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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

FINANCIAL HIGHLIGHTS

- Turnover increased by approximately 5.5% to approximately RMB1,811 million (the same period last year: approximately RMB1,716 million).
- Gross profit margin was approximately 35.8% (the same period last year: approximately 37.3%).
- Profit attributable to owners of the Company decreased by approximately 4.4% to approximately RMB388 million (the same period last year: approximately RMB406 million).
- Basic earnings per share decreased to approximately RMB0.361 (the same period last year: approximately RMB0.403).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Minth Group Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 (the "Review Period") and the comparative figures for the six months ended 30 June 2010 (the "same period last year"). The interim results and the condensed financial reports are unaudited but have been reviewed by the audit committee (the "Audit Committee") of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 (unaudited) RMB'000	2010 (unaudited) RMB'000
Turnover	3	**1,810,590**	1,716,465
Cost of sales		**(1,161,587)**	(1,075,868)
Gross profit		**649,003**	640,597
Investment income		**32,043**	17,995
Other income		**60,318**	20,463
Other gains and losses		**(5,279)**	17,823
Distribution and selling expenses		**(67,669)**	(61,408)
Administrative expenses		**(140,583)**	(106,798)
Research expenditures		**(83,344)**	(73,364)
Interest on bank borrowings wholly repayable within five years		**(4,291)**	(2,718)
Share of profits of jointly controlled entities		**14,751**	10,890
Share of profits of associates		**15,489**	22,547
Profit before tax		**470,438**	486,027
Income tax expense	4	**(63,352)**	(59,959)
Profit for the period	5	**407,086**	426,068
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(5,556)**	(3,287)
Fair value gain (loss) on available-for-sale financial assets		**15,646**	(28,696)
Income tax relating to fair value change of available-for-sale financial assets		**(1,957)**	2,707
Other comprehensive income (expense) for the period (net of tax)		**8,133**	(29,276)
Total comprehensive income for the period		**415,219**	396,792

		Six months ended 30 June	
		2011	2010
		(unaudited)	(unaudited)
	Note	***RMB'000***	*RMB'000*
Profit for the period attributable to:			
Owners of the Company		**388,226**	406,206
Non-controlling interests		**18,860**	19,862
		407,086	426,068
Total comprehensive income for the period attributable to:			
Owners of the Company		**397,045**	376,608
Non-controlling interests		**18,174**	20,184
		415,219	396,792
Earnings per share	*7*		
Basic		**RMB0.361**	RMB0.403
Diluted		**RMB0.359**	RMB0.398

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2011

	Notes	At 30 June 2011 (unaudited) RMB'000	At 31 December 2010 (audited) RMB'000
Non-current assets			
Property, plant and equipment		**1,262,081**	1,213,320
Prepaid lease payments		**397,007**	306,686
Goodwill		**15,276**	15,276
Other intangible assets		**34,170**	19,659
Interests in jointly controlled entities		**73,572**	59,577
Interests in associates		**126,443**	110,954
Available-for-sale investments		**189,284**	173,638
Loans receivables		**15,725**	29,693
Deferred tax assets		**29,602**	33,523
		2,143,160	1,962,326
Current assets			
Prepaid lease payments		**8,640**	6,708
Inventories		**526,536**	452,594
Loans receivables		**41,998**	30,715
Trade and other receivables	8	**1,061,778**	1,011,807
Derivative financial assets		**8,271**	15,999
Other financial assets		**3,000**	–
Pledged bank deposits		**72,038**	62,463
Bank balances and cash		**3,216,769**	3,158,225
		4,939,030	4,738,511
Current liabilities			
Trade and other payables	9	**558,853**	572,844
Tax liabilities		**42,189**	65,300
Borrowings		**592,110**	407,450
Derivative financial liabilities		**4,236**	–
		1,197,388	1,045,594
Net current assets		**3,741,642**	3,692,917
Total assets less current liabilities		**5,884,802**	5,655,243

