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 2014

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 27.4% to approximately RMB3,151 million (the same period in 2013: approximately RMB2,473 million).
- Gross profit margin was approximately 32.5% (the same period in 2013: approximately 33.3%).
- Profit attributable to owners of the Company increased by approximately 12.7% to approximately RMB562 million (the same period in 2013: approximately RMB499 million).
- Basic earnings per share increased to approximately RMB0.515 (the same period in 2013: approximately RMB0.462).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Minth Group Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 (the "Review Period"), together with the comparative figures for the six months ended 30 June 2013 (the "same period in 2013") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
		(audited)	(unaudited)
	NOTES	***RMB'000***	*RMB'000*
Revenue	*3*	**3,150,921**	2,472,712
Cost of sales		**(2,127,540)**	(1,649,854)
Gross profit		**1,023,381**	822,858
Investment income		**63,115**	42,651
Other income		**99,536**	72,161
Other gains and losses		**14,994**	61,242
Distribution and selling expenses		**(109,035)**	(71,007)
Administrative expenses		**(262,736)**	(196,803)
Research expenditures		**(140,437)**	(116,956)
Interest on bank borrowings wholly repayable within five years		**(33,479)**	(26,700)
Share of (losses) profits of joint ventures		**(1,136)**	9,386
Share of profits of associates		**21,843**	14,756
Profit before tax		**676,046**	611,588
Income tax expense	*4*	**(88,986)**	(88,300)
Profit for the period	*5*	**587,060**	523,288
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**20,051**	(17,787)
Fair value loss on available-for-sale investments		**(6,122)**	(57,482)
Income tax relating to items that may be reclassified to profit or loss		**918**	8,622
Other comprehensive income (expense) for the period (net of tax)		**14,847**	(66,647)
Total comprehensive income for the period		**601,907**	456,641

	NOTE	Six months ended 30 June **2014** **(audited)** ***RMB'000***	2013 (unaudited) *RMB'000*
Profit for the period attributable to:			
Owners of the Company		**562,254**	499,031
Non-controlling interests		**24,806**	24,257
		587,060	523,288
Total comprehensive income for the period attributable to:			
Owners of the Company		**574,258**	434,010
Non-controlling interests		**27,649**	22,631
		601,907	456,641
Earnings per share	*7*		
Basic		**RMB0.515**	RMB0.462
Diluted		**RMB0.511**	RMB0.459

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 June 2014

	NOTES	At 30 June 2014 (audited) RMB'000	At 31 December 2013 (audited) RMB'000
Non-current assets			
Property, plant and equipment		**3,063,976**	2,545,896
Prepaid lease payments		**599,118**	508,356
Goodwill		**46,407**	15,276
Other intangible assets		**44,984**	40,199
Interests in joint ventures		**58,866**	79,486
Interests in associates		**130,321**	117,290
Available-for-sale investments		**166,325**	172,447
Loans receivable		**11,470**	89,615
Deferred tax assets		**94,224**	78,208
		4,215,691	3,646,773
Current assets			
Prepaid lease payments		**14,092**	11,809
Inventories		**1,009,089**	928,173
Property under development		**114,947**	–
Loans receivable		**1,120**	51,882
Trade and other receivables	*8*	**1,980,959**	1,939,352
Derivative financial assets		**7,183**	8,702
Pledged bank deposits		**975,723**	786,746
Bank balances and cash		**3,773,745**	4,119,191
		7,876,858	7,845,855
Current liabilities			
Trade and other payables	*9*	**1,104,360**	1,201,345
Tax liabilities		**57,300**	106,552
Borrowings – due within one year		**2,834,300**	2,385,330
Derivative financial liabilities		**25,036**	4,434
		4,020,996	3,697,661
Net current assets		**3,855,862**	4,148,194
Total assets less current liabilities		**8,071,553**	7,794,967

	At 30 June 2014 (audited) *RMB'000*	At 31 December 2013 (audited) *RMB'000*
Capital and reserves		
Share capital	**110,454**	110,342
Share premium and reserves	**7,561,068**	7,346,410
Equity attributable to owners of the Company	**7,671,522**	7,456,752
Non-controlling interests	**304,719**	261,694
Total equity	**7,976,241**	7,718,446
Non-current liabilities		
Deferred tax liabilities	**80,160**	51,521
Borrowings	**–**	25,000
Retirement benefit obligations	**15,152**	–
	95,312	76,521
	8,071,553	7,794,967

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as 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").

