

MINTH 敏實集團

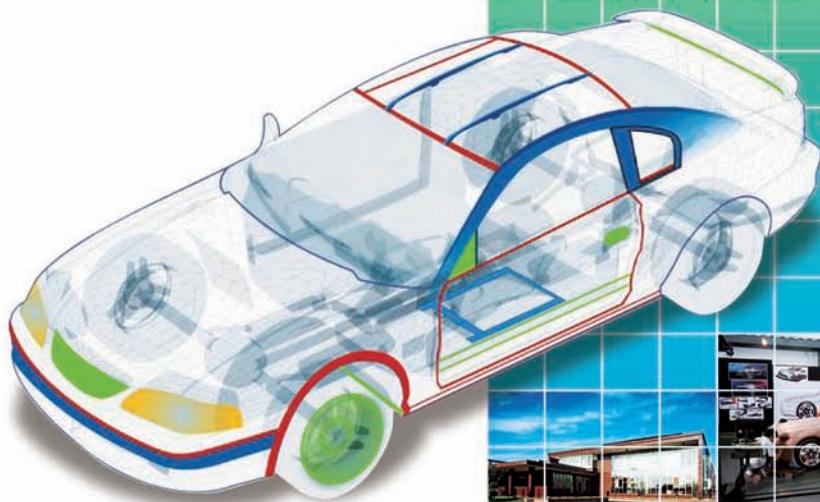
MINTH GROUP LIMITED

敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

Interim Report
2007



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Corporate Information

THE BOARD

Executive directors

Chin, Jong Hwa (*Chairman*)
Shi, Jian Hui
Mu, Wei Zhong
Zhao, Feng

Non-executive director

Shaw Sun Kan, Gordon

Independent Non-executive directors

Heng, Kwoo Seng
Wang, Ching
Zhang, Li Ren

Company Secretary

Loke Yu

REGISTERED OFFICE

Cricket Square
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Grand Cayman KYI-1111
Cayman Islands

HEAD OFFICE IN CHINA

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Development Zone
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Fax: (86 574) 8680-1020
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Causeway Bay
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PRINCIPAL BANKERS

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Ningbo Development Zone sub-branch
21 Donghai Road
Ningbo Economic and Technology
Development Zone
China

Shanghai Pudong Development Bank
Ningbo Development Zone sub-branch
K1, Xiaogang Development Zone
Ningbo
China

China Construction Bank
Jiaxing branch
198, Ziyang Street
Jiaxing
China

China Merchants Bank
Chongqing Jiangbei sub-branch
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China

Credit Suisse
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8 Connaught Road, Central
Hong Kong



Industrial and Commercial Bank
of China (Asia) Limited
ICBC Tower
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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Cayman Islands
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong

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Deloitte Touche Tohmatsu
Certified Public Accountants
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111 Connaught Road Central, Central
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LEGAL ADVISERS TO THE COMPANY

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22nd Floor, Bank of China Tower
1 Garden Road, Central
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As to PRC Law

T&C Law Firm
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Hangzhou
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As to Cayman Islands Law

Conyers Dill & Perman
Century Yard, Cricket Square
Hutchins Drive, George Town
Grand Cayman, British West Indies

STOCK CODE

SEHK Code: 0425



Management Discussion and Analysis

COMPANY PROFILE

For the period between 1st January, 2007 and 30th June, 2007 (the "Review Period"), the sales volume of passenger car in China surged to 3,084,100 units, representing an increase of 22.26% as compared with the same period of last year, which demonstrated the rapid growth of Chinese passenger car market.

Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the design, manufacture and sale of trim, decorative parts and body structural parts for passenger cars in the China automobile parts market. During the Review Period, the Company also involved in R&D, manufacture and sales in North America by setting up a wholly owned subsidiary and a joint venture and assets acquisition.

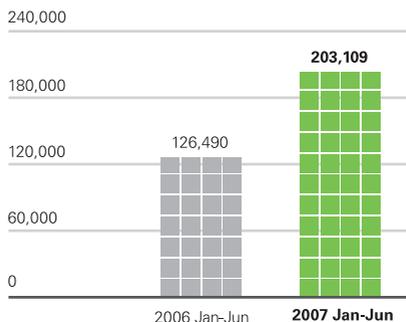
RESULTS

During the Review Period, the Group's turnover was about RMB636,905,000, representing an increase of approximately 41.7% as compared with RMB499,321,000 of the same period of 2006. Net profit attributable to equity holders was about RMB203,109,000, representing an increase of approximately 60.6% from RMB126,490,000 of the same period of 2006.



Net Profit attributable to Equity Holders

(RMB'000)



Product Sales

During the Review Period, the Group continued to focus on the production of its three core product categories. The products were mainly sold to the world's leading automakers.

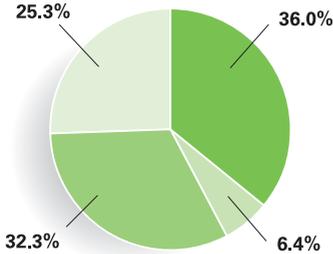
Turnover analysis by product category is as follows:

| Product category | Six months ended 30th June, 2007 | | Six months ended 30th June, 2006 | |
|-----------------------|-------------------------------------|------------|-------------------------------------|------------|
| | RMB'000 | % | RMB'000 | % |
| Trims | 206,297 | 32.3 | 98,596 | 21.9 |
| Decorative parts | 161,379 | 25.3 | 111,596 | 24.8 |
| Body structural parts | 229,889 | 36.0 | 182,496 | 40.6 |
| Others (Note) | 40,150 | 6.4 | 56,757 | 12.7 |
| Total | 637,715 | 100 | 449,445 | 100 |
| Less: Sales tax | (810) | | (124) | |
| Total turnover | 636,905 | | 449,321 | |

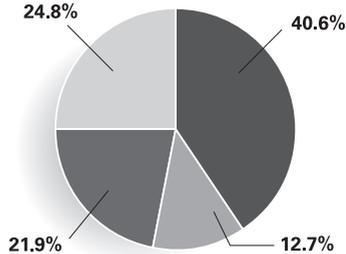
Note: Includes PVC, moulds, headliner and others.



Product Category



Six months ended 30th June, 2007



Six months ended 30th June, 2006

- Trims
- Decorative parts
- Body structural parts
- Others

The Group has continued to expand the production of its core product categories. In the six months ended 30th June, 2007, the three core product categories achieved a turnover of RMB597,565,000, in which the turnover of trims, decorative parts, and body structural parts of passenger cars were RMB206,297,000, RMB161,379,000, and RMB229,889,000 respectively, representing 32.3%, 25.3% and 36.0% of the Group's turnover respectively. The proportion of core product categories to the overall turnover was 93.6%, representing an increase of approximately 6.3 % from the same period of 2006.

During the Review Period, the industry segment remained unchanged, which had little effect on the Group's interim results.

Management Discussion and Analysis (Continued)

Turnover by regions based on customer source/headquarters locations is as follows:

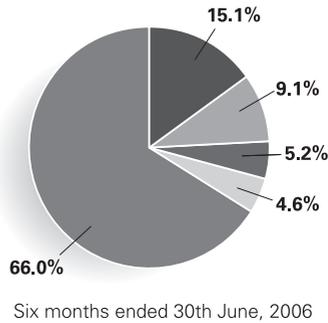
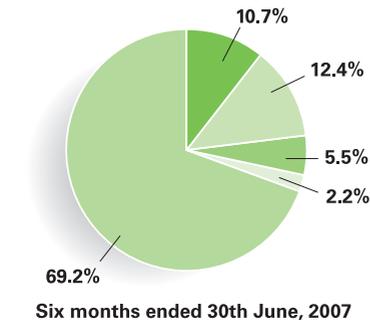
| Customer category | Six months ended 30th June, 2007 | | Six months ended 30th June, 2006 | |
|------------------------|-------------------------------------|------------|-------------------------------------|------------|
| | RMB'000 | % | RMB'000 | % |
| Japanese automakers | 441,276 | 69.2 | 296,763 | 66.0 |
| EU automakers | 68,217 | 10.7 | 67,643 | 15.1 |
| US automakers | 79,090 | 12.4 | 40,728 | 9.1 |
| Chinese automakers | 35,213 | 5.5 | 23,231 | 5.2 |
| Others (<i>Note</i>) | 13,919 | 2.2 | 21,080 | 4.6 |
| Total | 637,715 | 100 | 449,445 | 100 |
| <i>Less:</i> Sales tax | (810) | | (124) | |
| Total turnover | 636,905 | | 449,321 | |

Note: Others denote customers using non-direct auto spare parts products of the Group.



