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 2010

FINANCIAL HIGHLIGHTS

- Turnover increased by approximately 68.7% to approximately RMB1,716.47 million (for the six months ended 30 June 2009: approximately RMB1,017.21 million).

- Gross profit margin was approximately 37.3% (for the six months ended 30 June 2009: approximately 38.4%).

- Profit attributable to owners of the Company increased by approximately 52.3% to approximately RMB406.21 million (for the six months ended 30 June 2009: approximately RMB266.76 million).

- Basic earnings per share increased to approximately RMB0.403 (for the six months ended 30 June 2009: approximately RMB0.279).

INTERIM RESULTS

The board (the "Board") of directors (the "Director") of Minth Group Limited (the "Company") is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 (the "Review Period") and the comparative figures for the six months ended 30 June 2009. The announced interim results and condensed consolidated financial statements are unaudited but reviewed by the audit committee (the "Audit Committee") of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June **2010** **(unaudited)** ***RMB'000***	2009 (unaudited) *RMB'000*
Turnover		**1,716,465**	1,017,205
Cost of sales		**(1,075,868)**	(626,090)
Gross profit		**640,597**	391,115
Investment income		**17,995**	17,670
Other income		**20,463**	10,855
Other gains and losses		**17,823**	5,043
Distribution and selling expenses		**(61,408)**	(23,873)
Administrative expenses		**(106,798)**	(66,747)
Research expenditures		**(73,364)**	(43,618)
Interest on bank borrowings wholly repayable within five years		**(2,718)**	(1,084)
Share of profits of jointly controlled entities		**10,890**	2,401
Share of profits of associates		**22,547**	16,480
Profit before tax		**486,027**	308,242
Income tax expense	*4*	**(59,959)**	(22,969)
Profit for the period	*5*	**426,068**	285,273
Attributable to:			
Owners of the Company		**406,206**	266,760
Non-controlling interests		**19,862**	18,513
		426,068	285,273
Earnings per share	*7*		
Basic		**RMB0.403**	RMB0.279
Diluted		**RMB0.398**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2010	2009
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**426,068**	285,273
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(3,287)**	703
Fair value loss on available-for-sale financial assets	**(25,989)**	–
Other comprehensive income for the period (net of tax)	**(29,276)**	703
Total comprehensive income for the period	**396,792**	285,976
Total comprehensive income attributable to:		
Owners of the Company	**376,608**	266,965
Non-controlling interests	**20,184**	19,011
	396,792	285,976

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2010 (unaudited)** *RMB'000*	31 December 2009 (audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**1,122,633**	1,078,348
Prepaid lease payments		**208,991**	175,784
Goodwill		**15,276**	15,276
Other intangible assets		**20,491**	18,130
Interests in jointly controlled entities		**56,816**	47,835
Interests in associates		**119,190**	96,643
Available-for-sale investments		**199,654**	–
Loans to jointly controlled entities		**41,405**	52,384
Deferred tax assets		**19,817**	14,557
		1,804,273	1,498,957
Current assets			
Prepaid lease payments		**5,732**	4,113
Inventories		**463,710**	400,461
Loans to jointly controlled entities		**28,321**	28,906
Trade and other receivables	*8*	**865,835**	764,341
Derivative financial assets		**8,563**	–
Other financial assets		**67,892**	–
Pledged bank deposits		**265,115**	168,048
Bank balances and cash		**2,589,681**	1,964,985
		4,294,849	3,330,854
Current liabilities			
Trade and other payables	*9*	**464,796**	507,328
Tax liabilities		**37,376**	32,359
Borrowings		**383,376**	331,774
		885,548	871,461
Net current assets		**3,409,301**	2,459,393
Total assets less current liabilities		**5,213,574**	3,958,350

	Notes	30 June 2010 (unaudited) *RMB'000*	31 December 2009 (audited) *RMB'000*
Capital and reserves			
Share capital		**108,516**	99,385
Share premium and reserves		**4,960,431**	3,736,467
Equity attributable to owners of the Company		**5,068,947**	3,835,852
Non-controlling interests		**129,824**	111,331
Total equity		**5,198,771**	3,947,183
Non-current liabilities			
Deferred tax liabilities		**14,803**	11,167
		14,803	11,167
Total equity and liabilities		**5,213,574**	3,958,350

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 under the historical cost convention, except for certain financial instruments which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA.