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following accounting policies:

Retirement benefit costs

The Group provides defined benefit plan to qualified employees in the United States of America. The retirement benefit obligations at the end of each reporting period is calculated by independent actuaries using the projected unit credit method. The retirement benefit obligation recognised in the condensed consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans.

Property under development

Properties under development, representing leasehold land and buildings located in the People's Republic of China ("PRC") under development for future sale, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditures. Net realisable value represents the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

The Group also applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

- HKAS 19 Employee Benefits (as revised in 2011);
- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities;
- Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities;
- Amendments to HKAS 36 Recoverable Amount Disclosure for Non-Financial Assets;
- Amendments to HKFRS 39 Novation of Derivatives and Continuation of Hedge Accounting; and
- HK(IFRIC) – INT 21 Levies.

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

3. **SEGMENT INFORMATION**

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

For the six months ended 30 June 2014 (audited)

	PRC *RMB'000*	**Asia Pacific** *RMB'000*	**North America** *RMB'000*	**Europe** *RMB'000*	**Consolidated** *RMB'000*
SEGMENT REVENUE					
External sales	**2,018,663**	**213,265**	**618,266**	**300,727**	**3,150,921**
Segment profit	**598,788**	**62,683**	**240,612**	**122,027**	**1,024,110**
Investment income					**63,115**
Other unallocated income and gains and losses					**113,801**
Unallocated expenses					**(512,208)**
Interest on bank borrowings wholly repayable within five years					**(33,479)**
Share of losses of joint ventures					**(1,136)**
Share of profits of associates					**21,843**
Profit before tax					**676,046**
Income tax expense					**(88,986)**
Profit for the period					**587,060**

For the six months ended 30 June 2013 (unaudited)

	PRC *RMB'000*	Asia Pacific *RMB'000*	North America *RMB'000*	Europe *RMB'000*	Consolidated *RMB'000*
SEGMENT REVENUE					
External sales	1,660,159	196,390	436,928	179,235	2,472,712
Segment profit	532,334	57,304	161,487	75,184	826,309
Investment income					42,651
Other unallocated income and gains and losses					129,952
Unallocated expenses					(384,766)
Interest on bank borrowings wholly repayable within five years					(26,700)
Share of profits of joint ventures					9,386
Share of profits of associates					14,756
Profit before tax					611,588
Income tax expense					(88,300)
Profit for the period					523,288

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	
	2014	2013
	(audited)	(unaudited)
	RMB'000	*RMB'000*
Current tax:		
Hong Kong	**–**	–
PRC Enterprise Income Tax	**88,747**	90,872
	88,747	90,872
Over provision in prior years:		
PRC Enterprise Income Tax	**(22,605)**	(12,117)
Deferred tax:		
Current period charge	**22,844**	9,545
	88,986	88,300

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2014	2013
	(audited)	(unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**115,306**	88,374
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditures)	**5,454**	4,896
Total depreciation and amortisation	**120,760**	93,270
Cost of inventories recognised	**2,127,540**	1,649,854
Write-off and write-down of inventories	**2,890**	6,828

6. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	(audited)	(unaudited)
	RMB'000	*RMB'000*
Dividends recognised as distribution during the period:		
2013 Final – HK$0.453 (2012: final dividend HK$0.385) per share	**394,019**	332,404

On 17 June 2014, a dividend of HK$0.453 per share (2013: HK$0.385 per share) was paid to shareholders as the final dividend for 2013.

The directors of the Company have determined that no dividend will be paid in respect of the interim period (2013 (unaudited): nil).

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	
	2014	2013
	(audited)	(unaudited)
	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)	**562,254**	499,031
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,092,466**	1,080,086
Effect of dilutive share options	**7,990**	6,497
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,100,456**	1,086,583

Certain outstanding share options of the Company had not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2014 (audited) and 2013 (unaudited) because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during the six months ended 30 June 2014 (audited) and 2013 (unaudited).