Management Discussion and Analysis (Continued)

Customer Category



- Japanese automakers
- EU automakers
- US automakers
- Chinese automakers
- Others

During the Review Period, Japanese automakers accounted for a turnover of RMB441,276,000 or 69.2% of the Group's overall turnover, representing an increase of approximately 3.2% as compared with the same period of 2006. EU automakers accounted for a turnover of RMB68,217,000 or approximately 10.7% of the Group's total turnover with a decrease of approximately 4.4% as compared with the same period of 2006. US automakers accounted for a turnover of RMB79,090,000 or approximately 12.4% of the Group's overall turnover and representing an increase of approximately 3.3% as compared with the same period of 2006. Chinese automakers accounted for a turnover of RMB35,213,000 or 5.5% of the overall turnover, representing an increase of approximately 0.3% as compared with the same period of 2006.

During the Review Period, the Group carried about 247 new development projects of its core product categories, representing an increase of approximately 144 projects as compared with the same period of 2006. Moreover, the electric sliding door for passenger car which was previously developed by the Group had entered into mass production and started to supply to certain OEM customer. This had further extended the Group's product range and the production scale may be further enlarged depending on the market and industry trend.

MARKET LAYOUT

Domestic Market

The Group's strategic network within the Chinese market had been completed and based on which, the Group carried out a series of activities for the purposes of focusing on strengthening and developing its business during the Review Period.

During the Review Period, the Group established four wholly-owned subsidiaries in Jiaxing and Ningbo of China to prepare for future production expansion. Besides, the Group also set up a subsidiary, Changchun Minth Automotive Parts Co., Ltd. with an independent third party in Changchun of China as the other shareholder of this subsidiary, which principally engaged in the manufacture and sales to customers such as FAW-Volkswagen. The subsidiary in Changchun will enhance the Group's capability of JIT delivery and customer service in Northern China.

Overseas sales

During the Review Period, the Group's turnover from overseas market was approximately RMB102,639,000, increased by approximately RMB39,639,000 or 62.9% as compared with the same period of 2006.

| | Six months ended 30th June, 2007 | | Six months ended 30th June, 2006 | |
|----------------|-------------------------------------|------|-------------------------------------|------|
| | RMB'000 | % | RMB'000 | % |
| Overseas sales | 102,639 | 16.1 | 63,000 | 14.0 |

During the Review Period, the Group continued to speed up internationalization, receiving and following up orders of global platform vehicles for GM and Nissan. In Europe, the Group entered into the suppliers' systems of new customers such as Volvo and Mercedes-Benz.

As a key measure to speed up its process of globalization, the Group pursued every opportunity to establish manufacturing and R&D bases overseas. During the Review Period, the Group set up a new subsidiary, Minth North America,



Management Discussion and Analysis (Continued)

Inc; and established a joint venture, Plastic Trim International, Inc. with Sojitz Corporation and a third party in North America, which had completed an acquisition of certain assets involving a plastic injection molding and extrusion business. This joint venture and the assets acquisition would be considered as a part of the framework of the global cooperative strategy between the Group and Sojitz Corporation.

The Directors believed that the establishment of the new subsidiary and joint venture and assets acquisition will help to gain more market share of the Group's core product categories and enhance the Group's service quality to the OEMs in North America. Further, through continuous reorganization and integration, the joint venture is believed to be able to reduce costs and upgrade its management efficiency remarkably.

RESEARCH AND DEVELOPMENT

The Group had built the second R&D Centre concentrating on the design and development of decorative parts for passenger car in Jiaxing, China. On the other hand, with the development of manufacturing and R&D business in the Joint Venture in North America, it was believed that the Group's overall service capabilities such as concurrent design will be improved accordingly.

The Group will, based on different categories of its core products, reorganize the R&D teams in China and North America to fulfill a collaborative relationship between the R&D Centre in Ningbo and that of Jiaxing and also the team in North America with each team concentrating on a different research area, and therefore maintain and boost the Group's core competence and efficiency in the industry.

FINANCIAL REVIEW

During the Review Period, the Group achieved remarkable performance with both turnover and substantial profit growth.

Management Discussion and Analysis (Continued)

For the six months ended 30th June, 2007, mainly benefited from the consolidation of its existing market and expansion of new markets, the Group's turnover was approximately RMB636,905,000, representing an increase of 41.7% when compared with the same period of 2006.

For the six months ended 30th June, 2007, the Group's profit attributable to shareholders was approximately RMB203,109,000, representing an increase of 60.6% when compared with the corresponding period of 2006. The increase was mainly due to the Group's focus on cost and expense control while continuing to increase its turnover to maintain a stable profitability.

FINANCIAL HIGHLIGHTS

| | Six months ended 30th June, 2007 RMB'000 | Six months ended 30th June, 2006 RMB'000 |
|-------------------------|--|--|
| Turnover | 636,905 | 449,321 |
| Gross profit | 255,412 | 177,962 |
| Profit before taxation | 224,585 | 138,635 |
| Taxation | (18,498) | (7,519) |
| Minority interests | (2,977) | (4,626) |
| Net profit for the year | 203,109 | 126,490 |

COST CONTROL

The Group put great emphasis on cost control. During the Review Period, the gross profit margin increased by approximately 0.5% to approximately 40.1% from 39.6% of the same period of 2006. The gross profit margin remained fairly stable because the negative effects of falling sales prices were offset by cost savings from sourcing raw materials domestically, centralized procurement, and



Management Discussion and Analysis (Continued)

establishing of strategic relationship with suppliers, while improving the manufacturing process and the launching of new products. Besides, the self-developed moulds also contributed to the increase of the gross profit margin.

OTHER INCOME

During the Review Period, other income amounted to approximately RMB38,659,000, representing an increase of approximately RMB26,607,000 from RMB12,052,000 in the same period of 2006. The increase was mainly a result of the increase of government subsidies granted and the increase of technology transfer proceeds arising from the value-added services that the Group provided for its customers.

DISTRIBUTION AND SELLING EXPENSES

Distribution and selling expenses amounted to RMB18,802,000 during the Review Period, representing an increase of approximately 48.9% from RMB12,628,000 in the same period of 2006. This was attributed to the increase in turnover which required more logistics expenses correspondingly; on the other hand, this was also due to the increase in the number of staff, wages and travel expenditure as the Group has been vigorously developing overseas markets.

ADMINISTRATIVE EXPENSES

During the Review Period, administrative expenses amounted to RMB62,427,000, representing an increase of approximately 43.1% from RMB43,626,000 in the same period of 2006. This was mainly due to: (1) increase of administrative staff and high-level professional talents and their relevant salaries and welfare in accordance with the rapid growth of the Group; (2) adoption of a share option scheme with a view to rewarding those who had contributed to the Group; the expense of the share option scheme had been allocated to the cost; and (3) the remarkable increase of R&D expenses to enhance the Group's core competence.

TAXATION

The Group's taxation increased by approximately RMB10,979,000 from approximately RMB7,519,000 in the same period of 2006 to approximately RMB18,498,000 in the Review Period. The effective tax rate increased by 2.8% from 5.4% for the same period of 2006 to approximately 8.2% for the Review Period. This was due to the fact that tax exemption period of two subsidiaries expired by the end of 2006 and only half of their income tax was rebated during the Review Period, which therefore led to the increase of average tax rate of the Group.