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

2. **PRINCIPAL ACCOUNTING POLICIES** (Continued)

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the leasee.

In accordance with transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The adoption of amendment to HKAS 17 has no impact on condensed consolidated financial statements.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 February 2010
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to board of directors for the purposes of resource allocation and performance assessment are as follows:

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

For the six months ended 30 June 2010

	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**

For the six months ended 30 June 2009

	PRC *RMB'000*	Asia Pacific *RMB'000*	North America *RMB'000*	Europe *RMB'000*	Consolidated *RMB'000*
Revenue					
External sales	890,070	55,152	46,364	25,619	1,017,205
Segment profit	337,500	21,010	20,084	12,456	391,050
Investment income					17,670
Other unallocated income					10,855
Unallocated expenses					(129,130)
Interest on bank borrowings wholly repayable within five years					(1,084)
Share of profits of jointly controlled entities					2,401
Share of profits of associates					16,480
Profit before tax					308,242
Income tax expense					(22,969)
Profit for the period					285,273

Segment profit represents the gross profit earned by each segment after adjusting impairment of trade receivables 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	
	2010	2009
	RMB'000	*RMB'000*
Current tax:		
Hong Kong	**–**	2
PRC Enterprise Income Tax	**60,950**	22,563
Other jurisdictions	**113**	160
Withholding income tax paid	**176**	–
	61,239	22,725
Over-provision in prior years:		
PRC Enterprise Income Tax	**(2,363)**	(2,804)
Deferred tax		
Current period	**1,083**	3,048
	59,959	22,969

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**51,779**	43,058
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditure)	**5,312**	3,673
Total depreciation and amortisation	**57,091**	46,731
Cost of inventories recognised	**1,075,868**	626,090
Reversals (write-down) of inventories	**4,200**	(5,483)

6. DIVIDENDS

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Dividends recognised as distribution during the period:		
2009 Final – HK$0.219 (2009: 2008 final dividend HK$0.151) per share	**205,944**	126,883

On 27 May 2010, a dividend of HK$0.219 per share (2009: HK$0.151 per share) was paid to shareholders as the final dividend for 2009.

The directors do not recommend the payment of an interim dividend.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2010	2009
	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)	**406,206**	266,760
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,008,865**	954,540
Effect of dilutive share options	**10,589**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,019,454**	954,540

The weighted average number of ordinary shares 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 and 2009 respectively.

No dilutive earnings per share have been presented for the six months ended 30 June 2009 because the exercise price of the Company's share options were higher than the average market price.

8. TRADE AND OTHER RECEIVABLES

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Trade receivables		
– associates	**16,601**	20,105
– jointly controlled entities	**16,212**	7,744
– connected parties	**21,735**	32,675
– third parties	**655,464**	598,947
Less: allowance for doubtful debts	**(2,843)**	(2,853)
	707,169	656,618
Bill receivables	**41,754**	17,783
	748,923	674,401
Other receivables	**48,414**	24,438
Less: allowance for doubtful debts	**(156)**	(154)
	797,181	698,685
Prepayments	**68,654**	65,656
Total trade and other receivables	**865,835**	764,341

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 reporting date:

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Age		
0-90 days	**718,788**	656,358
91-180 days	**20,548**	11,612
181-365 days	**8,737**	5,710
Over 1 year	**850**	721
	748,923	674,401

