry has entered a mature period, and the traditional categories have tended to be saturated. Under the dual pressure of the real estate downturn and sluggish domestic consumption, the domestic household electrical appliance and household electrical appliance mould market are still under the pressure of insufficient market demand and fierce competition.

In the face of intensifying market competition, the Group has actively explored the market. In the first half of 2024, we have successfully established cooperative relationships with several new customers. On the other hand, the revenue generated from one of the Group's major customers decreased, whose gross profit margin was relatively higher than that of other customers of automotive moulds, and relocation cost was increased due to the relocation of the plant during the reporting period, which resulted in a decrease in gross profit margin of products.

The revenue of the Group for the six months ended 30 June 2024 (the “1H2024”) amounted to approximately RMB117.8 million, representing an increase of approximately RMB11.0 million or 10.3% as compared with that of approximately RMB106.8 million for the six months ended 30 June 2023 (the “1H2023”). Such increase was mainly due to the increase in the revenue generated from the sales of automotive moulds. Profit attributable to owners of the Company for 1H2024 amounted to approximately RMB7.3 million, representing a decrease of approximately 47.1% as compared with that of approximately RMB13.8 million for 1H2023. Such decrease was mainly attributable to the combined effects of (i) decrease in gross profit generated from sales of automotive moulds due to the decrease in revenue generated from one of the Group’s major customers whose gross profit margin is relatively higher than that of other customers of automotive moulds; (ii) the increase in inventory provision for finished goods of automotive moulds; (iii) the increase in relocation cost for equipment due to relocation of plant; and (iv) the increase in the general and administrative expenses due to the increase of research and development costs, consulting fee and impairment for trade receivables.

OUTLOOK

Looking ahead, the external environment is becoming more complex and uncertain, and domestic difficulties and challenges remain numerous. The Chinese government will continue to implement the strategy of expanding domestic demand, stimulate consumption with potential, and consolidate and strengthen the momentum of domestic economic recovery.

In the second half of 2024, favorable policies in the automobile industry, such as replacing old vehicles with new ones and bringing new energy vehicles to the countryside, will continue to be implemented, and new products will be launched by enterprises in an intensive manner, which will help further unleash the consumption potential of the automobile market and provide impetus for the development of the industry. However, the current problem of insufficient domestic consumer confidence is still prominent, the situation of international trade protectionism is more severe, industry competition is further intensified, the pressure of enterprise operation continues to increase, and the overall operation of the automobile and automotive mould industry is still facing great pressure.

As the traditional categories of household electrical appliance market in the PRC have become saturated, household electrical appliance products have entered the stock market stage, the stimulating effect of sales promotion measures of household electrical appliance enterprises will be weakened, and the household electrical appliance and household electrical appliance mould market are still facing great pressure of demand growth. The technological innovation empowered by AI and policy support such as replacing old with new are expected to help household electrical appliance and household electrical appliance mould enterprises tap the growth potential of the market.

The construction of the Group's new plant, which is located in Kunshan City, Jiangsu province, was completed by the end of 2023, and its interior decoration work was completed in the first half of 2024. Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited* (勳龍智造精密應用材料(蘇州)股份有限公司) (“**Shinelong (Suzhou)**”), a principal wholly-owned subsidiary of the Company, has basically completed the relocation to the new plant. The Group will plan the layout of production lines more effectively and explore improvement opportunities in all aspects of its production operations, so as to enhance production efficiency, strive to reduce costs and increase efficiency and enhance the Group's competitive advantage. The new plant will also provide favourable conditions for the Group to introduce new business opportunities. In the second half of 2024, the Group will actively face the opportunities and challenges brought by changes in global political, economic and other external environment, pay close attention to the changes in the market and business environment, continue to further penetrate into the mould market, further expand the domestic market in the PRC and other overseas markets, actively seek potential business opportunities, and strive to achieve steady growth for the Group and create greater value for Shareholders.

FINANCIAL REVIEW

Revenue

The revenue of the Group amounted to approximately RMB117.8 million for 1H2024, representing an increase of approximately RMB11.0 million or 10.3% as compared with that of approximately RMB106.8 million for 1H2023.