LIQUIDITY AND FINANCIAL SITUATION

On 30th June, 2007, the Group's bank balances and cash totaled RMB216,530,000, representing a decrease of approximately RMB15,541,000 from approximately RMB232,071,000 on 31st December, 2006. Meanwhile, the Group's loan increased by RMB143,747,000, to RMB181,901,000 as of 30th June, 2007 from approximately RMB38,154,000 as of 31st December, 2006, which was mainly used for expanding business scale, purchasing properties, plants and equipment, establishing the overseas sales network, and a series of investments solidifying and developing strategic alliances.

During the Review Period, the net cash inflow from the Group's business activity was RMB119,230,000, which was in a sound status.

Receivables turnover days were approximately 63 days, a decrease of 1 day as compared with 64 days on 31st December, 2006, mainly due to the Group's strengthened trade account receivable control and follow-ups.

Payables turnover days were approximately 58 days, a decrease of 4 days as compared with 62 days on 31st December, 2006, mainly due to the fact that the Group agreed to reduce the credit period with its suppliers as a trade-off for better procurement price.



Management Discussion and Analysis (Continued)

Inventories turnover days were approximately 71 days, a decrease of 15 days as compared with 86 days on 31st December, 2006, mainly due to the Group's strengthened inventory management and the adoption of lean production in controlling inventory balance.

As of 30th June, 2007, the Group's current ratio was 1.9, decreased from 2.6 in 2006.

As of 30th June, 2007, the Group's gearing ratio had increased from 3% in 2006 to 10%.

Note: the calculation methods for the above indicators are the same as those set out in the prospectus of the Company dated 22nd November, 2005.

There is no seasonality in the Group's borrowing requirements.

The Group believes that during the Review Period, the favourable sales, production, and R&D performance, as well as healthy cash reserves have laid a solid foundation for the sustained growth in the future.

CAPITAL COMMITMENTS

As of 30th June, 2007, the Group had the following commitments:

| | RMB'000 |
|------------------------------|---------|
| Operating lease arrangements | 2,405 |
| Capital commitments | 35,096 |

Operating lease arrangements mean the lowest leasing fee the Group will pay in the future for land leased by the Group. Capital commitments mean the capital expenditure for the purchase of property, plants and equipment for which agreements have been signed but payment has not yet made and also mean agreed investments in jointly controlled entities and associated companies.

There was no charge on the Group's assets as of 30th June, 2007.

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 30th June, 2007, the Group's bank loan balance was about RMB181,901,000, among which RMB16,222,000 was with fixed interest rate while the rest with floating interest rate. Approximately RMB16,222,000 of the bank loans are repayable in Renminbi ("RMB"), RMB161,781,000 are repayable in HK Dollars, and the remaining balances of approximately RMB3,898,000 are repayable in US Dollars. The management doesn't believe that the exchange rate fluctuation will have material adverse impact on the Group's financial position.

Most of the Group's sales and procurements are calculated in Renminbi ("RMB"), which had protected the Group from the risk of the exchange rate fluctuation. With the expansion of its overseas operation, the management is closely monitoring the foreign currency risk and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As of 30th June, 2007, the Group had no contingent liabilities (2006: Nil).

MORTGAGED ASSETS

As of 30th June, 2007, the Group had no mortgaged assets (2006: Nil).

CAPITAL EXPENDITURE

As of 30th June, 2007, the Group's investment in property, plant and equipment, construction in progress and land use rights amounted to RMB122,963,000. These capital investments were attributable to the increase of the production capacity and the expansion of facilities in the Group's subsidiaries.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS

Apart from what was included in other paragraphs of this report, the Group made no substantial acquisition or disposals during the Review Period.



Management Discussion and Analysis (Continued)

EMPLOYEES

As of 30th June, 2007, the Group had a total number of 3,041 employees, an increase of a number of 434 in comparison to the end of 2006. This increase was the result of the establishment of new subsidiaries, expansion of the existing manufacturing facilities and advancements of its R&D capabilities. Amongst the newly recruited staff, 16% were serving in R&D, 75% in manufacturing, and the remaining 9% in the administrative section.

In accordance with the Group's consistent human resources management policy, medical and pension scheme and other benefits are provided. Commercial medical insurance is also provided for selected employees to properly supplement the statutory medical insurance.

DIRECTORS

During the Review Period, the Directors of the Company were as follows:

Executive directors

Chin, Jong Hwa (*Chairman*)

Shi, Jian Hui

Mu, Wei Zhong

Chin, Jung Huang*

Zhao, Feng

Non-executive director

Shaw Sun Kan, Gordon

Independent Non-executive directors

Heng, Kwoo Seng

Wang, Ching

Zhang, Li Ren

* *Dr. Chin Jung-Huang passed away after the Review Period. He had made significant contributions to the Group. The Company would like to extend its condolences to the family of Dr. Chin.*

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of all the then shareholders of the Company on 13th November, 2005.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, services providers of any member of the Group to whom the Board considers, in its sole discretion, have contributed or will contribute to the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the date on which the Share Option Scheme is adopted.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares of the Company in issue on 1st December, 2005, the date of listing of the shares of the Company on the Stock Exchange ("General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

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

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including



■ Management Discussion and Analysis (Continued)

both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit").

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

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined and notified by the Board to each grantee, at the time of making an offer of the grant of an option which shall not expire later than 10 years from the date of grant of the option. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is neither any performance target that needs to be achieved before the option can be exercised nor any minimum period for which an option must be held before it can be exercised.

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

Management Discussion and Analysis (Continued)

As at the date of 30th June, 2007, the total number of options the Company granted to the employees and some of the Directors and their connected persons amounted to 20,800,000 shares ("2007 Scheme"), with details as follows:

| Name and status of participants | Number of Shares <i>(Note)</i> | | | As of 30th June, 2007 | Date of Grant | Exercising Period** | Subscription Price (HKD)*** |
|---|--------------------------------|---------------------------|--------------------------|-----------------------|---------------|------------------------|-----------------------------|
| | As of 1st February, 2007 | Granted during the Period | Lapsed during the Period | | | | |
| Directors, chief executives, and substantial shareholders and their respective connected persons | | | | | | | |
| Mr. Shi Jian Hui | | 250,000 | — | 250,000 | 1-2-2007 | 1-2-2008 to 12-11-2010 | 6.31 |
| | — | 250,000 | — | 250,000 | 1-2-2007 | 1-2-2009 to 12-11-2010 | 6.31 |
| Mr. Mu Wei Zhong | | 250,000 | — | 250,000 | 1-2-2007 | 1-2-2008 to 12-11-2010 | 6.31 |
| | — | 250,000 | — | 250,000 | 1-2-2007 | 1-2-2009 to 12-11-2010 | 6.31 |
| Mr. Zhao Feng | | 250,000 | — | 250,000 | 1-2-2007 | 1-2-2008 to 12-11-2010 | 6.31 |
| | — | 250,000 | — | 250,000 | 1-2-2007 | 1-2-2009 to 12-11-2010 | 6.31 |
| Ms. Zhu Chu Ya* | | 250,000 | — | 250,000 | 1-2-2007 | 1-2-2008 to 12-11-2010 | 6.31 |
| | — | 250,000 | — | 250,000 | 1-2-2007 | 1-2-2009 to 12-11-2010 | 6.31 |
| Subtotal | — | 2,000,000 | — | 2,000,000 | | | |
| Other Participants | | | | | | | |
| | | 9,400,000 | — | 9,400,000 | 1-2-2007 | 1-2-2008 to 12-11-2010 | 6.31 |
| | — | 9,400,000 | — | 9,400,000 | 1-2-2007 | 1-2-2009 to 12-11-2010 | 6.31 |
| Subtotal | — | 18,800,000 | — | 18,800,000 | | | |
| Total for 2007 Scheme | — | 20,800,000 | — | 20,800,000 | | | |

Note: Numbers of shares in the Company over which options granted under the Share Option Scheme are exercisable.