9. TRADE AND OTHER PAYABLES

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Trade payables		
– associates	**4,586**	24,956
– jointly controlled entities	**25,742**	3,071
– connected parties	**11,488**	19,765
– third parties	**256,909**	257,572
	298,725	305,364
Payroll and welfare payables	**42,523**	60,073
Advance from customers	**9,437**	21,742
Consideration payable for acquisition of property, plant and equipment	**23,295**	23,985
Technology support service fees payable	**23,378**	22,473
Marketing and administration services fees payable to a jointly controlled entity	**16,097**	18,273
Others	**51,341**	55,418
	464,796	507,328

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:

	30 June 2010 *RMB'000*	31 December 2009 *RMB'000*
Age		
0 to 90 days	**287,440**	299,472
91 to 180 days	**9,592**	3,535
181 to 365 days	**3**	240
1-2 years	**1,063**	2,007
Over 2 years	**627**	110
	298,725	305,364

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (for the six months ended 30 June 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Period, the global passenger vehicle market maintained growth while reform was taking place. Reform was manifested in two aspects: first, global mergers and acquisitions in the automakers and automobile parts manufacturers both increased while the restructure deepened; second, to satisfy social demand for low carbon and environmental protection, products featuring low energy consumption, low carbon emission, body weight reduction and electronics became the major reform direction for every automaker and automobile parts manufacturer. During the Review Period, the path for recovery in the passenger vehicle markets, including the European and the American markets, was becoming more obvious. During the Review Period, sales volume of passenger vehicles in China amounted to approximately 6.721 million units, representing a year-on-year growth of approximately 48.20% and still maintaining the top position globally. Sales volume of traditional passenger vehicles accounted for approximately 5.384 million units, representing a growth of approximately 49.63% year-on-year. Although these figures made a number of analysts believe that China's passenger vehicle market has already reached its peak and therefore, the growth rate will slow down in the future; nonetheless, in a fairly long period of time to come, a relatively steady growth could be expected. On the other hand, in view of that the domestic automobile parts manufacturers for passenger vehicles are still at their initial development phase, the automobile parts manufacturers may even enjoy a cross-cycle growth.

COMPANY OVERVIEW

The Group is primarily engaging in the design, manufacturing and sale of automotive parts including trims, decorative parts and body structural parts in China, North America, Mexico and Thailand, as well as export to the global market including Europe and the Asia-Pacific region.

During the Review Period, with the Group's adoption of a sound and established development strategy, the turnover and the profit attributable to the shareholders continued to grow. As a result of the Group's own efforts and the development of domestic and overseas markets, its client base and product lineup both expanded further and its position in the domestic market was strengthened further, while overseas turnover grew substantially. Internally, the Group's information management and a scientific organisational structure kept the management highly efficient and helped to increase the sales per employee. Through developing and strengthening the management teams at all levels, staff allocation optimization, the communication channel between general staff and the management, as well as the Group's long established competitive remuneration and social benefits policy, the Group kept its employee system relatively stable, which may assure the Group's current and future business growth.

BUSINESS AND OPERATION LAYOUT

During the Review Period, the Group's turnover in the domestic market amounted to approximately RMB1,311,926,000, representing an increase of approximately 47.4% compared to approximately RMB890,070,000 in the corresponding period in 2009. Following the formal launch of mass production in both plants in Thailand and Mexico, coupled with the rebound in export as a result of the recovery of major overseas markets, the Group's turnover in overseas markets amounted to approximately RMB404,539,000, representing a significant growth of approximately 218% compared to approximately RMB127,135,000 in the corresponding period in 2009.

During the Review Period, the Group increased its domestic asset investment in production bases located at regions such as Guangzhou, Wuhan and Jiaxing for enhancing production capacity, allowing room for sustainable development in the future. In Europe, a wholly-owned subsidiary was established in Germany for sales management dedicated to the European region. The steady profit of Plastic Trim International, Inc., the Group's joint venture in North America, and the formal operation of Minth Mexico, S.A. DE C.V., the Group's wholly-owned subsidiary in Mexico indicated the effective operation of the Group's North American and Central American bases. Turnover growth of MINTH AAPICO (Thailand) Co. Limited, the Group's joint venture in Thailand, and the establishment of an office in India signified the Group's launch of operation and market expansion in the South East Asia region. The Group's research and development ("R&D") center in Japan also gradually became the window for exchange of technical information between the Group and its clients, so as to acquire product development orders.