The following table sets forth a breakdown of the revenue of the Group by business segment:

	For the six months ended 30 June		
	2024	2023	Change
	RMB'000	RMB'000	%
Sales of moulds			
Automotive moulds	91,189	78,298	16.5%
Electrical appliance moulds	19,320	19,144	0.9%
Other moulds	204	332	-38.6%
	<hr/>	<hr/>	<hr/>
Sub-total	110,713	97,774	13.2%
Parts processing services			
	6,190	7,305	-15.3%
Others			
	861	1,704	-49.5%
	<hr/>	<hr/>	<hr/>
Total	117,764	106,783	10.3%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(i) *Sales of moulds*

The Group principally engages in the design, development, manufacture and sales of customised hot-pressing moulds, hydroforming moulds and injection moulds which are used in auto manufacturing. Apart from automotive moulds, the Group also engages in the design, development, manufacture and sales of customised plastic moulds for the production of electrical appliance parts. Sales of moulds accounted for approximately 94.0% of the Group's revenue for 1H2024.

The revenue generated from sales of automotive moulds for 1H2024 amounted to approximately RMB91.2 million, representing an increase of approximately RMB12.9 million or 16.5% as compared with that of approximately RMB78.3 million for 1H2023. Such increase was primarily due to the net effects of (i) the increase of amounts in the final acceptance reports received from four of the Group's major customers as compared with that for the corresponding period of the previous year; (ii) the increase in revenue generated from a new customer of the Group during the reporting period; and (iii) the decrease of amounts in the final acceptance reports received from one of the Group's major customers.

The revenue generated from sales of electrical appliance moulds for 1H2024 amounted to approximately RMB19.3 million, which was basically unchanged as compared with that of approximately RMB19.1 million for 1H2023.

(ii) Parts processing services

Parts processing services principally include services provided to the customers for (i) modification of moulds the Group manufactured and sold; and (ii) processing machine parts that are used in automotive moulds and electrical appliance moulds. The revenue generated from parts processing services for 1H2024 amounted to approximately RMB6.2 million, representing a decrease of approximately RMB1.1 million or 15.3% as compared with that of approximately RMB7.3 million for 1H2023. Such decrease was primarily due to the decrease in revenue generated from automotive parts and electrical appliance mould parts processing services of the Group.

Cost of sales

The Group's cost of sales primarily consists of direct materials, direct labour, manufacturing overhead and subcontracting expenses. The major raw materials used by the Group in the production of moulds include, among others, mould steel, mould parts, casting parts, hot runner and mould base.

The cost of sales of the Group for 1H2024 amounted to approximately RMB94.8 million, representing an increase of approximately RMB18.0 million or 23.4% as compared with that of approximately RMB76.8 million for 1H2023. Such increase was mainly due to (i) the increase in revenue generated from automotive moulds; (ii) increase in inventory provision for finished goods of automotive moulds; and (iii) increase in relocation cost for equipment due to relocation of factory.

Gross profit and gross profit margin

The gross profit of the Group for 1H2024 amounted to approximately RMB23.0 million, representing a decrease of approximately RMB7.0 million or 23.3% as compared with that of approximately RMB30.0 million for 1H2023. The gross profit margin decreased from approximately 28.1% for 1H2023 to approximately 19.5% for 1H2024, which was mainly due to (i) the decrease in revenue generated from one of the Group's major customers in 1H2024, whose gross profit margin was relatively higher than that of other customers of automotive moulds, which resulted in the decrease in gross profit generated from the sales of automotive moulds; (ii) the increase in inventory provision for finished goods of automotive moulds; and (iii) the increase in relocation cost for equipment due to relocation of plant.

Other income and gains

The other income and gains of the Group mainly consisted of government grants, interest income, gains on disposal of assets and exchange gains and losses. The amount increased from approximately RMB1.8 million for 1H2023 to approximately RMB3.4 million for 1H2024, which was mainly due to the increase in government grants of approximately RMB1.5 million as compared with the corresponding period of last year.