* Spouse of Mr. Zhao Feng, and the director of the Group's HR Department.



Management Discussion and Analysis (Continued)

** *The vesting period of the share options is from the date of the grant until the commencement of the exercise period.*

*** *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes.*

Apart from the Share Option Scheme as disclosed above, no option was granted, exercised, cancelled or lapsed during as at the date of this report since adoption.

The financial impact of the Company's share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon exercise of the Company's share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled or which lapse prior to their exercise date are deleted from the outstanding options.

The Board is of the view that as the market value of share options of the Company is not readily available, any estimation of the value of the share options as at the Latest Practicable Date based on a number of speculative assumptions may be misleading to the Shareholders.

OUTLOOK AND STRATEGY

The Directors believe that, in the long term, the Chinese market of passenger car is expected to maintain a rapid growth while the market in North America and Europe will remain stable. Furthermore, the market in Southeast Asia and East Europe is now expanding steadily and may scale up to a favourable size in due time.

Management Discussion and Analysis (Continued)

The Group, facing the development trend of the global market, will incorporate in its market strategy, i) continuous consolidation of its leading position in Chinese market; ii) endeavor in internationalization by strengthening the sales team and allocating more resources in North America and Europe, integrating the business and assets that PTI had acquired to build it into the Group's manufacturing and R&D base, and promoting the collaboration among PTI and the Group's existing office in North America and the corresponding department in China to avail the customers such as GM, and DaimlerChrysler in North America of prompt and perfect package; supplier services iii) continuing to pursue business opportunities and suitable partner to establish facilities in Southeast Asia.

The Group, with its existing manufacture, service and R&D capability of the core product categories and the outstanding management efficiency as well, associated with the international strategy and foresight of the management, will, without doubt, maintain and consolidate its leading position in China and play a more important role in the global market.

DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2007 (2006: Nil).



Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2007, the interests or short positions of substantial shareholders, other than the Directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("the SFO") are as follows:

| Name of Substantial Shareholder | Capacity | Long/short position | Number of Shares | Percentage of the Company's Issued Share Capital |
|---------------------------------|--|---------------------|-------------------------------------|--|
| Wei Ching Lien | Interest of spouse and a party to an agreement under s.317 of the SFO | Long position | 485,004,000 <i>(Note 1)</i> | 58.43% |
| Linkfair | Beneficial owner and a party to an agreement under s.317 of the SFO | Long position | 485,004,000 <i>(Note 2)</i> | 58.43% |
| Jean Eric Salata | Interest of controlled corporation and interest of spouse | Long position | 55,000,000 <i>(Note 3 and 4)</i> | 5.76% |
| Pong Melania | Interest of controlled corporation and interest of spouse | Long position | 55,000,000 <i>(Note 5)</i> | 5.76% |
| Charles P. Coleman III | Interest of controlled corporations and parties to an agreement under s.317 of the SFO | Long position | 475,004,000 <i>(Note 6)</i> | 57.23% |
| Tiger Global Management, L.L.C. | Interest of controlled corporations and a party to an agreement under s.317 of the SFO | Long position | 475,004,000 <i>(Note 6)</i> | 57.23% |

Other Information (Continued)

| Name of Substantial Shareholder | Capacity | Long/short position | Number of Shares | Percentage of the Company's Issued Share Capital |
|----------------------------------|--|---------------------|-------------------------|--|
| Tiger Global Performance, L.L.C. | Interest of controlled corporations and a party to an agreement under s.317 of the SFO | Long position | 472,755,078 (Note 6) | 56.96% |
| Tiger Global, Ltd. | Beneficial owner and a party to an agreement under s.317 of the SFO | Long position | 472,248,922 (Note 6) | 56.90% |
| Tiger Global, L.P. | Beneficial owner and a party to an agreement under s.317 of the SFO | Long position | 472,681,323 (Note 6) | 56.95% |
| Tiger Global II, L.P. | Beneficial owner and a party to an agreement under s.317 of the SFO | Long position | 470,073,755 (Note 6) | 56.64% |

Note 1: Wei Ching Lien is the spouse of Chin Jong Hwa, She is deemed to be interested in 485,004,000 Shares in which Mr. Chin Jong Hwa is deemed to be interested. Wei Ching Lien controls more than one third of the voting power of Acemind Industrial Limited and she is therefore deemed to be interested in 485,004,000 Shares in which Acemind Industrial Limited is deemed to be interested.

Linkfair Investment Limited ("Linkfair"), Tiger Global, Ltd., Tiger Global, L.P., Tiger Global II, L.P., Tigerstep Developments Limited and Acemind Industrial Limited are parties to separate agreements under s.317 of the SFO and hence are deemed to be interested in the Shares held by each other.

Linkfair is beneficially interested in 420,000,000 Shares. Tiger Global, Ltd. is beneficially interested in 18,933,922 Shares. Tiger Global, L.P. is beneficially interested in 35,201,323 Shares. Tiger Global II, L.P. is beneficially interested in 868,755 Shares. Tigerstep Developments Limited is beneficially interested in 10,000,000 Shares. Acemind Industrial Limited is not beneficially interested in any Shares.



Other Information (Continued)

Note 2: Linkfair, a company wholly-owned by Mr. Chin Jong Hwa, is beneficially interested in 420,000,000 Shares. Linkfair, Tiger Global, Ltd., Tiger Global, L.P., Tiger Global II, L.P., Tigerstep Developments Limited and Acemind Industrial Limited are parties to separate agreements under s.317 of the SFO and hence are deemed to be interested in the Shares held by each other.

Note 3: Baring Private Equity Asia GP III Limited is wholly-owned by Jean Eric Salata while Baring Private Equity Asia GP III Limited is the general partner of Baring Private Equity Asia GP III, LP and is deemed to be interested in the 39,113,111 Shares held by Baring Private Equity Asia III Holding (A) Limited and in an additional 8,553,555 Shares held by Baring Private Equity Asia III Holding (1) Limited. Therefore Jean Eric Salata is deemed to be interested in 47,666,666 shares in which Baring Private Equity Asia GP III Limited is deemed to be interested. The Company has received notification that Jean Eric Salata disclaims beneficial ownership of such shares, other than to the extent of his economic interest in such entities.

Note 4: Baring Asia Fund II (GP) LP is the general partner of the limited partnerships comprising The Baring Asia Private Equity Fund II, one of which wholly owns Baring Asia II Holdings (24) Limited, which is the holder of 7,333,334 Shares. Baring Asia Fund Managers II Limited is the general partner of Baring Asia Fund II (GP) LP. Accordingly, both Baring Asia Fund II (GP) LP and Baring Asia Fund Managers II Limited are deemed to be interested in the 7,333,334 Shares held by Baring Asia II Holdings (24) Limited. Baring Asia Fund Managers II Limited is owned by Maximus GP Holdings Limited, which is owned ultimately by Pong Melania, the spouse of Jean Eric Salata. Jean Eric is Salata, therefore, also deemed to be interested in the 7,333,334 Shares in which Baring Asia Fund Managers II Limited is deemed to be interested. The Company has received notification that Jean Eric Salata and Melania Pong disclaim beneficial ownership of such shares, other than to the extent of their economic interest in such entities.

Note 5: Jean Eric Salata and Pong Melania are husband and wife and are deemed to be interested in each other's deemed interests.

Note 6: Tiger Global, Ltd., Tiger Global, L.P., Tiger Global II, L.P. and Linkfair Investments Limited are parties to separate agreements under s.317 of the SFO and hence are deemed to be interested in each other's Shares.

Linkfair is beneficially interested in 420,000,000 shares. Tigerstep Developments Limited is beneficially interested in 10,000,000 Shares. Acemind Industrial Limited is not beneficially interested in any shares.