During the Review Period, while strengthening its relationship with existing clients, the Group also focused on implementing the client diversification strategy. The Group was keen to expand its business with Chinese automakers, and secured orders of new auto models from SAIC Motor, Geely and Great Wall Motors. By doing so, the Group would be able to increase the ratio of its business with Chinese automakers and hence its domestic sales revenue. During the Review Period, the Group acquired new clients overseas, such as Nissan Motor Co., Ltd ("Nissan") in Mexico and Renault S.A. ("Renault") in France, resulting in a more complete client structure.

In addition, the Group became more experienced and advanced in techniques such as stamping, welding and assembly. As a result, the seat frame system as detached from trims, decorative parts and body structural parts, became the Group's fourth product lineup, which will play an instrumental role in the Group's future business development direction.

In the investment front, to realize the Group's investment strategy of steady growth and forward planning, the Group has been actively approaching and cautiously assessing various domestic and overseas investment and cooperation opportunities.

RESEARCH AND DEVELOPMENT

During the Review Period, the Group continued its investment in R&D in order to provide a strong guarantee for its future development. Since last year, the two major overseas design bases in North America and Japan began to operate productively, helping the Group to build up its global R&D network. Through such network, the Group will be capable of acquiring the latest technology internationally. In light of the integration of such technical resources throughout the world, the Group established a platform for the introduction of new technology and new partners and laid a ground for future development and expansion. During the Review Period, the advanced technology information and talents of an international standard have been introduced to the Group from such overseas design bases. Further, the Group insists that the R&D should be carried out in line with the government's encouraging policies and the development trend of the industry so as to secure the long-term growth of its results.

During the Review Period, the Group filed 62 patent applications for approval and was granted 12 patents by competent authorities. As of the date of this announcement, six main subsidiaries of the Group have been acknowledged as High and New Technology Enterprises by Chinese authority. Many other subsidiaries are currently in the process of application and are expected to be acknowledged, too.

FINANCIAL REVIEW

RESULTS

During the Review Period, the Group's turnover was approximately RMB1,716,465,000, representing an increase of approximately 68.7% from approximately RMB1,017,205,000 in the same period of 2009. The significant increase in turnover was mainly due to the rapid expansion of the Group's overseas business and its further consolidation of market shares in China as the overseas market recovered.

During the Review Period, the Group's profit attributable to owners of the Company was approximately RMB406,206,000, representing an increase of approximately 52.3% from approximately RMB266,760,000 in the same period of 2009. This was mainly attributable to the Group's focus on cost and expense control while achieving a significant turnover growth to maintain a good profitability.

GROSS PROFIT

During the Review Period, the Group's gross profit margin was approximately 37.3%, representing a decrease of approximately 1.1% from 38.4% in the same period of 2009. This was mainly due to the compounded effect of the price increase of international raw materials, the increase of labour costs and the price decrease of the products. The Group offset the negative impact of market factors by adopting measures including continuously improving its manufacturing process technologies, increasing material utilization rate and centralizing the procurement of materials to lock in the costs as well as continuously enhancing both the efficiency of production and management. All these efforts helped the Group in maintaining an overall decent level of gross profit margin.

INVESTMENT INCOME

During the Review Period, the investment income of the Group was approximately RMB17,995,000, representing a slight increase of approximately RMB325,000 from approximately RMB17,670,000 in the corresponding period of 2009.

OTHER INCOME

During the Review Period, other income of the Group amounted to approximately RMB20,463,000, which has increased by approximately RMB9,608,000 as compared to approximately RMB10,855,000 in the same period of 2009. This was mainly attributable to the increase in both government subsidies and sales income of materials.