8. TRADE AND OTHER RECEIVABLES

	At 30 June 2014 (audited) *RMB'000*	At 31 December 2013 (audited) *RMB'000*
Trade receivables		
– associates	**3,776**	14,654
– joint ventures	**4,209**	54,638
– non-controlling interests of subsidiaries	**8,968**	18,802
– third parties	**1,550,019**	1,406,351
Less: allowance for doubtful debts	**(9,222)**	(10,557)
	1,557,750	1,483,888
Bill receivables	**38,530**	118,655
	1,596,280	1,602,543
Other receivables	**81,550**	51,742
Less: allowance for doubtful debts	**(1,547)**	(1,547)
	1,676,283	1,652,738
Prepayments	**210,059**	223,560
Value-added tax recoverable	**56,624**	58,054
Refundable guarantee deposit for acquisition of land use rights	**30,000**	5,000
Dividend receivables from listed equity securities	**7,993**	–
Total trade and other receivables	**1,980,959**	1,939,352

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 net of allowance for doubtful debts presented based on invoice date at the end of the reporting period, which approximate the respective revenue recognition date:

	At 30 June 2014 (audited) *RMB'000*	At 31 December 2013 (audited) *RMB'000*
Age		
0–90 days	**1,484,519**	1,420,096
91–180 days	**59,979**	40,634
181–365 days	**9,010**	14,401
Over 1 year	**4,242**	8,757
	1,557,750	1,483,888

Bill receivables held by the Group as at 30 June 2014 will mature within 6 months (31 December 2013: within 6 months).

9. TRADE AND OTHER PAYABLES

	At 30 June 2014 (audited) *RMB'000*	At 31 December 2013 (audited) *RMB'000*
Trade payables		
– associates	**901**	9,281
– joint venture	**16,518**	32,716
– non-controlling interests of subsidiaries	**9,997**	12,967
– third parties	**663,505**	693,719
	690,921	748,683
Payroll and welfare payables	**129,561**	155,311
Advance from customers	**25,477**	17,916
Consideration payable for acquisition of property, plant and equipment	**58,089**	71,407
Technology support service fees payable	**14,078**	14,364
Freight and utilities payable	**51,135**	56,954
Interest payable	**6,948**	7,435
Rental payable	**3,580**	2,553
Deposits received	**22,563**	17,571
Consideration payables of acquisition of a subsidiary	**–**	4,372
Dividend payable to non-controlling owners of a subsidiary	**900**	900
Others	**101,108**	103,879
	1,104,360	1,201,345

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	At 30 June 2014 (audited) *RMB'000*	At 31 December 2013 (audited) *RMB'000*
Age		
0–90 days	**651,572**	724,424
91–180 days	**18,329**	15,959
181–365 days	**13,059**	1,835
1–2 years	**7,198**	5,620
Over 2 years	**763**	845
	690,921	748,683

DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (the same period in 2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Period, the production and sales of China's passenger vehicles were 9,708,500 units and 9,633,800 units respectively, representing a year-on-year growth of 12.05% and 11.18% respectively, indicating a steady growth in the market, among which, there was a distinct increase in the sales of SUVs and MPVs. Meanwhile, the production and sales of sedans climbed up slowly while the luxury brand vehicles were in a continuous rapid growth, and the market concentration level increased gradually on a yearly basis. Foreign automobile brands in China outperformed, while Chinese local automobile brands continued to lose market share.

During the Review Period, the sales of passenger vehicles in mature auto markets achieved sustainable growth. The sales of passenger vehicles in the US market kept rising. Nevertheless, as affected by the expiry of the government subsidies, the sales growth slowed down. With the weakening of the impact of the European sovereign debt crisis, European auto market embraced an upward trend after years of gloom. Impacted by the expiry of the subsidy for the fuel-efficient cars, the sales volume of passenger vehicles in the Japanese market dropped last year, but has resumed its growth momentum in the Review Period. The sales of passenger vehicles in most of the emerging markets plunged. Among the BRIC countries, China is the only one recorded a growth in sales. While other major emerging markets, such as Mexico and Thailand, saw a decline in sales of passenger vehicles.

COMPANY OVERVIEW

The Group is primarily engaged in the design, manufacture and sales of trims, decorative parts, body structural parts and other related auto parts. Its manufacturing bases in China, the US, Mexico, Thailand and Germany spread over main markets of its customers. With the support of the technical centers in China, Japan, North America and Germany, the Group is able to provide services to the global market and meet growing demand of customers.