Tiger Global, Ltd. is beneficially interested in 18,933,922 Shares. Tiger Global, L.P. is beneficially interested in 35,201,323 Shares. Tiger Global II, L.P. is beneficially interested in 868,755 Shares. Tiger Global Management, L.L.C. is the investment manager of and is deemed to be interested in the Shares held by Tiger Global, Ltd., Tiger Global, L.P. and Tiger Global II, L.P.. Tiger Global Performance, L.L.C. is the general partner of and is deemed to be interested in the Shares held by Tiger Global, L.P. and Tiger Global II, L.P.. Charles P. Coleman III is the managing member of Tiger Global Management, L.L.C. and Tiger Global Performance, L.L.C. and is deemed to be interested in the Shares held by Tiger Global Management, L.L.C. and Tiger Global Performance, L.L.C., and in turn, in the Shares held by Tiger Global, Ltd., Tiger Global, L.P. and Tiger Global II, L.P..

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

At 30th June, 2007, the interests and short positions of the directors and the chief executives in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

| Name of Director | Company/ Name of Associated Corporation | Long/Short Position | Nature of Interest | Total Number of Shares | Percentage of the Company's Issued Share Capital |
|------------------|--|------------------------|--|--------------------------------------|---|
| Chin Jong Hwa | the Company | Long Position | Interest of controlled corporation and a party to an agreement under s.317 of the SFO <i>(Note 1)</i> | 485,004,000 | 58.43% |
| Shi Jian Hui | the Company | Long position | Beneficial owner | 500,000 <i>(Note 2)</i> | 0.06% |
| Mu Wei Zhong | the Company | Long position | Beneficial owner | 500,000 <i>(Note 2)</i> | 0.06% |
| Zhao Feng | the Company | Long position | Beneficial owner and interest of spouse <i>(Note 3)</i> | 1,000,000 <i>(Note 2 & 3)</i> | 0.12% |



Other Information (Continued)

Note 1: Linkfair is beneficially interested in 420,000,000 Shares. Linkfair is wholly-owned by Chin Jong Hwa and he is therefore deemed to be interested in the entire 420,000,000 Shares held by Linkfair. Linkfair, Tiger Global, Ltd., Tiger Global, L.P., Tiger Global II, L.P., Tigerstep Developments Limited and Acemind Industrial Limited are parties to separate agreements under s.317 of the SFO and hence are deemed to be interested in the Shares held by one another.

Tiger Global, Ltd. is beneficially interested in 18,933,922 Shares. Tiger Global, L.P. is beneficially interested in 35,201,323 Shares. Tiger Global II, L.P. is beneficially interested in 868,755 Shares. Tigerstep Developments Limited is beneficially interested in 10,000,000 Shares. Acemind Industrial Limited is not beneficially interested in any Shares.

Note 2: The total number of Shares over which options granted under the Share Option Scheme are exercisable.

Note 3: Upon exercise of the options under the Share Option Scheme, Mr. Zhao Feng and his spouse, Ms. Zhu Chun Ya, were both granted the options to acquire 500,000 Shares, respectively. Since Mr. Zhao Feng is the spouse of Ms Zhu Chun Ya, he is deemed to be interested in 500,000 Shares in which Ms. Zhu Chun Ya is interested in.

Other than as disclosed above, as at 30th June, 2007, none of the directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

EQUITY FINANCING ACTIVITIES

The Group entered into a top-up placing transaction which took place on 5th July, 2007, with 124,500,000 shares being placed at HKD12.50 per share. The estimated net proceeds of the Placing is approximately HKD1,520,000,000 and will be used to increase production capacity and sales of the Group in China and abroad. After completion of the top-up placing, the total number of the Company's issued ordinary shares increased to 954,500,000 and the total issued share capital amounted to HKD95,450,000,000.

PURCHASE, SALE, OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the Review Period.



COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND COMPLIANCE WITH MODEL CODE

None of the Directors is aware of any information that would reasonably indicate that the Company was not at any time during the Review Period in compliance with the Code on Corporate Governance Practice as set out in Appendix 14 to the Listing Rules.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all Directors in the securities of the Company. Having made specific enquiry of all Directors, they had strictly complied with the Model Code during the Review Period.

AUDIT COMMITTEE

The Company has an Audit Committee consisting of three independent non-executive directors, Mr. Heng Kwo Seng (chairman of the Audit Committee), Dr. Wang Ching and Mr. Zhang Li Ren. The Committee reviews the systems of internal controls and the completeness and accuracy of the financial statements and liaises on behalf of the directors with external auditors. The Committee members shall meet regularly with management and external auditors to review audit reports, if applicable, and the interim and annual financial statements, as the case may be, of the Group. It has reviewed this interim report and the unaudited consolidated financial statements for the six months ended 30th June, 2007, and recommended their adoption by the Board.

Mint Group Limited
Chin Jong Hwa
Chairman

17th August, 2007



Condensed Consolidated Income Statement

| | | Six months ended | |
|--|---|-------------------------|-------------|
| | | 30th June, | |
| | | 2007 | 2006 |
| | | (Unaudited) | (Unaudited) |
| <i>NOTES</i> | | RMB'000 | RMB'000 |
| Turnover | 3 | 636,905 | 449,321 |
| Cost of sales | | (381,493) | (271,359) |
| <hr/> | | | |
| Gross profit | | 255,412 | 177,962 |
| Other income | | 38,659 | 12,052 |
| Distribution and selling expenses | | (18,802) | (12,628) |
| Administrative expenses | | (62,427) | (43,626) |
| Interest on bank borrowings wholly repayable within five years | | (1,800) | (1,679) |
| Share of profits of associates | | 15,558 | 7,521 |
| Share of losses of jointly controlled entities | | (2,016) | (967) |
| <hr/> | | | |
| Profit before taxation | 4 | 224,584 | 138,635 |
| Taxation | 5 | (18,498) | (7,519) |
| <hr/> | | | |
| Profit for the period | | 206,086 | 131,116 |
| <hr/> | | | |
| Attributable to: | | | |
| Equity holders of the Company | | 203,109 | 126,490 |
| Minority interests | | 2,977 | 4,626 |
| <hr/> | | | |
| Earnings per share | | | |
| — Basic | 6 | RMB0.245 | RMB0.152 |
| <hr/> | | | |
| — Diluted | 6 | RMB0.243 | RMB0.152 |

Condensed Consolidated Balance Sheet

| | | At 30th June, 2007 (Unaudited) RMB'000 | At 31st December, 2006 (Audited) RMB'000 |
|---|--------------|--|--|
| | <i>NOTES</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 665,254 | 584,668 |
| Lease premium for land | | 80,322 | 70,152 |
| Goodwill | 8 | 10,718 | 10,718 |
| Intangible assets | | 10,758 | 11,045 |
| Investment in jointly controlled entities | | 39,247 | 35,343 |
| Investment in associates | | 98,760 | 51,550 |
| Advances to joint venture partners | | 22,496 | 23,067 |
| | | 927,555 | 786,543 |
| Current assets | | | |
| Lease premium for land | | 1,873 | 1,764 |
| Inventories | 9 | 237,582 | 219,510 |
| Trade and other receivables | 10 | 371,691 | 247,947 |
| Amounts due from an associate | 11 | 31,680 | — |
| Pledged bank deposits | | 636 | 3,019 |
| Bank balances and cash | 12 | 216,530 | 232,071 |
| | | 859,992 | 704,311 |
| Current liabilities | | | |
| Trade and other payables | 13 | 256,038 | 231,810 |
| Taxation payable | | 10,330 | 3,727 |
| Short-term bank loans | 14 | 181,901 | 38,154 |
| | | 448,269 | 273,691 |
| Net current assets | | 411,723 | 430,620 |
| Total assets less current liabilities | | 1,339,278 | 1,217,163 |



Condensed Consolidated Balance Sheet (Continued)

| NOTES | At 30th June, 2007 (Unaudited) RMB'000 | At 31st December, 2006 (Audited) RMB'000 |
|--|--|--|
| Non-current liabilities | | |
| Long-term bank loans | — | — |
| Net assets | 1,339,278 | 1,217,163 |
| Capital and reserves | | |
| Share capital | 15 86,345 | 86,345 |
| Reserves | 1,218,078 | 1,096,338 |
| Equity attributable to equity holders of the Company | 1,304,423 | 1,182,683 |
| Minority interests | 34,855 | 34,480 |
| Total equity | 1,339,278 | 1,217,163 |

The financial statements on pages 28 to 30 are unaudited, but have been reviewed by the Audit Committee and authorised for issue by the Board of Directors on 17th August, 2007.