Selling and distribution expenses

The selling and distribution expenses of the Group mainly consisted of staff costs for sales staff and provision for warranty. The selling and distribution expenses of the Group for 1H2024 amounted to approximately RMB3.5 million, representing an increase of approximately RMB0.4 million or 14.5% as compared with that of approximately RMB3.1 million for 1H2023. Such increase was mainly due to the increase in provision for warranty of approximately RMB0.6 million as compared with the corresponding period of last year.

General and administrative expenses

The general and administrative expenses of the Group for 1H2024 amounted to approximately RMB13.9 million, representing an increase of approximately RMB2.4 million or 20.9% as compared with that of approximately RMB11.5 million for 1H2023. The increase was mainly due to (i) the increase in research and development costs of approximately RMB0.8 million as compared with the corresponding period of last year; (ii) the increase in consulting fee of approximately RMB0.5 million as compared with the corresponding period of last year; and (iii) the increase in impairment losses for trade and notes receivables of approximately RMB0.4 million as compared with the corresponding period of last year.

Finance costs

The finance costs of the Group mainly consisted of interest expenses on bank borrowings, lease liabilities and discounted note receivable. The amount increased from approximately RMB0.3 million for 1H2023 to approximately RMB0.5 million for 1H2024. Such increase was mainly due to the combined effects of the increase in interest expenses on bank borrowings of approximately RMB0.4 million and the decrease in interest on lease liabilities of approximately RMB0.2 million as compared with the corresponding period of last year.

Income tax expenses and effective tax rate

The income tax expenses of the Group decreased from approximately RMB2.6 million for 1H2023 to approximately RMB1.3 million for 1H2024. The effective tax rate, representing income tax expense divided by profit before taxation, were 15.2% and 15.3% for 1H2023 and 1H2024, respectively.

Net profit and net profit margin

The Group recorded net profit attributable to owners of the Company of approximately RMB13.8 million and approximately RMB7.3 million for 1H2023 and 1H2024, with a net profit margin of approximately 12.9% and 6.2%, respectively. The decrease in net profit margin for 1H2024 was mainly due to the combined effects of (i) the increase in relocation cost for equipment due to relocation of plant; (ii) the decrease in the gross profit generated from the sales of the automotive moulds; (iii) the increase in the inventory provision for finished goods of automotive moulds; (iv) the increase in other income and gains, net; and (v) the increase in the general and administrative expenses.

Interim dividends

The Company did not declare any interim dividends during 1H2024.

Liquidity and Financial Resources

The Group's operations were primarily financed through cash generated from its operating activities for 1H2024. The Group derived its cash inflow from operating activities primarily through the receipt of payments from the customers in relation to the sales of moulds and parts processing services. The Group's cash outflows from operating activities primarily comprised payments for purchases of raw materials, direct labour costs, subcontracting fees to third-party contractors and operating expenses such as staff costs.

As at 30 June 2024, the Group's total current assets and current liabilities were approximately RMB439.0 million (31 December 2023: approximately RMB417.9 million) and approximately RMB278.6 million (31 December 2023: approximately RMB260.0 million), respectively, while the current ratio was approximately 1.6 times (31 December 2023: approximately 1.6 times). The increase in total current assets as at 30 June 2024 as compared to that as at 31 December 2023 was mainly due to the net effects of (i) the increase in inventory of work-in-progress for products being manufactured in the production plants; and (ii) the decrease in cash and cash equivalents. The increase in total current liabilities as at 30 June 2024 as compared to that as at 31 December 2023 was mainly due to the combined effects of (i) the increase in trade payables and contract liabilities; and (ii) the decrease in other payables and accruals.

As at 30 June 2024, the Group had cash and bank balances amounting to approximately RMB34.2 million (31 December 2023: approximately RMB44.3 million), among which restricted bank deposits were approximately RMB1.4 million (31 December 2023: approximately RMB2.1 million).