	At 30 June 2011 (unaudited) *RMB'000*	At 31 December 2010 (audited) *RMB'000*
Capital and reserves		
Share capital	**109,090**	108,904
Share premium and reserves	**5,585,065**	5,412,372
Equity attributable to owners of the Company	**5,694,155**	5,521,276
Non-controlling interests	**162,428**	111,717
Total equity	**5,856,583**	5,632,993
Non-current liabilities		
Deferred tax liabilities	**28,219**	22,250
	28,219	22,250
Total equity and liabilities	**5,884,802**	5,655,243

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2011

1. BASIS OF PREPARATION

The 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 (the "Listing Rules") and with Hong Kong Accounting Standard 34 (HKAS 34), Interim Financial Reporting.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

- Improvements to HKFRSs issued in 2010
- HKAS 24 (as revised in 2009) Related Party Disclosure
- Amendments to HKAS 32 Classification of Rights Issues
- Amendments to HK (IFRIC) – Int 14 Prepayments of a Minimum Funding Requirement
- HK(IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments.

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts report in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other comprehensive Income[2]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]

[1] Effective for annual periods beginning on or after 1 January 2013

[2] Effective for annual periods beginning on or after 1 July 2012

HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 and HKAS 28 are new or revised standards on consolidation, joint arrangements and disclosures which were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The Directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios including scenarios where an investor may control an investee with less than majority of voting rights. Overall, the application of HKFRS 10 requires extensive use of judgement. The Directors are assessing the impact of the application of HKFRS 10 might have on the results and financial position of the Group. Such impact will be disclosed in future consolidated financial statements of the Group upon completion of the assessments.

Other than those disclosed above, the directors of the Company anticipate that the application of these new or revised standards will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

For the six months ended 30 June 2011 (unaudited)

	PRC	**Asia Pacific**	**North America**	**Europe**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
External sales	**1,305,926**	**155,293**	**256,171**	**93,200**	**1,810,590**
Segment profit	**471,273**	**54,560**	**83,059**	**41,313**	**650,205**
Investment income					**32,043**
Other unallocated income					**53,837**
Unallocated expenses					**(291,596)**
Interest on bank borrowings wholly repayable within five years					**(4,291)**
Share of profits of jointly controlled entities					**14,751**
Share of profits of associates					**15,489**
Profit before tax					**470,438**
Income tax expense					**(63,352)**
Profit for the period					**407,086**

For the six months ended 30 June 2010 (unaudited)

	PRC *RMB'000*	Asia Pacific *RMB'000*	North America *RMB'000*	Europe *RMB'000*	Consolidated *RMB'000*
Revenue					
External sales	1,311,926	171,384	177,867	55,288	1,716,465
Segment profit	483,494	63,766	67,886	25,445	640,591
Investment income					17,995
Other unallocated income					38,286
Unallocated expenses					(241,564)
Interest on bank borrowings wholly repayable within five years					(2,718)
Share of profits of jointly controlled entities					10,890
Share of profits of associates					22,547
Profit before tax					486,027
Income tax expense					(59,959)
Profit for the period					426,068

Segment profit represents the gross profit earned by each segment after adjusting impairment of trade receivables and inventories relating to its sales. This is the measure reported to board of directors for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended 30 June **2011** ***RMB'000***	 2010 *RMB'000*
Current tax:		
PRC Enterprise Income Tax	**55,274**	60,950
Other jurisdictions	**255**	113
Withholding income tax paid	**–**	176
	55,529	61,239
Over-provision in prior years:		
PRC Enterprise Income Tax	**(110)**	(2,363)
Deferred tax		
Current period	**7,933**	1,083
	63,352	59,959

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**60,925**	51,779
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditures)	**5,194**	5,312
Total depreciation and amortisation	**66,119**	57,091
Cost of inventories recognised	**1,161,587**	1,075,868
Write-down (reversals) of inventories	**249**	(4,200)

6. DIVIDENDS

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Dividends recognised as distribution during the period:		
2010 Final – HK$0.266 (2010: 2009 final dividend HK$0.219) per share	**238,583**	205,944

On 10 June 2011, a dividend of HK$0.266 per share (2010: HK$0.219 per share) was paid to the Company's shareholders as the final dividend for 2010.