Condensed Consolidated Statement of Changes in Equity

| | Share capital | Share premium | Special reserve | Other reserve | Recognition of equity- | Statutory surplus | Enterprise expansion fund | Exchange Reserve | Retained profits | Attributable to equity holders of the company | | Total |
|---|---------------|----------------|-----------------|---------------|------------------------------|-------------------|---------------------------|------------------|------------------|---|---------------|------------------|
| | | | | | settled share-based payments | | | | | Minority | Minority | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1st January, 2007 | 86,345 | 421,673 | 276,199 | 19,511 | — | 30,814 | 11,159 | (6,359) | 343,341 | 1,182,683 | 34,480 | 1,217,163 |
| Exchange difference arising on translation of foreign operations and net loss recognised directly in equity | — | — | — | — | — | — | — | (9,000) | — | (9,000) | — | (9,000) |
| Profit for the period | — | — | — | — | — | — | — | — | 203,109 | 203,109 | 2,977 | 206,086 |
| Total recognised income | — | — | — | — | — | — | — | (9,000) | 203,109 | 194,109 | 2,977 | 197,086 |
| Transfer | — | — | — | — | — | 6,317 | 509 | — | (6,826) | — | — | — |
| Capital contributions | — | — | — | — | — | — | — | — | — | — | 4,819 | 4,819 |
| Acquisition of additional interest in a subsidiary | — | — | — | — | — | — | — | — | — | — | (7,421) | (7,421) |
| Dividend paid | — | — | — | — | — | — | — | — | (78,449) | (78,449) | — | (78,449) |
| Recognition of equity-settled share-based payments | — | — | — | — | 6,080 | — | — | — | — | 6,080 | — | 6,080 |
| At 30th June, 2007 | 86,345 | 421,673 | 276,199 | 19,511 | 6,080 | 37,131 | 11,668 | (15,359) | 461,175 | 1,304,423 | 34,855 | 1,339,278 |
| At 1st January, 2006 | 86,345 | 421,673 | 276,199 | 19,511 | — | 18,984 | 10,207 | (235) | 114,941 | 947,625 | 25,169 | 972,794 |
| Exchange difference arising on translation of foreign operations and net loss recognised directly in equity | — | — | — | — | — | — | — | (3,895) | — | (3,895) | — | (3,895) |
| Profit for the period | — | — | — | — | — | — | — | — | 126,490 | 126,490 | 4,626 | 131,116 |
| Total recognised income | — | — | — | — | — | — | — | (3,895) | 126,490 | 122,595 | 4,626 | 127,221 |
| Transfer | — | — | — | — | — | 7,902 | 650 | — | (8,552) | — | — | — |
| Capital contributions | — | — | — | — | — | — | — | — | — | — | 10,276 | 10,276 |
| Acquisition of additional interest in a subsidiary | — | — | — | — | — | — | — | — | (39) | (39) | 756 | 717 |
| Dividend paid | — | — | — | — | — | — | — | — | (28,212) | (28,212) | (767) | (28,979) |
| At 30th June, 2006 | 86,345 | 421,673 | 276,199 | 19,511 | — | 26,886 | 10,857 | (4,130) | 204,628 | 1,041,969 | 40,060 | 1,082,029 |



Condensed Consolidated Cash Flow Statement

| | Six months ended | |
|--|-------------------------|-------------|
| | 30th June, | |
| | 2007 | 2006 |
| | (Unaudited) | (Unaudited) |
| | RMB'000 | RMB'000 |
| Net cash inflow from operating activities | 119,230 | 87,845 |
| Net cash outflow from investing activities | (194,858) | (141,678) |
| Net cash flow/(outflow) from financing activities | 68,317 | (125,494) |
| Decrease in cash and cash equivalents | (7,311) | (179,327) |
| Cash and cash equivalents at the beginning of the period | 232,071 | 465,540 |
| Effect of foreign exchange rate changes | (8,230) | (3,895) |
| Cash and cash equivalent at the end of the period | 216,530 | 282,318 |

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2006 except for the adoption of the new standards.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 December, 2007. Management has considered and concluded that there is either no significant financial impact or relevance to the Group

| | |
|--------------------|--|
| HKAS 1 (Amendment) | Presentation of Financial Statements: Capital Disclosures |
| HKFRS 7 | Financial Instruments: Disclosures |
| HK(IFRIC)-Int 7 | Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies |
| HK(IFRIC)-Int 8 | Scope of HKFRS 2 |
| HK(IFRIC)-Int 9 | Reassessment of Embedded Derivatives |



Notes to the Condensed Consolidated Financial Statements (Continued)

The adoption of these new HKFRSs had no material effect on the results of operations and financial position of the Group for the current or prior accounting periods.

The Group has not adopted early or applied the following new and revised standards or interpretations that have been issued but are not yet effective. The Directors are currently assessing the impact on the Group operation.

| | |
|-------------------|--|
| HKAS 23 (Revised) | Borrowing Costs |
| HKFRS 8 | Operating Segments |
| HK(IFRIC)-Int 10 | Interim Financial Reporting and Impairment |
| HK(IFRIC)-Int 11 | HKFRS 2: Group and Treasury Share Transactions |
| HK(IFRIC)-Int 12 | Service Concession Arrangements |

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Turnover represents the amounts received for goods sold by the Group to outside customers and net of discounts and sales related taxes during the period.

Business segments

The Group's operation is regarded as a single business segment, being engaged in the manufacture and sales of exterior body parts of automobiles.

Geographical segments

The following table provides an analysis of the Group's sales by geographical markets, irrespective of the origin of the goods.

| | Six months ended 30th June, | | | |
|---------------|-----------------------------|------------|----------------|------------|
| | 2007 | | 2006 | |
| | RMB'000 | % | RMB'000 | % |
| PRC | 534,266 | 83.9 | 386,321 | 86.0 |
| North America | 34,543 | 5.4 | 4,606 | 1.0 |
| Europe | 21,269 | 3.3 | 30,316 | 6.7 |
| Asia Pacific | 46,827 | 7.4 | 28,078 | 6.3 |
| Total | 636,905 | 100 | 449,321 | 100 |

No geographical segment information of the Group's assets and liabilities is shown as the Group's assets and liabilities are substantially located in the PRC.



4. PROFIT BEFORE TAXATION

| | Six months ended 30th June, | |
|---|--|-------------------------|
| | 2007 RMB'000 | 2006 RMB'000 |
| Profit before taxation has been arrived at after charging: | | |
| Cost of inventories as expenses | 381,493 | 271,359 |
| Directors' remuneration | 1,141 | 1,696 |
| Other staff's retirement benefits scheme contributions | 1,852 | 1,566 |
| Other staff costs | 64,961 | 41,848 |
| Total staff costs | 67,954 | 45,110 |
| Less: Staff costs included in research and development costs | (6,824) | (2,299) |
| | 61,130 | 42,811 |
| Depreciation of property, plant and equipment | 23,353 | 18,084 |
| Less: Depreciation included in research and development costs | (3,406) | (2,352) |
| | 19,947 | 15,732 |
| Amortisation of intangible assets | 2,087 | 1,638 |
| Allowance for bad and doubtful debts | 579 | — |
| Bad debts written off | 753 | — |
| Loss on disposal of property, plant and equipment | 154 | (171) |
| Operating lease rentals of buildings | 2,349 | 1,235 |
| Amortization of prepaid land premium | 658 | 487 |
| Research and development costs | 26,240 | 13,932 |
| Profit before taxation has been arrived at after crediting: | | |
| Property rental income | 1,268 | 1,866 |
| Less: Outgoings | (294) | (347) |
| | 974 | 1,519 |
| Allowance for bad and doubtful debts written back | — | 19 |
| Allowance for provision for inventories written back (note 1) | 57 | 819 |
| Government subsidies (note 2) | 14,514 | 1,099 |
| Interest income | 2,163 | 3,333 |
| Net foreign exchange gain | 6,429 | 2,276 |

Note 1: Allowance of provision for inventories has been written back on sale of these inventories.