During the Review Period, the concurrent design capability and global just-in-time delivery of the Group continued to win the recognition of its customers. The Group obtained orders from global platform vehicles and high-end car models, laying a solid foundation for its future development and setting a good example for the Group to secure more similarly high quality orders in the future. To satisfy growing demand of its global business, the Group kept optimizing the management of global standardization. During the Review Period, the Group added the supply chain management organization and function, enhanced the whole value chain logistics management, and planned to implement supply chain management information system, aiming to satisfy the delivery and control requirements of global platform vehicle orders as well as the requirements of customers for logistics and quality traceability. In addition, the Group has implemented a Business Operation System, which is directed at continuously improving the Group's business management through adopting standard business process, unified data standard and key performance indicators.

The Group enhanced communication and coordination with existing partners and carried out various forms of cooperation. Overseas development of the Group was further strengthened during the Review Period. Meanwhile, the Group optimized its internal organizational structure, learned from advanced research and development ("R&D") management based on the latest industry practices, improved its professional R&D capability and strove for technical breakthroughs. It also established a protection system for intellectual property rights locally and internationally to protect R&D products of the Group.

Business and Operation Layout

During the Review Period, the domestic revenue of the Group was approximately RMB2,018,663,000, representing an increase of approximately 21.6% compared with approximately RMB1,660,159,000 in the same period in 2013. Thanks to stable growth in major overseas markets and an increase in orders of global platform vehicles, the Group's overseas revenue maintained a sustainable growth, with approximately RMB1,132,258,000, representing an increase of approximately RMB319,705,000 or approximately 39.3% compared with approximately RMB812,553,000 in the same period in 2013.

During the Review Period, the Group continued its efforts on customer diversification. With solid business partnership with BMW, the Group was also in a position to extend its reach to other European customers. Furthermore, the Group had full access to the overseas procurement system of Volkswagen Group and the global procurement system of Mercedes-Benz, and requests for quotations and new business intake from luxury brands showed a significant increase as compared to the previous period. During the Review Period, the Group newly obtained orders for the new BMW 5 Series Sedan, and the revenue contribution from BMW electric vehicles business was also on an upward trend. Meanwhile, the Group also obtained new business orders for the relevant models of Audi, Benz, Cadillac and others.

During the Review Period, the Group continued to step up its efforts in developing its global business, and was admitted to global procurement system by more original equipment manufacturers ("OEMs"). The business of global platform vehicles was also equipped with growth momentum. In addition to the global orders from European customers, the Group also continued to strengthen its cooperation with Japanese OEMs. The Group has further consolidated its global business with Nissan and laid a foundation for the development of Honda's global business by obtaining new orders for the global procurement needs of Nissan and Honda.

During the Review Period, the Group continued exploring new materials markets and investing in the R&D and application of aluminum products, which resulted in the substantial growth of new business of aluminum products. The Group fully entered into the overseas procurement system for aluminum products of Volkswagen Group, expanded the aluminum products business from new car models of Audi, Benz and GM and secured its supply of BMW aluminum products. The Group strove to build up a strategic production base for aluminum products located in Huai'an, Jiangsu, where a subsidiary of the Group had obtained supplier qualification of aluminum trim products from Volkswagen, Benz and PSA.

In respect of investment, the Group acquired 50.18% equity interest in its joint venture in the US, Plastic Trim International Inc. ("PTI"), at total considerations of US Dollar ("USD") 9,290,000, representing cash payments of USD5,450,000 and settlement of a shareholder's loan of PTI amounting to USD3,840,000 during the Review Period. PTI became a wholly-owned subsidiary of the Group after the completion of the acquisition. Such acquisition would contribute positively to the Group's business development and market share in North America, and will also facilitate the growth of the Group's business in China and other overseas markets at the same time. In respect of production layout, the Group added various large production lines in China and overseas production bases, which will further drive the manufacturing layout optimization and capacity equalization of the Group during the Review Period. In addition, the Group developed strategic plans to build one of its East China Regions as a production base specializing in the production of stainless steel trims, so as to improve the Group's global market share in stainless steel trims through vertical integration of supply chain together with its competitive edges in cost, quality and efficiency.