The Directors do not recommend the payment of an interim dividend for six months ended 30 June 2011.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**388,226**	406,206
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,075,001**	1,008,865
Effect of dilutive share options	**7,447**	10,589
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,082,448**	1,019,454

The weighted average number of ordinary shares for the current period for the purpose of basic earnings per share has been adjusted for the share options exercised during the six months ended 30 June 2011.

The computation of diluted earnings per share does not assume the exercise of the Company's unvested options granted in 2011 as the adjusted exercise price of those options is higher than the average market price for shares during the six months ended 30 June 2011.

The weighted average number of ordinary shares for the prior period for the purpose of basic earnings per share has been adjusted for the placing on 19 April 2010 and the share options exercised during the six months ended 30 June 2010.

8. TRADE AND OTHER RECEIVABLES

	At 30 June 2011	At 31 December 2010
	RMB'000	*RMB'000*
Trade receivables		
– associates	**8,480**	13,534
– jointly controlled entities	**32,997**	31,143
– non-controlling interests of subsidiaries	**16,935**	30,643
– third parties	**725,296**	743,975
Less: allowance for doubtful debts	**(3,689)**	(3,617)
	780,019	815,678
Bill receivables	**70,783**	49,471
	850,802	865,149
Other receivables	**30,580**	23,172
Less: allowance for doubtful debts	**(320)**	(550)
	881,062	887,771
Prepayments	**106,105**	58,903
Value-added tax recoverable	**11,963**	1,758
Refundable guarantee deposit for acquisition of land use rights	**20,000**	41,057
Subsidy receivable	**20,330**	–
Dividend receivable from an associate	**17,084**	17,084
Dividend receivable from a jointly controlled entity	**5,234**	5,234
Total trade and other receivables	**1,061,778**	1,011,807

The Group normally grants a credit period of 60 days to 90 days to customers effective from the date when the goods are delivered and accepted by customers. The following is an aged analysis of trade receivables and bill receivables net of allowance for doubtful debts at the end of the reporting period:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Age		
0 – 90 days	**823,035**	842,015
91 – 180 days	**22,989**	13,809
181 – 365 days	**4,625**	9,020
Over 1 year	**153**	305
	850,802	865,149

9. TRADE AND OTHER PAYABLES

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Trade payables		
– associates	**4,542**	5,032
– jointly controlled entities	**35,566**	26,942
– non-controlling interests of subsidiaries	**10,288**	21,533
– third parties	**280,719**	280,042
	331,115	333,549
Payroll and welfare payables	**47,940**	62,862
Advance from customers	**39,447**	27,366
Consideration payable for acquisition of property, plant and equipment	**24,851**	25,215
Dividend payable to non-controlling shareholders of subsidiaries	**–**	11,091
Technology support service fees payable	**25,534**	29,002
Marketing and administration services fees payable to a jointly controlled entity	**12,869**	5,669
Others	**77,097**	78,090
Total trade and other payables	**558,853**	572,844

The following is an aged analysis of trade payables presented based on the date when the goods are received and accepted by the Group, at the reporting date:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Age		
0 – 90 days	**319,970**	323,332
91 – 180 days	**6,331**	7,241
181 – 365 days	**1,481**	794
1 – 2 years	**1,499**	1,647
Over 2 years	**1,834**	535
	331,115	333,549

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (the same period last year: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Period, the China passenger vehicle market overcame the challenge of various unfavorable factors, such as the expiry of the tax incentives, the restriction in purchasing vehicles in some cities, and the Tōhoku earthquake in Japan in March 2011. In the first half of 2011, 7.04 million units of passenger vehicle were produced, representing an increase of 5.36% over the same period last year, and 7.11 million units of passenger vehicles were sold, representing an increase of 5.75% over the same period last year. Overall sales continued to grow although the pace of growth was substantially lower than that of the same period last year. However, with the production ramp-up of the Japanese OEMs and all the global OEMs' focus on the China market, the sales of the passenger vehicles in China showed signs of recovery by the end of the Review Period.

Globally, the vehicle market of the United States (the "US") continued to recover and grow while the sales of Japanese vehicle market which was hardly hit by the Tōhoku earthquake in Japan, fell significantly. The European vehicle market had temporarily recovered with subsequently tumbling again, while other emerging markets including India had been experiencing a slower growth rate. Nevertheless, the increasingly strong momentum of the global procurement and the global platform vehicles provided more export opportunities for the auto parts industry of China.