Note 2: The amount represents the incentive subsidies granted by the PRC local government authorities to the Group for projects involving hi-tech know-how and product development. The government grants have been approved by and received from the PRC local government authorities.

5. TAXATION

The taxation represents PRC income tax calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

Pursuant to the relevant laws and regulations in the PRC, certain Group's PRC subsidiaries are entitled to exemption from PRC income tax for the two years commencing from their first profit making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years ("Tax Holidays").

The charge for the period is reconciled to the profit before taxation as follows:

| | Six months ended 30th June, | | | |
|---|------------------------------------|--------------|----------------|----------|
| | 2007 | | 2006 | |
| | RMB'000 | % | RMB'000 | % |
| Profit before taxation | 224,584 | | 138,635 | |
| Tax at the applicable income tax rate | 33,688 | 15.0 | 20,795 | 15.0 |
| Tax effect of expenses not deductible for tax purposes | 170 | 0.1 | 472 | 0.3 |
| Effect of tax holidays | (13,158) | (5.9) | (14,768) | (10.7) |
| Tax effect of different tax rates of subsidiaries | 61 | 0.0 | 689 | 0.5 |
| Reversal of deferred taxation previously not recognised | (821) | (0.4) | — | — |
| Deferred Tax liability not recognized | (1,598) | (0.7) | — | — |
| Others | 156 | 0.1 | 331 | 0.3 |
| Tax charge and effective tax rate for the period | 18,498 | 8.2 | 7,519 | 5.4 |

The applicable income tax rate of 15% is the domestic rate in the respective regions where the operations of the Group are substantially based.



6. EARNINGS PER SHARE

(a) Basic

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

| | Six months ended 30th June, | |
|--|--|-----------------|
| | 2007 RMB'000 | 2006 RMB'000 |
| Profit attributable to equity holders of the Company | 203,109 | 126,490 |
| Weighted average number of ordinary shares in issue (<i>thousands</i>) | 830,000 | 830,000 |
| Basic earnings per share (<i>RMB per share</i>) | 0.245 | 0.152 |

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has just one category of dilutive potential ordinary shares: share options. For the share options, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

| | Six months ended 30th June, | |
|--|--|-----------------|
| | 2007 RMB'000 | 2006 RMB'000 |
| Profit attributable to equity holders of the Company | 203,109 | 126,490 |
| Weighted average number of ordinary shares in issue (<i>thousands</i>) | 830,000 | 830,000 |
| Adjustments for — share options (<i>thousands</i>) | 6,377 | — |
| Weighted average number of ordinary shares for diluted earnings per share (<i>thousands</i>) | 836,377 | 830,000 |
| Diluted earnings per share (<i>RMB per share</i>) | 0.243 | 0.152 |



7. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB106,324,000 (2006: RMB87,980,000)

8. GOODWILL

The goodwill represented the premium the Company paid in the acquisition of a subsidiary, Jiaxing Mingrong Automotive Parts Co., Ltd. over the fair value.

9. INVENTORIES

| | At 30th June, 2007 RMB'000 | At 31st December, 2006 RMB'000 |
|------------------|-------------------------------------|---|
| Raw materials | 57,337 | 50,419 |
| Work in progress | 46,635 | 51,785 |
| Finished goods | 46,177 | 32,959 |
| Moulds | 87,433 | 84,347 |
| | 237,582 | 219,510 |

10. TRADE AND OTHER RECEIVABLES

| | At 30th June, 2007 RMB'000 | At 31st December, 2006 RMB'000 |
|--|-------------------------------------|---|
| Trade receivables | | |
| — associates | 17,533 | 16,237 |
| — jointly controlled entities | 3,148 | 5,402 |
| — third parties | 255,006 | 170,566 |
| | 275,687 | 192,205 |
| Bill receivables | 27,403 | 26,205 |
| | 303,090 | 218,410 |
| Prepayment for purchase of raw materials | 33,646 | 19,522 |
| Entrust loan | 21,289 | — |
| Other receivables | 13,666 | 10,015 |
| | 371,691 | 247,947 |



Notes to the Condensed Consolidated Financial Statements (Continued)

Payment terms with customers were mainly on credit. Invoices were normally payable from 60 days to 90 days from the time when the goods were verified and accepted by customers. The following is an aged analysis of trade receivables and bills receivables at the balance sheet date:

| | At 30th June, 2007 RMB'000 | At 31st December, 2006 RMB'000 |
|--------------|-------------------------------------|---|
| Age | | |
| 0–90 days | 292,045 | 209,382 |
| 91–180 days | 10,417 | 8,342 |
| 181–365 days | 550 | 227 |
| 1–2 years | 78 | 459 |
| | 303,090 | 218,410 |

The Group's trade receivables which are not denominated in the functional currencies of the respective entities are as follows:

| Original currency | USD | EURO | AUD | JPY | Total |
|---------------------------|---------|---------|---------|---------|---------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 30th June, 2007 | 36,509 | 1,919 | 173 | — | 38,601 |
| At 31st December, 2006 | 23,003 | 1,044 | 539 | 1 | 24,587 |

The Directors consider that the carrying amounts of trade and other receivables approximate their fair values.

11. AMOUNTS DUE FROM AN ASSOCIATE

The amounts represent the Group's loan of USD4,160,000 to an associate which are bearing a market interest rate. Pursuant to the loan agreements, the loans will be repaid on 7th June, 2008.

The Directors consider that the carrying amounts approximate their fair values.

12. BANK BALANCES AND CASH

As at 30th June, 2007, the Group had a net cash surplus of RMB216,530,000 (31st December, 2006: RMB232,071,000) and most of the cash balance was deposited in the leading banks in Hong Kong and China.



13. TRADE AND OTHER PAYABLES

| | At 30th June, 2007 RMB'000 | At 31st December, 2006 RMB'000 |
|--|-------------------------------------|---|
| Trade payables | | |
| — associates | 2,083 | 2,358 |
| — third parties | 148,623 | 98,931 |
| | 150,706 | 101,289 |
| Bills payables | 15,923 | 17,948 |
| | 166,629 | 119,237 |
| Payroll and welfare payables | 15,758 | 21,922 |
| Advance from customers | 3,792 | 17,287 |
| Consideration payable of acquisition of property, plant and equipment | 40,284 | 45,986 |
| Others payables | 29,575 | 27,378 |
| | 256,038 | 231,810 |

The following is an aged analysis of trade payables and bills payable at the balance sheet date:

| | At 30th June, 2007 RMB'000 | At 31st December, 2006 RMB'000 |
|--------------|-------------------------------------|---|
| Age | | |
| 0-90 days | 162,885 | 117,151 |
| 91-180 days | 1,799 | 624 |
| 181-365 days | 820 | 377 |
| 1-2 years | 184 | 682 |
| Over 2 years | 941 | 403 |
| | 166,629 | 119,237 |

The Group's trade payables which are not denominated in the functional currencies of the respective entities are as follows:

| Original currency | JPY RMB'000 | EURO RMB'000 | USD RMB'000 | Total RMB'000 |
|------------------------|----------------|-----------------|----------------|------------------|
| At 30th June, 2007 | 3,908 | 13,303 | 6,904 | 24,115 |
| At 31st December, 2006 | 6,935 | — | 7,430 | 14,365 |

The Directors consider that the carrying amounts of trade and other payables approximate their fair values.