OTHER GAINS AND LOSSES

During the Review Period, other gains and losses amounted to approximately RMB17,823,000 (gains), representing an increase of approximately RMB12,780,000 compared to approximately RMB5,043,000 in the same period of 2009. This was primarily due to the increase of income from forward exchange contracts adopted by the Group in the face of the risk of RMB appreciation.

DISTRIBUTION AND SELLING EXPENSES

During the Review Period, the Group's overall distribution and selling expenses amounted to approximately RMB61,408,000, representing an increase of approximately RMB37,535,000 from approximately RMB23,873,000 in the same period of 2009. The proportion of distribution and selling expenses to the Group's turnover was approximately 3.6%, representing an increase of approximately 1.3% from approximately 2.3% in the same period of 2009. This was mainly due to the significant increase of logistics expenses as a result of the growth of overseas turnover. Further, the Group has been in an early stage of overseas business development which has led to the augment of selling expenses.

ADMINISTRATIVE EXPENSES

During the Review Period, administrative expenses of the Group amounted to approximately RMB106,798,000, representing an increase of approximately RMB40,051,000 from approximately RMB66,747,000 in the same period of 2009. The proportion of administrative expenses to the Group's total turnover was approximately 6.2%, representing a decrease of approximately 0.4% as compared to approximately 6.6% in the corresponding period of 2009. This was mainly due to the Group's stringent control of administrative expenses so that the proportion of overall administrative expenses to turnover was maintained at a fairly low level.

RESEARCH EXPENDITURES

During the Review Period, research expenditures of the Group amounted to approximately RMB73,364,000, representing an increase of approximately RMB29,746,000 from approximately RMB43,618,000 in the same period of 2009. The proportion of research expenditures to the Group's total turnover was approximately 4.3%, which remained at the same level as compared to approximately 4.3% in the same period of 2009. This was mainly attributable to the Group's continual increase in R&D expenditures so as to maintain its competitiveness and to sustain development through emphasis on technical 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 RMB10,890,000, which has increased by approximately RMB8,489,000 compared to approximately RMB2,401,000 in the same period of 2009. This was mainly due to the fact that during the Review Period, the Group's jointly controlled entity in North America recorded relatively high growth in profit and jointly controlled entity in China saw steady growth in profit.

SHARE OF PROFITS OF ASSOCIATES

During the Review Period, the Group's share of profits of associates was approximately RMB22,547,000, representing an increase of approximately RMB6,067,000 compared to approximately RMB16,480,000 in the same period of 2009. This was mainly due to a steady growth in turnover of the Company's two associates as compared to that in the same period in 2009 which accounted for the increase in profits.

TAXATION

During the Review Period, the Group's taxation was approximately RMB59,959,000, representing an increase of approximately RMB36,990,000 from approximately RMB22,969,000 in the same period of 2009. This was mainly due to the growth of profits before tax and the increase of tax rate.

During the Review Period, the Group's effective tax rate was approximately 12.3%, representing an increase of approximately 4.8% from approximately 7.5% in the same period in 2009. This was mainly due to certain subsidiaries with a 50% tax deduction period in 2010 instead of full tax exemption period in 2009 as well as the gradual increase of statutory tax rate during the transition period.

NON-CONTROLLING INTERESTS

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB19,862,000, representing a slight increase of approximately RMB1,349,000 compared to approximately RMB18,513,000 in the same period of 2009.

LIQUIDITY AND FINANCIAL SITUATION

As of 30 June 2010, the Group's bank balances and cash totalled approximately RMB2,589,681,000, representing an increase of approximately RMB624,696,000 compared to approximately RMB1,964,985,000 as of 31 December 2009. As of 30 June 2010, the Group's low-cost borrowing due within one year amounted to approximately USD18,300,000, approximately Japanese yen ("JPY") 3,051,968,000 and approximately Thai Baht ("THB") 119,500,000 (equivalent to approximately RMB124,274,000, approximately RMB234,043,000 and approximately RMB25,059,000 respectively and approximately RMB383,376,000 in total), constituting an increase of approximately RMB51,602,000 compared to approximately RMB331,774,000 as of 31 December 2009, which was mainly due to the borrowings the Group brought in after considering the overall gains of exchange rate, interest rate and capital.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB216,711,000, which was in a sound status.