COMPANY OVERVIEW

The Group is primarily engaged in the design, manufacture and sale of trims, decorative parts, body structural parts and other related auto parts. As the Group has established manufacturing bases in China, North America, Mexico and Thailand, with the support of the technical centres in Japan, North America and the sale network in Germany spanning across Europe, the Group is consolidating its presence in existing markets, gradually exploring and entering other emerging markets, and serving the global market.

During the Review Period, the Group's sales to Japanese OEMs declined and the growth of overall turnover slowed down due to the impact of temporary negative factors, such as disruption of supply chain of parts and cut in production by Japanese OEMs arising from the Tōhoku earthquake in Japan, and the slowdown in the growth rate of China's passenger vehicle market. However, the Group has continued to strengthen and develop its relationship with its customers and adopted various measures in streamlining its production process, increasing yield rate, reducing wastage and further implementing the centralized procurement. Also benefiting from the Group's forward-looking global strategic planning, the Group's growth in overseas markets and export revenue have offset the impact from the short-term unfavorable factors, while the Group's turnover recorded modest growth and gross profit margin remained decent.

As the passenger vehicle market recovers, the Group has been strengthening its internal management, adjusting its management structure, attempting to raise the efficiency in management, improving its risk-control system and enhancing its capability in research and development ("R&D"), while promoting staff remuneration to foster the harmonious development between the Company and staff, and to prepare for consolidating of its position in the domestic market and enlarging its share in the overseas markets.

Business and Operation Layout

During the Review Period, domestic sales of the Group was approximately RMB1,305,926,000, basically similar as approximately RMB1,311,926,000 in the same period last year. With the gradual commencement of production capacity of the plants located in Thailand and Mexico, the increase in export arising from the recovery of the US market and OEMs' global procurement strategy, the Group's overseas sales maintained a sustainable growth to approximately RMB504,664,000, representing an increase of approximately RMB100,125,000 or approximately 24.8% as compared with approximately RMB404,539,000 in the same period last year.

Research and production of the seat frame systems enabled the Group to extend its product line-up. During the Review Period, the Group entered into a share purchase agreement regarding the acquisition of 45% equity interest in KFTC (Beijing) Co., Ltd., with a purpose of strengthening the strategic partnership with Hyundai Motor, expanding the product line-up of the Group and the business scale with Korean OEMs. On 17 May 2011, the Group and Toyota Auto Body Co., Ltd. entered into an agreement for the formation of a joint-venture company by way of disposing the equity stake in such company, which will be engaged in the welfare vehicle business. The Group hopes to capture the opportunities arising from rapidly growing demand for rehabilitation products in China and gain a market share in early stage of the niche market. Further, the Group may build a closer relationship with Toyota Motor Corporation by virtue of such cooperation. For details of the acquisition and joint venture Company mentioned above, please refer to the announcements of the Company dated 7 March 2011 and 17 May 2011, respectively.

Despite the adverse effect on the Group's results during the Review Period by negative factors such as the disruption of the supply chain of parts caused by the Tōhoku earthquake in Japan, the cooperation between the Group and the Japanese OEMs were not affected. During the Review Period, the Group has for the first time become a supplier of service parts to Dongfeng Honda. The Group also secured more global orders from Nissan Motor and achieved more opportunities in Toyota's new car models in China, which would in turn enhance the Group's exposure in Toyota China.

Meanwhile, the Group has endeavoured to implement strategies in diversifying customers, and further strengthened its cooperation with the European, American and Korean OEMs. The growth of turnover during the first half of the year was attributable to its co-operation with these OEMs and the growth of export. During the Review Period, the Group has entered the German Audi supplier system for the first time and received orders for new projects.

The Group's expansion and development of the manufacturing bases, located in Wuhan, Jiaxing and Huaian, respectively, enables the Group to improve production capacity at a lower cost and provide JIT service to the customers. In terms of investment, the Group has been actively seeking and prudently reviewing the appropriate opportunities and timing to expand its product line-up, enhance the quality of its R&D and consolidate and expand its overseas manufacturing bases, sales network and market share.