As at 30 June 2024, the Group's balance of interest-bearing bank and other borrowings were approximately RMB20.4 million (31 December 2023: approximately RMB19.6 million). The interest-bearing bank borrowings bear interest at a fixed interest rate. As at 30 June 2024, the Group's gearing ratio was approximately 6.1% (31 December 2023: approximately 6.1%), which was calculated based on interest-bearing liabilities divided by total equity.

Going forward, the Group expects to fund its future operations and expansion plans primarily with cash generated from operations and borrowings.

Reserves and Capital Structure

As at 30 June 2024, the Group's total equity was approximately RMB348.1 million (31 December 2023: approximately RMB342.2 million), which represented share capital of approximately RMB5.8 million (31 December 2023: share capital of approximately RMB5.8 million) and reserves of approximately RMB340.9 million (31 December 2023: approximately RMB334.9 million), treasury shares of approximately RMB0.1 million (31 December 2023: approximately RMB0.1 million) and non-controlling interests of approximately RMB1.5 million (31 December 2023: approximately RMB1.6 million). The increase in total equity was primarily due to the net profit recorded for 1H2024.

Capital Expenditure and Commitments

The Group's capital expenditure in 1H2024 primarily comprised expenditure on plant and equipment and amounted to a total of approximately RMB27.2 million (31 December 2023: approximately RMB64.2 million).

As at 30 June 2024, the Group had capital commitments of approximately RMB1.0 million (31 December 2023: approximately RMB12.8 million) which mainly represented purchase of machinery and the construction of new plant.

Property, Plant and Equipment

The Group's property, plant and equipment mainly comprised buildings, machinery, furniture, fixtures and equipment, leasehold improvements and motor vehicles. As at 30 June 2024, the Group's property, plant and equipment amounted to approximately RMB191.2 million (31 December 2023: approximately RMB185.7 million).

Inventories

The Group's inventories comprised (i) raw materials and low-value consumables used in production; (ii) work-in-progress for products being manufactured in the production plants; and (iii) finished goods which comprised moulds that had only passed the customers' initial inspection for which the Group had not received their final acceptance reports. As at 30 June 2024, the Group's inventories amounted to approximately RMB293.4 million (31 December 2023: approximately RMB269.0 million). Such increase was mainly due to the increase in work-in-progress for products being manufactured in the production plants.

Trade and notes receivables

The Group's trade and notes receivables represented amounts receivable from customers in relation to the sales of moulds and parts processing services. The Group's notes receivables were issued by the customers with which the Group could receive the amount at a fixed future date, or could readily be discounted into cash at an expense of finance charge. As at 30 June 2024, the Group's trade and notes receivables amounted to approximately RMB106.9 million (31 December 2023: approximately RMB101.8 million). Such increase was mainly due to the combined effects of (i) an increase of trade receivables as the final acceptance reports received by the Group from the customers during the reporting period were concentrated in the second quarter; and (ii) decrease in the amount of note receivables issued by the customers at the end of the reporting period as compared with that at the end of last year.

Since the outbreak of COVID-19 in the first half of 2020, the Group had strengthened the internal control measures on its assessment of expected credit losses on trade receivables, reviewed the trade receivables ageing regularly and assessed the customers individually for provision for expected credit loss allowance which take into account the historical settlement pattern, communications with the customers, and evidence from external sources including the relevant public search results relating to the financial circumstances of the relevant customers.

Trade and bills payables

The Group's trade and bills payables primarily consisted of payable to the suppliers in relation to the purchase of the raw materials for the manufacture of moulds, and subcontracting fees payable to third-party contractors. As at 30 June 2024, the Group's trade and bills payables amounted to approximately RMB77.5 million (31 December 2023: approximately RMB52.1 million). Such increase was mainly due to the increase in purchase volume in the second quarter of the reporting period as compared with that in the fourth quarter of 2023.

Contract liabilities

The Group's contract liabilities consisted of the short-term advances received to deliver moulds. Pursuant to the contract, the Group generally requires the customers to pay around 30% of the total fee when they place a purchase order and around 30% to 50% of the total fee when the moulds have been fabricated and are ready for delivery to the customers. Such payments from the customers were recorded as contract liabilities and the moulds related to these contract liabilities were recorded as work-in-progress for products being manufactured in production plants and finished goods in the Group's inventories.