14. SHORT-TERM BANK LOANS

The carrying amounts of the Group's short-term bank loans are denominated in the following currencies which exposed the Group to currency risk:

| Original currency | RMB | HKD | USD | Total |
|------------------------|---------|---------|---------|---------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 30th June, 2007 | 16,222 | 3,898 | 161,781 | 181,901 |
| At 31st December, 2006 | 38,154 | — | — | 38,154 |

The short-term bank loans as at 30th June, 2007 and at 31st December, 2006 were carrying interest at rates ranging from 3.22% to 6.25% (2006: 3.6% to 4.3%) per annum respectively.

The short-term bank loans at 30th June, 2007 of RMB16,222,000 (31st December, 2006: RMB38,154,000) are arranged at fixed interest rates which exposed the Group to fair value interest rate risk.

The Directors consider that the carrying amounts of short-term bank loans approximate their fair values.

15. SHARE CAPITAL**At 30th June, 2007 and
at 31st December, 2006**

| | Number of shares | Amount HKD'000 |
|--------------------------------|---------------------|-------------------|
| Ordinary shares of HKD0.1 each | | |
| Authorised: | | |
| — On the date of incorporation | 3,800,000 | 380 |
| — Increase in 2005 | 4,996,200,000 | 499,620 |
| | 5,000,000,000 | 500,000 |

| | Number of shares | Amount RMB'000 |
|---|---------------------|-------------------|
| Issued and fully paid in 2005: | | |
| — Allotted and issued on the date of incorporation | 1 | — |
| — Issue of shares pursuant to the Group Reorganisation | 99,999 | 11 |
| — Issue and allotment of shares | 599,900,000 | 62,407 |
| Subtotal after the Group Reorganisation | 600,000,000 | 62,418 |
| — Issue of shares by placing, public offering and exercise of over-allotment option | 230,000,000 | 23,927 |
| | 830,000,000 | 86,345 |



16. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments in respect of buildings rented under non-cancellable operating leases which fall due as follows:

| | At 30th June, 2007 RMB'000 | At 31st December, 2006 RMB'000 |
|---------------------------------------|-------------------------------------|---|
| Within one year | 834 | 1,492 |
| In the second to fifth year inclusive | 1,571 | 1,083 |
| | 2,405 | 2,575 |

Operating lease payments represent rentals payable by the Group for certain of its properties. The leases terms are negotiated from 1 to 5 years and rentals are fixed for the terms.

The Group as lessor

The Group rents out a part of its buildings under an operating lease. Property rental income earned during the period was RMB1,268,000.

At the balance sheet date, the Group had contracted tenants for the following future minimum lease payments:

| | At 30th June, 2007 RMB'000 | At 31st December, 2006 RMB'000 |
|---------------------------------------|-------------------------------------|---|
| Within one year | 1,576 | 1,324 |
| In the second to fifth year inclusive | — | 340 |
| | 1,576 | 1,664 |

17. CAPITAL COMMITMENTS

| | At 30th June, 2007 RMB'000 | At 31st December, 2006 RMB'000 |
|--|-------------------------------------|---|
| Capital expenditure contracted for but not provided in the financial statements in respect of: | | |
| Acquisition of property, plant and equipment | 12,844 | 24,403 |
| Investment in a jointly controlled entity | 24,370 | 31,235 |

18. OTHER COMMITMENTS

Pursuant to an agreement dated 20th June, 2005 and two supplemental agreements dated 31st July, 2005 and 10th November, 2005 entered into between the Group and Sankei Giken Holding Co., Ltd. ("Sankei"), the minority shareholders of a subsidiary, the Group is committed to pay a fixed contracted annual payment of USD393,385 to Sankei as the profit attributable to Sankei for each of the four years commencing from the year of 2005 and ending 31st December, 2008. Except the payment, Sankei does not share any profit of the subsidiary during the four-year period.

19. SHARE-BASED PAYMENT

As at 1st February, 2007, the Board has granted options to subscribe shares in the Company to some of the Directors, chief executives and employees ("Grantee") under the Share Option Scheme which was approved by an unanimous resolution of the then shareholders on 13th November, 2005. 20,800,000 options were granted at the price of HKD6.31 per share, for the purpose of promotion and incentive measure. The subscription price was the closing price of the shares of the



Notes to the Condensed Consolidated Financial Statements (Continued)

Company on the daily quotations of The Stock Exchange of Hong Kong Limited on the date of grant of the Options. The Grantees are, under the Share Option Scheme, permitted to exercise up to 50% of their granted options after the 12 month since the Date of Grant, and the other 50% after 24 months since the Date of Grant.

Details are as follows:

| Name and status of participants | Numbers of shares | | | | | | | Subscription |
|---|--------------------------|---------------------------|--------------------------|-----------------------|---------------|------------------------|-----------------------|--------------|
| | As of 1st February, 2007 | Granted during the Period | Lapsed during the Period | As of 30th June, 2007 | Date of Grant | Exercising Period | Price (HKD) per share | |
| Directors, chief executives, and substantial shareholders and their respective connected persons | — | 1,000,000 | — | 1,000,000 | 1-2-2007 | 1-2-2008 to 12-11-2010 | 6.31 | |
| | — | 1,000,000 | — | 1,000,000 | 1-2-2007 | 1-2-2009 to 12-11-2010 | 6.31 | |
| Subtotal | — | 2,000,000 | — | 2,000,000 | | | | |
| Other Participants | — | 9,400,000 | — | 9,400,000 | 1-2-2007 | 1-2-2008 to 12-11-2010 | 6.31 | |
| | — | 9,400,000 | — | 9,400,000 | 1-2-2007 | 1-2-2009 to 12-11-2010 | 6.31 | |
| Subtotal | — | 18,800,000 | — | 18,800,000 | | | | |
| Total | — | 20,800,000 | — | 20,800,000 | | | | |

The recognized expense for the service that the employees provided during the Review Period in this Condensed Consolidated Financial Statements was HKD6,240,000.

20. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The Group had the following significant transactions with related/connected parties during the Review Period:

| Relationship with related/ connected party | Nature of transactions | Six months ended 30th June, | |
|---|--|--------------------------------|-----------------|
| | | 2007 RMB'000 | 2006 RMB'000 |
| Companies in which Mr. Chin has interests | Property rentals received | 54 | — |
| Associates, in which the Company has 48% equity interest | Sales of goods | 41,055 | 37,389 |
| | Purchase of raw materials | 4,819 | 3,161 |
| | Proceeds from disposal of property, plant and equipment received | — | 370 |
| | Property rentals received | 508 | 700 |
| | Purchase of property, plant and equipment | — | 199 |
| Minority owner of subsidiaries | Testing services income received | 512 | — |
| | Technology support services fees paid | 2,335 | 2,142 |
| | Purchase of raw material | 12,674 | 914 |
| Companies in which a minority owner of a subsidiary has interests | Sales of goods | 17,915 | 849 |
| | Sales of goods | — | 45,333 |
| Jointly controlled entities, in which the Company has 50% equity interest | Sales of goods | 7,400 | 133 |
| | Property rentals received | 520 | 68 |

The Directors confirmed that the above transactions were carried out in the Group's normal course of business, on normal commercial terms and in accordance with the term of agreements governing these transactions.



21. EVENTS AFTER THE BALANCE SHEET DATE

The Group entered into a top-up placing transaction on 5th July, 2007, with 124,500,000 shares being placed at HKD12.50 per share. The estimated net proceeds of the Placing was approximately HKD1,520 million and would be used to increase production capacity and sales of the Group in China and abroad. After placing, the total number of the Company's issued ordinary shares increased to 954,500,000 shares.