Research and Development

During the Review Period, the Group maintained its investment in R&D by upgrading research facilities, improving the competence of the R&D team, strengthening its ability in current product development and participating in the research of systematic and integrated auto parts. By the systematic and integrated research, the Group expects to extend the value chain of its products, upgrade the technical level and improve its R&D efficiency. Moreover, the Group also continued investing in the research of new businesses such as service parts, welfare vehicle parts and new energy powered vehicle and its relevant parts. The research for new businesses will definitely facilitate the Group in establishing a market position in the relevant market.

The smooth operation of the R&D centres in North America and Japan enabled the Group to track the trend of international technological development and improve the Group's capability of concurrent design in order to foster the rapid and sustainable development of its research capability. During the Review Period, the Group filed 79 patent applications for approval and 81 patent applications were authorized by the competent institutions.

FINANCIAL REVIEW

RESULTS

During the Review Period, the Group's turnover was approximately RMB1,810,590,000, representing an increase of approximately 5.5% from approximately RMB1,716,465,000 in the same period last year. The growth rate of the turnover has slowed down, resulting from a decline in the growth of the passenger vehicle industry within the PRC and the short-term unfavorable factors under the Tōhoku earthquake in Japan. However, capitalizing on the Group's insightful marketing strategy, a growth of approximately 24.8% was recorded for overseas markets, offsetting the adverse effects from the short-term unfavorable factors, thereby achieving an overall growth in turnover.

During the Review Period, the profit attributable to owners of the Company was approximately RMB388,226,000, representing a decrease of approximately 4.4% from approximately RMB406,206,000 in the same period last year. This was mainly attributable to an increase in staff costs as the Group recruited more senior international talents to explore new business and promote long-term sustainability as well as the diminishing economies of scale due to the slowdown of the growth in turnover.

GROSS PROFIT

During the Review Period, the Group's overall gross profit margin was approximately 35.8%, representing a decrease of approximately 1.5% from 37.3% in the same period last year. This was mainly due to a slowdown of the growth in turnover and the pressure that the Group continued to face from the increase of the raw material price in the international markets, the increase of labor costs and a reduction in the price of the Group's products. In order to offset the unfavorable impact of market forces, the Group undertook measures, including continuous improvement in the manufacturing processes and technologies, a greater utilization rate of materials and implementation of a centralized procurement policy. In addition, the Group continued to enhance the efficiency of both production and management, to maintain the overall gross profit margin at a comparatively higher level.

INVESTMENT INCOME

During the Review Period, the investment income of the Group was approximately RMB32,043,000, representing an increase of approximately RMB14,048,000 from approximately RMB17,995,000 in the same period last year. This was mainly due to an increase in the interest income from bank deposits, following an increase in the interest rate of bank deposits during the Review Period.

OTHER INCOME

During the Review Period, other income of the Group amounted to approximately RMB60,318,000, representing an increase of approximately RMB39,855,000 as compared to approximately RMB20,463,000 in the same period last year. This was mainly attributable to an increase in both government subsidies and other service income.

OTHER GAINS AND LOSSES

During the Review Period, the Group's other gains and losses amounted to a loss of approximately RMB5,279,000. This was primarily due to the change in the fair value of the forward exchange contracts entered into by the Group, to mitigate against foreign currency risk by the Group as at the end of the Review Period, as well as the net foreign exchange losses arising from the foreign exchange rate fluctuation during the Review Period.

DISTRIBUTION AND SELLING EXPENSES

During the Review Period, the Group's overall distribution and selling expenses amounted to approximately RMB67,669,000, representing an increase of approximately RMB6,261,000 from approximately RMB61,408,000 in the same period last year. This represents approximately 3.7% of the turnover of the Group, which was close to approximately 3.6% in the same period in last year.

ADMINISTRATIVE EXPENSES

During the Review Period, the administrative expenses of the Group amounted to approximately RMB140,583,000, representing an increase of approximately RMB33,785,000 from approximately RMB106,798,000 in the same period last year. The proportion of the Group's turnover for the Review Period was approximately 7.8%, representing an increase of approximately 1.6% as compared to approximately 6.2% in the same period last year. This was mainly due to the increase in labor costs in maintaining the Group's competitiveness, the increase in the costs incurred from the development of new businesses by the Group, and a slow-down in the growth of the Group's turnover.