After the moulds have passed the customers' final inspection and examination, the customers would issue final acceptance reports to the Group, at which time, the Group would recognise the sales and reverse the related contract liabilities and record the remaining balance of around 20% to 40% of the total fee as trade receivables.

As at 30 June 2024, the Group's contract liabilities amounted to approximately RMB150.4 million (31 December 2023: approximately RMB147.1 million), most of which represented payments from the customers for moulds that had passed their initial inspection but for which the Group had not received their final acceptance reports.

EMPLOYEES, TRAINING AND REMUNERATION POLICIES

As at 30 June 2024, the Group had 368 employees (31 December 2023: 358 employees). To promote employees' knowledge and technical expertise, the Group offers training programmes to employees from time to time according to their job duties. Employees' remuneration packages are determined with reference to the market information and individual performance and will be reviewed on a regular basis. In addition to basic remuneration, the Group also makes contributions to mandatory social security funds for the benefit of the PRC employees that provide for retirement insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing funds. The Company also maintains a share option scheme and a share award scheme, which aims to providing incentives to employees to contribute to the Group's development.

The total staff cost including remuneration, other benefits and contributions to retirement schemes for the directors of the Company (the "**Directors**") and other staff of the Group for 1H2024 amounted to approximately RMB24.3 million (1H2023: approximately RMB24.5 million).

MATERIAL ACQUISITIONS AND DISPOSALS

During 1H2024, the Group had no material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

PLEDGES OVER GROUP'S ASSETS

As at June 2024, the Group had a ten-year general facility agreement with a maximum credit limit of RMB89.6 million with Jiangsu Kunshan Rural Commercial Bank Co., Ltd. Zhangpu Sub-branch. The general facility was secured by the mortgages over the Group's leasehold land with a net carrying value at the end of the reporting period of approximately RMB6.6 million (31 December 2023: RMB6.7 million), together with the new plant on the leasehold land with a net carrying value at the end of the reporting period of approximately RMB74.8 million (31 December 2023: RMB75.9 million). As at 30 June 2024, the Group's balance of interest-bearing bank and other borrowings were approximately RMB20.4 million (31 December 2023: approximately RMB19.6 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Shinelong (Suzhou), a principal wholly-owned subsidiary of the Company, was established in 2002, and began its operation in the plant which was located at 2 Middle Yangguang Road, Zhangpu Town, Kunshan City, Jiangsu Province, the PRC, since 2003. With the development of business, Shinelong (Suzhou) has successively leased several plants, which are located in Zhangpu Town, Kunshan city, for mould production from third parties. The operation sites are relatively scattered, which is not optimal for effective production management. It has been the Group's intention to expand and consolidate the Group's operation. In 2022, the Group commenced the construction works of a new plant on a newly acquired piece of land located in Zhangpu Town, Kunshan City, which included construction works of research and development workshop, assembly workshop, CNC workshop, research and development and office building, and hazardous waste warehouse etc.. The construction work was completed by the end of 2023. For further details, please refer to the announcement of the Company dated 11 July 2022 and the circular of the Company dated 10 August 2022, respectively.

The decoration of the office building and other related works had been completed in 1H2024 and put into use during the reporting period.

SIGNIFICANT INVESTMENTS HELD

The Group did not have any significant investments held as at 30 June 2024.

FOREIGN CURRENCY EXPOSURE

Since the Group generated most of the revenue and incurred most of the costs in Renminbi for 1H2024, there was no significant exposure to foreign exchange rate and the Group did not maintain any hedging policy against foreign exchange risk. The management will consider hedging significant currency exposure should the need arise.