Receivables turnover days were approximately 64 days, which remained at a similar level as approximately 65 days as at 31 December 2009.

Payables turnover days were approximately 43 days, shortening 5 days as compared with approximately 48 days in 2009. This was mainly due to the prepayment of most of the strategic reserves of raw materials purchased by the Group to lock in the costs in the face of the rapid increase of their prices.

Inventories turnover days were approximately 54 days, reduced by 5 days as compared with approximately 59 days in 2009. This was mainly due to the Group's constant improvement of inventory management so that turnover days of inventories saw a decline trend.

As of 30 June 2010, the Group's current ratio was 4.8, which increased from 3.8 in 2009. As of 30 June 2010, the Group's gearing ratio decreased from 6.9% in 2009 to 6.3%.

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

The Group's borrowing requirements have no particular seasonality.

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

COMMITMENTS

As of 30 June 2010, the Group had the following commitments:

	RMB'000
Contracted for but not provided in the financial statements:	
– Acquisition of property, plant and equipment	51,473
– Capital injection to an associate	3,982
Authorised but not contracted for	
– Acquisition of property, plant and equipment	60,664
	116,119

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 30 June 2010, the Group's borrowing balance was approximately RMB383,376,000, with the equivalent of approximately RMB124,274,000 denominated in USD, the equivalent of approximately RMB234,043,000 denominated in JPY and the remaining equivalent of approximately RMB25,059,000 denominated in THB, of which approximately RMB182,193,000 at fixed interest rates and approximately RMB201,183,000 at floating 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. With the expansion of the Group's overseas operations, the management of the Group is closely monitoring the foreign currency risk.

All cash and cash equivalents of the Group are 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 2010, the Group's cash and cash equivalents denominated in currencies other than the functional currencies of the respective group entities amounted to approximately RMB209,944,000 amongst which approximately RMB186,980,000 denominated in USD, approximately RMB13,696,000 denominated in HKD, approximately RMB4,800,000 denominated in JPY, approximately RMB4,447,000 denominated in EUR and the remaining approximately RMB21,000 denominated in other foreign currencies.

CONTINGENT LIABILITIES

As of 30 June 2010, the Group had no contingent liabilities (2009: Nil).

MORTGAGED ASSETS

As of 30 June 2010, the Group had borrowed approximately USD18,300,000 and approximately JPY2,063,053,000 (equivalent to approximately RMB124,274,000 and approximately RMB158,207,000 respectively) by mortgaging deposits of approximately RMB257,877,000 and borrowed approximately THB44,500,000 (equivalent to approximately RMB9,332,000) by pledging the freehold lands having a net book value of approximately RMB6,840,000. These loans are settled in USD, JPY and THB respectively (2009: the Group mortgaged a fixed deposits of approximately RMB162,667,000 with maturity period of one year and pledged the freehold lands having a net book value of approximately RMB6,674,000).

CAPITAL EXPENDITURE

During the Review Period, the Group's capital expenditure including investment in property, plant and equipment, construction in progress and land use rights amounted to approximately RMB133,562,000 (for the six months ended 30 June 2009: approximately RMB75,862,000). The increase in capital expenditures was attributable to the Group's expansion of the production capacity in China and improvement of the production network globally.

PLACING AND SUBSCRIPTION

On 8 April 2010, the Company issued additional 97,000,000 shares by placing of existing shares and subscription for new shares and raised a total of approximately HKD1,165,570,000. The net proceeds from the Subscription will primarily be used to expand production capacity in China and improve production networks globally (whether by mergers and acquisitions or its own establishment and expansion) with the intention of consolidating the Group's global market presence, launching new product lines to increase the Group's product offering, increasing the dollar content per vehicle and enhancing the Group's R&D capabilities. All this is with an aim in improving the overall operational capabilities of the Group.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

As at 30 June 2010, the Group had a total number of 5,816 employees, representing an increase of 668 employees compared to that as at 31 December 2009. This was mainly due to the Group's overall expansion.