RESEARCH EXPENDITURES

During the Review Period, the research expenditures of the Group amounted to approximately RMB83,344,000, representing an increase of approximately RMB9,980,000 from approximately RMB73,364,000 in the same period last year. The proportion of the Group's turnover for the Review Period was 4.6%, representing an increase of 0.3% from approximately 4.3% in the same period last year. This was mainly attributable to the Group's continuous increase in R&D expenditures in order to maintain its competitiveness in the market and sustainability through the promotion of technological innovations and enhancement of R&D capabilities.

SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

During the Review Period, the Group's share of profits of jointly controlled entities was approximately RMB14,751,000, representing an increase of approximately RMB3,861,000 compared to approximately RMB10,890,000 in the same period last year. The was mainly due to the fact that the Group's jointly controlled entity in North America achieved a higher growth in profit, and the profit of the jointly controlled entity in the PRC also witnessed a steady growth, during the Review Period.

SHARE OF PROFITS OF ASSOCIATES

During the Review Period, the Group's share of profits of associates was approximately RMB15,489,000, representing a decrease of approximately RMB7,058,000 compared to approximately RMB22,547,000 in the same period last year. This was mainly due to the high exposure to the Japanese OEMs by two associates of the Group, and the fact that their profits decreased resulting from a temporary disruption of production of Japanese OEMs in the aftermath of the Tōhoku earthquake in Japan.

INCOME TAX EXPENSE

During the Review Period, the Group's income tax expense was approximately RMB63,352,000, representing an increase of RMB3,393,000 from approximately RMB59,959,000 in the same period last year.

During the Review Period, the effective tax rate was approximately 13.5%, representing an increase of approximately 1.2% from approximately 12.3% in the same period last year. This was mainly due to the fact that statutory tax rate for certain subsidiaries gradually increased during the transition period, resulting in the increase of the effective tax rate.

NON-CONTROLLING INTERESTS

During the Review Period, the Group's profit attributable to non-controlling interests was approximately RMB18,860,000, representing a slight decrease of approximately RMB1,002,000 compared to approximately RMB19,862,000 in the same period last year.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2011, the Group's total cash and bank balances amounted to approximately RMB3,216,769,000, representing an increase of approximately RMB58,544,000 compared to approximately RMB3,158,225,000 as of 31 December 2010. As of 30 June 2011, the Group's low-cost borrowings amounted to approximately USD31,310,000, approximately Japanese Yen ("JPY") 2,365,893,000, approximately HKD232,500,000 and approximately Thai Baht ("THB") 30,000,000, equivalent to approximately RMB202,626,000, approximately RMB189,846,000, approximately RMB193,347,000 and approximately RMB6,291,000 respectively, which was approximately RMB592,110,000 in total, representing an increase of loans of approximately RMB184,660,000 compared to approximately RMB407,450,000 as of 31 December 2010. The increase was mainly due to the borrowings the Group brought in, considering the consolidated gains from expected exchange rate fluctuation, favorable interest rate and capital structure optimization.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB256,401,000, indicating a sound cash flow condition.

Receivables turnover days were approximately 73 days, extending 9 days from approximately 64 days for the same period last year. This was mainly due to the continuous growth of turnover from overseas markets, and the fact that the receivables turnover days of overseas customers were longer than the average repayment days of the Group.

Payables turnover days were approximately 44 days, which remained at a similar level as approximately 43 days for the same period last year.

Inventories turnover days were approximately 59 days, representing an increase of 5 days as compared with approximately 54 days in the same period last year. These were mainly due to the higher development process costs associated with the increase in projects, and a relatively longer turnover days for overseas inventories.

As of 30 June 2011, the Group's current ratio slightly decreased to 4.1 from 4.5 in 2010. As of 30 June 2011, the Group's gearing ratio slightly increased to 8.4% from 6.1% in 2010.

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

The Group's borrowing requirements have no particular seasonality features.