USE OF PROCEEDS

The net proceeds (the “**Net Proceeds**”) from the global offering and the listing of the Company shares (the “**Listing**”), after deducting the underwriting fees and other related expenses in connection with the Listing, was approximately HK\$95.6 million. The business objectives, future and planned use of proceeds as stated in the prospectus of the Company dated 17 June 2019 (the “**Prospectus**”) were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the Net Proceeds were applied based on the actual development of the Group’s business and the industry. The Directors regularly evaluate the Group’s business objectives and may change or modify plans against the changing market condition to ascertain the business growth of the Group.

Taking into account that the Group does not have plan to purchase softwares for product analysis and mould design in the near future, and there remains outstanding payments for purchase of equipment, the Board has resolved to change the intended use of the unutilised Net Proceeds.

The table below sets out the utilisation of Net Proceeds as at 30 June 2024 and the revised allocation in the applications of the Net Proceeds:

	Percentage of Net Proceeds	Net Proceeds from the global offering <i>HK\$' million</i>	Utilised up to 30 June 2024 <i>HK\$' million</i>	Unutilised as at 30 June 2024 <i>HK\$' million</i>	Revised allocation of unutilised Net Proceeds <i>HK\$' million</i>	Expected timeline for full utilisation
Lease the premises for new factory	4.0%	3.8	3.8	-	-	N/A
General set up costs of the factory	3.2%	3.1	2.4	0.7	0.7	By the end of 2024
Purchase new production equipment	76.3%	72.9	72.9	-	0.9	By the end of 2024
Purchase softwares	6.5%	6.2	5.3	0.9	-	N/A
Supplement working capital	10.0%	9.6	9.6	-	-	N/A
	<u>100.0%</u>	<u>95.6</u>	<u>94.0</u>	<u>1.6</u>	<u>1.6</u>	

The Board considers that the change in intended use of Net Proceeds will allow the Company to deploy its financial resources more effectively and will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders as a whole.

The expected timeline of utilisation of the unutilised Net Proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of the Group's business and the market conditions.

As at 30 June 2024, the unutilised Net Proceeds of approximately HK\$1.6 million have been placed as interest bearing deposits with a licensed bank in Hong Kong.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules as the basis of the Company's corporate governance practices.

The Board is of the view that, during 1H2024 and up to the date of this announcement, the Company has complied with all the code provisions as set out in the CG Code, except for code provision C.2.1 as set out below:

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, the Group does not have a separate chairman and chief executive officer and Mr. Lin Wan-Yi currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Given that (i) all material decisions are approved by the Board, which currently comprises 4 executive Directors (including Mr. Lin Wan-Yi), 1 non-executive Director and 3 independent non-executive Directors; and (ii) the Directors proactively participate in all the board meetings and the relevant board committee meetings, and the chairman cum chief executive officer ensures all the Directors are duly informed of all the matters to be approved at the meetings, the Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

The Company has also put in place certain recommended best practices as set out in the CG Code

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

During 1H2024 and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Company has an Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. So George Siu Ming, Mr. Lin Lien-Hsing and Mr. Fan Chi Chiu. The Group's unaudited consolidated interim results for 1H2024 have been reviewed by the Audit Committee. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

Ernst & Young, the Company's auditor, has reviewed the unaudited consolidated interim results of the Group for 1H2024 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

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 and specific enquiry has been made of all the Directors and they have confirmed that they have complied with the Model Code during 1H2024 and up to the date of this announcement.

The Company has also adopted Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Model Code by the employees was noted by the Company during 1H2024 and up to the date of this announcement.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for 1H2024 (1H2023: Nil).

By order of the Board
Shinelong Automotive Lightweight Application Limited
Lin Wan-Yi
Chairman and Executive Director

Hong Kong, 27 August 2024

As at the date of this announcement, the Board comprises Mr. Lin Wan-Yi as Chairman and executive director; Mr. Yung Chia-Pu, Mr. Cheng Ching-Long and Mr. Lu Jen-Chieh as executive directors; Ms. Hsieh Pei-Chen as a non-executive director; and Mr. So George Siu Ming, Mr. Lin Lien-Hsing and Mr. Fan Chi Chiu as independent non-executive directors.

* *For identification purpose only*