Research and Development

During the Review Period, the technical capabilities in respect of parts for its welfare vehicles and new energy vehicles was more comprehensive, equipped with R&D capability for aluminum products and gained recognition from relevant customers. The Group strengthened the technical development of the application of new materials and techniques, achieved technical breakthroughs in the related process of chrome plating and anodizing, and became even more capable of meeting the requirements of its high-end customers in appearance and performance in respect of surface treatment process. In response to the increasing global concurrent design orders, the Group built a global R&D network by integrating global resources and overseas advanced technologies, and strengthened its communication and exchange with R&D organizations of major customers and improved internal R&D workflow in order to uplift the Group's global concurrent development capability. During the Review Period, the Group provided concurrent design validation and prototype development for the global platform vehicles of various OEMs.

The Group continued its emphasis on protecting its intellectual property rights. It obtained a certification of protection system of intellectual property rights and actively applied for international patents. During the Review Period, the Group filed an additional 102 patent applications for approval, 63 of which were authorized by competent institutions.

FINANCIAL REVIEW

RESULTS

During the Review Period, the Group's revenue was approximately RMB3,150,921,000, representing an increase of approximately 27.4% from approximately RMB2,472,712,000 in the same period in 2013. It was mainly attributable to the revenue growth both in the domestic and overseas markets achieved by the Group resulting from the Group's insightful layout for the aforesaid markets.

During the Review Period, the profit attributable to owners of the Company was approximately RMB562,254,000, representing an increase of approximately 12.7% from approximately RMB499,031,000 in the same period in 2013. It was mainly attributable to an increase in revenue and continuous and stringent control of costs and expenses adopted by the Group, resulting in an overall favorable profitability for the Group.

GROSS PROFIT

During the Review Period, the Group's overall gross profit margin was approximately 32.5%, representing a decrease of approximately 0.8% from approximately 33.3% in the same period in 2013. It was mainly due to the continuous pressure from the decline in product price and the prevailing rise in labor costs. The Group persistently undertook measures, including continuous improvement in the manufacturing processes, a greater utilization rate of materials and implementation of a centralized procurement policy to offset the unfavorable impact of the market, as well as further improved the efficiency of both production and management to maintain the overall gross profit margin at a decent level.

INVESTMENT INCOME

During the Review Period, the investment income of the Group was approximately RMB63,115,000, representing an increase of approximately RMB20,464,000 from approximately RMB42,651,000 in the same period in 2013. It was mainly due to an increase in interest income.

OTHER INCOME

During the Review Period, other income of the Group amounted to approximately RMB99,536,000, representing an increase of approximately RMB27,375,000 as compared to approximately RMB72,161,000 in the same period in 2013. It was mainly attributable to an increase in government subsidies.

OTHER GAINS AND LOSSES

During the Review Period, the Group's other gains and losses amounted to a net gain of approximately RMB14,994,000, representing a decrease of approximately RMB46,248,000 as compared to the net gain of approximately RMB61,242,000 in the same period in 2013. It was mainly attributable to a decrease in the gain from forward exchange contracts entered into by the Group, as well as foreign exchange losses arising from fluctuation in exchange rates during the Review Period.

DISTRIBUTION AND SELLING EXPENSES

During the Review Period, the Group's distribution and selling expenses amounted to approximately RMB109,035,000, representing an increase of approximately RMB38,028,000 from approximately RMB71,007,000 in the same period in 2013. It accounted for approximately 3.5% of the revenue of the Group, representing an increase of approximately 0.6% from approximately 2.9% in the same period in 2013. It was mainly attributable to an increase in expenses resulting from the growth of overseas revenue.

ADMINISTRATIVE EXPENSES

During the Review Period, the administrative expenses of the Group amounted to approximately RMB262,736,000, representing an increase of approximately RMB65,933,000 from approximately RMB196,803,000 in the same period in 2013. It was mainly resulting from a rise in labor costs arising from the introduction of high-level personnel, pay rise for employees and grant of share options for maintaining competitiveness amid the growth of the Group's revenue.

RESEARCH EXPENDITURES

During the Review Period, the research expenditures of the Group amounted to approximately RMB140,437,000, representing an increase of approximately RMB23,481,000 from approximately RMB116,956,000 in the same period in 2013. It was mainly attributable to an increase in labor costs arising from the Group's introduction of high-level R&D personnel to enhance its R&D capabilities in order to maintain its market competitiveness and sustainability.