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

COMMITMENTS

As of 30 June 2011, the Group had the following commitments:

	At 30 June 2011 *RMB'000*	At 31 December 2010 *RMB'000*
Capital expenditure contracted for but not provided in the financial statements in respect of:		
acquisition of property, plant and equipment	**51,125**	95,142
acquisition of an associate	**130,050**	–
Capital expenditure authorised but not contracted for in respect of:		
acquisition of property, plant and equipment	**17,005**	–

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2011, the Group's bank borrowing balance was approximately RMB592,110,000, of which approximately RMB202,626,000 was denominated in USD, approximately RMB189,846,000 was denominated in JPY, approximately RMB193,347,000 was denominated in HKD and remaining approximately RMB6,291,000 was denominated in THB, which were at floating and fixed interest rates. The aforesaid borrowings had no seasonality and would mature within one year.

Most of the Group's sales and procurements are denominated in RMB. However, with the expansion of the Group's overseas operations in the future, the management of the Group is closely monitoring the foreign currency risk.

The Group's cash and cash equivalents are mainly denominated in RMB, Hong Kong dollars ("HKD"), USD , Euro ("EUR"), THB, JPY and Mexican Peso ("MXN"). Remittance of funds out of the PRC is subject to the foreign exchange control restrictions imposed by the PRC government.

As at 30 June 2011, the Company and certain subsidiaries had cash and cash equivalents of approximately RMB410,484,000 which was denominated in foreign currency, of which approximately RMB359,757,000 was denominated in USD, approximately RMB17,736,000 was denominated in HKD, approximately RMB5,158,000 was denominated in JPY, approximately RMB27,789,000 was denominated in EUR and remaining approximately RMB44,000 was denominated in other foreign currencies.

CONTINGENT LIABILITIES

As of 30 June 2011, the Group had no contingent liabilities (2010: Nil).

MORTGAGED ASSETS

As of 30 June 2011, the Group had borrowings of approximately JPY795,523,000 (equivalent to approximately RMB63,835,000) by mortgaging bank deposits of approximately RMB64,063,000, which is mainly denominated in USD and EUR. The repayment currency for these borrowings is JPY (2010: the Group had borrowings of approximately JPY548,152,000 by mortgaging bank deposits of approximately USD8,584,000).

CAPITAL EXPENDITURE

Capital expenditure includes acquisition of properties, plant and equipment, increase in construction in progress and new addition of land use rights. During the Review Period, the Group's capital expenditure amounted to approximately RMB215,540,000 (the same period last year: approximately RMB133,562,000). The increase in capital expenditure was attributable to the Group's expansion of the production capacity and the increase of production facilities and land bank.

PLACING AND SUBSCRIPTION

The Group had no placing and subscription of shares of the Company during the Review Period.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS

The Group made no substantial acquisitions or disposals during the Review Period.

EMPLOYEES

As of 30 June 2011, the Group had a total number of 6,511 employees, representing an increase of 158 employees compared to that as of 31 December 2010. This was mainly due to the conservation of talents for the development of new business areas of the Group. The increase in the number of senior staff resulted in a relatively higher labor costs compared to the same period last year. However, the Group believes that the income brought from the development of new business will be significantly higher than the increase of labor costs.

The management of the Company has introduced enhancement program for all employees, motivating them to optimize the production flow and enhance production efficiency, in order to reduce the comprehensive cost of the Group. Meanwhile, a succession plan has been fully implemented to identify the promising talents and introduce the high-level and international talents to meet the needs of the Group for its development and to build up the core competitiveness of the Group.

SHARE OPTION SCHEME

The Company has adopted a conditional share option scheme ("Share Option Scheme"), which aims at granting share options ("Share Option") to those qualified persons who have contributed or will contribute to the Group as their reward or incentive. As at 10 June 2011, a group of grantees (the "Grantees") were granted a total of 39,000,000 Share Options as approved by the Board. The Grantees were permitted to exercise those Share Options from the period between 1 February 2012 and 12 November 2016. The price per share paid upon the Share Option was exercised complied the Listing Rules and was determined in accordance with the average closing price of the share of the Company quoted on the daily quotation sheet published by the Stock Exchange for the five last trading days immediately before the date the Share Options were granted. The Directors consider that the grant of such Share Options has no material and unfavorable effect to the financial condition of the Group. For further information on the grant of Share Options described above, please refer to the announcement published by the Company on 10 June 2011.