During the Review Period, the Group further enhanced human resources efficiency. Staff cohesion was increased while staff turnover rate was decreased through ongoing promotion of the organizational development strategy, stimulating employees' recognition of the Group's vision of the future and common missions, developing and securing multi-path staff promotion and professional development, strengthening the Group's care for staff, as well as the establishment of diversified communication channels. Further, staff efficiency of the

Group was improved through a constant pursuit of human resources optimization. With the aforementioned measures combining increased investment in automation hardware, the Group's human resources costs will remain competitive in the future amid the general upward trend of external labor costs.

SHARE OPTION SCHEME

The Company has adopted a conditional share option scheme ("Share Option Scheme") pursuant to which share options of the Company will be granted to eligible persons who have contributed or will contribute to the Group as rewards or incentives.

OUTLOOK AND STRATEGY

Many analysts believe that the Chinese passenger vehicle market has reached its peak where its growth rate is expected to decline and the market is expected to go down. However, the leading automakers and automobile parts makers are more likely to achieve cross-cycle growth. Under such background and with the steady recovery in the overseas market, the Company believes that there is still huge room for the Group's development. In China, apart from the traditional core customers, new and local customers whose numbers are steadily growing are also increasingly contributing to the turnover of the Group. Globally, the Group is confident that the integration of the international experiences of R&D and management and low-cost production bases will help it gain a larger market share and explore the most preferred development strategy during the restructuring of the industry. In the meantime, the Group pays close attention and actively participates in the low-carbon research and innovation in the passenger vehicle market and the automobile parts market. The Group will improve its market analysis and increase R&D investments, as well as develop new products and expand product lines to increase the dollar content per vehicle. All these efforts are expected to help the Group secure an initial advantage in the future development.

During the Review Period, several labor disputes have caused wide concern about the Chinese labor cost advantages. However, the Group believes that such disputes had no material impact on the Group's cost structure and profit level. By balancing the global layout and optimizing internal management and staff training, the Group will be able to increase its efficiency and sales per employee, as well as maintain its competitiveness in labor cost. In addition, carrying out corporate culture training and staff care activities across the Group will help enhance the Group's cohesiveness and the loyalty of its staff, which will in turn contribute to steady and long-term development of the Group.

PURCHASE, SALE, OR REDEMPTION OF LISTED SHARES

During the Review Period, Ms. Zhu Chun Ya, the spouse of Mr. Zhao Feng, has exercised 200,000 Share Options. 6,641,000 Share Options have been exercised by persons who are not Directors of the Company. 50,000 Share Options lapsed due to resignations of persons who are not Directors of the Company.

Since the adoption of the Share Option Scheme and up to 30 June 2010, Mr. Mu Wei Zhong (a Director), Mr. Zhao Feng (a Director) and his spouse Ms. Zhu Chun Ya have exercised 208,000 Share Options, 240,000 Share Options and 368,000 Share Options, respectively. 17,081,000 Share Options have been exercised by persons who are not directors of the Company. 4,600,000 Share Options lapsed due to resignations of persons who are not Directors of the Company.

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 six months ended 30 June 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Company has been informed that they had strictly complied with the Model 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 auditors. The Audit Committee members meet regularly with the management and external auditors to review audit reports as well as the interim and annual financial statements, as the case may be, of the Group. The Audit Committee has reviewed this interim results announcement and the unaudited condensed consolidated financial statements for the six months ended 30 June 2010, and recommended their adoption by the Board.

By order of the Board
Minth Group Limited
Chin Jong Hwa
Chairman

Hong Kong, 25 August 2010

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