OUTLOOK AND STRATEGIES

China's national economy will still maintain a good development trend in the foreseeable future. The approach that the nation will propel the domestic demand remains unchanged. There is still a strong growth potential for the passenger vehicle market. The impact on Japanese OEMs from the Tōhoku earthquake in Japan is diminishing, who are now able to gradually pick up. Capitalizing on the demand from customers and the market, the Group will achieve a recovering growth in both turnover and shareholders' interest.

The Group will be guided by market demand to extend product line-up. The production of the new products such as seat frame system will increase the Group's dollar content per vehicle. In addition, expansion of overseas facilities, enhancement of production capabilities and increase in global support service to customers will aid the Group to capture more market share globally.

For the mid-to-long term, the Group noticed that with the increase of vehicle population and aging of the vehicles in China, demand of the aftermarket products and service will see high growth. Entering the aftermarket with its existing technology and customer base is one of the Group's strategies. Meanwhile, the Group expects to enter the special vehicle market involving in the business of welfare vehicles and its relevant parts. Energy-saving vehicle and new energy vehicle are the trend of future development in the automobile industry, which the People's Republic of China ("PRC") government has been encouraging and promoting. All these early-stage investment and continued research and development in new businesses are believed to bring significant returns for the Group in the future.

The Group believes that with the increase in global procurement demand and development in the aftermarket, the automotive part industry in China will have a longer cycle of development compared to the vehicle industry. In the future, manufacturers of automotive parts with advanced R&D capability, large scale and established abundant experience in the industry will have bigger room for sustainable development. By further enhancing its share in the global market, increasing its dollar content per vehicle and exploring new business opportunities, the Group is expecting a sustainable development and endeavors to create greater returns for the Company's shareholders and the society

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

During the Review Period, the grantees who are not Directors have exercised 2,201,000 Share Options, and 75,000 Share Options lapsed due to the resignations of the grantees who are not Directors.

Since the date of adoption of the Share Option Scheme and up to 30 June 2011, Mr. Shi Jian Hui, Mr. Mu Wei Zhong and Mr. Zhao Feng, all being directors, and his spouse Ms. Zhu Chun Ya have exercised 500,000, 500,000, 500,000 and 500,000 Share Options, respectively. The grantees who are not Directors of the Company have exercised 22,551,000 Share Options, and 4,675,000 Share Options lapsed due to the resignations of the grantees who are not Directors.

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

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

None of the Directors is aware of any information that would reasonably indicate that the Company did not, at any time during the Review Period, comply with the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has adopted the Model Code for securities transactions by Directors of Listed Companies (the "Model Code") contained in Appendix 10 of the Listing Rules as the code for securities transactions by all Directors. Having made specific enquiry to all Directors, the Company confirmed that all Directors have complied with the Model Code and the standards stipulated under such code during the Review Period.

AUDIT COMMITTEE

The Company has an Audit Committee consisting three independent non-executive Directors, namely Mr. Wu Fred Fong (chairman of the Audit Committee), Dr. Wang Ching and Mr. Zhang Liren. The Audit Committee reviews the Group's systems of internal control, the completeness and accuracy of the Group's financial statements and liaises on behalf of the Directors with external auditor. The Audit Committee members meet regularly with the management and external auditor to review the audit reports as well as the interim and annual financial statements of the Group. The Audit Committee has reviewed the unaudited condensed consolidated financial statements and this interim results announcement for the six months ended 30 June 2011, and recommended their adoption by the Board.

By Order of the Board
MINTH GROUP LIMITED
Chin Jong Hwa
Chairman

Hong Kong, 23 August 2011

As of the date of this announcement, the Board of Directors of the Company comprises Mr. Chin Jong Hwa, Mr. Shi Jian Hui, Mr. Mu Wei Zhong, Mr. Zhao Feng and Mr. Kawaguchi Kiyoshi, being executive Directors; Mr. Mikio Natsume, Ms. Yu Zheng and Mr. He Dong Han, being non-executive Directors; and Mr. Wu Fred Fong, Dr. Wang Ching and Mr. Zhang Liren, being independent non-executive Directors.