SHARE OF PROFITS OF JOINT VENTURES

During the Review Period, the Group's share of profits of joint ventures recorded a net loss of approximately RMB1,136,000, representing a decrease of approximately RMB10,522,000 from profits of approximately RMB9,386,000 in the same period in 2013, which was mainly due to a loss of a joint venture.

SHARE OF PROFITS OF ASSOCIATES

During the Review Period, the Group's share of profits of associates was approximately RMB21,843,000, representing an increase of approximately RMB7,087,000 from approximately RMB14,756,000 in the same period in 2013. It was mainly attributable to the increase in the profit of an associate resulting from its revenue growth.

INCOME TAX EXPENSE

During the Review Period, the Group's income tax expense was approximately RMB88,986,000, representing an increase of approximately RMB686,000 from approximately RMB88,300,000 in the same period in 2013.

During the Review Period, the effective tax rate was approximately 13.2%, representing a decrease of approximately 1.2% from approximately 14.4% in the same period in 2013.

PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

During the Review Period, the Group's profit attributable to non-controlling interests was approximately RMB24,806,000, which remained at a similar level to approximately RMB24,257,000 in the same period in 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2014, the Group's total cash and bank balances amounted to approximately RMB3,773,745,000, representing a decrease of approximately RMB345,446,000 compared to approximately RMB4,119,191,000 as of 31 December 2013. As of 30 June 2014, the Group's low-cost borrowings amounted to approximately RMB2,834,300,000, among which the equivalent of approximately RMB1,887,083,000, approximately RMB644,169,000, approximately RMB169,905,000, approximately RMB63,435,000, approximately RMB39,257,000 and approximately RMB30,451,000 were denominated in USD, Hong Kong Dollar ("HKD"), EURO ("EUR"), Japanese Yen ("JPY"), Thai Baht ("THB") and RMB respectively, representing an increase of borrowings of approximately RMB423,970,000 as compared to approximately RMB2,410,330,000 as of 31 December 2013. The increase was mainly due to the borrowings that the Group brought in after considering the consolidated gains from exchange rates, interest rates and capital.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB412,444,000, indicating a sound cash flow.

Receivables turnover days were approximately 79 days, extending about 4 days from approximately 75 days for the same period in 2013. This was mainly due to the fact that the balance of the receivables of a joint venture of the Group was combined into the Group while its revenue was not consolidated after its equity interest was acquired by the Group, as well as the relatively high balance of the receivables at the beginning of the year resulting from substantial revenue growth in the fourth quarter of 2013, thus the receivables turnover days calculated accordingly were extended compared with the same period in 2013.

Payables turnover days were approximately 52 days, decreased by approximately 2 days from approximately 54 days in the same period in 2013.

Inventory turnover days were approximately 59 days, the same as approximately 59 days in the same period in 2013.

As of 30 June 2014, the Group's current ratio decreased to approximately 2.0 from approximately 2.1 as of 31 December 2013. The gearing ratio increased to approximately 23.4% from approximately 21.0% as of 31 December 2013.

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 capital demands had no particular seasonality features.

The Group believed that during the Review Period, the favorable performance in sales, production and R&D activities, as well as the sound cash reserves have provided a strong protection for the Group's future sustainable growth.

COMMITMENTS

	As at 30 June 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and equipment	**318,839**	307,088
Prepaid rentals for lease premium for land	**–**	3,162

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2014, the balance of the Group's bank borrowings was approximately RMB2,834,300,000, of which approximately RMB2,803,849,000 was at floating interest rates and approximately RMB30,451,000 were at fixed interest rate. These borrowings had no seasonality features. In addition, approximately RMB2,616,766,000 of the said borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalent of approximately RMB1,825,555,000, approximately RMB644,169,000, approximately RMB85,432,000 and approximately RMB61,610,000 were denominated in USD, HKD, EUR and JPY respectively.

Most of the Group's sales and procurements are settled in RMB. With the expansion of overseas operations, the management of the Group is closely monitoring its foreign exchange exposure and hedging against the foreign exchange risk with forward exchange contracts.

The Group's cash and cash equivalents are mainly denominated in RMB, USD, HKD, JPY and EUR. Remittance of funds out of the PRC is subject to the foreign exchange control restrictions imposed by the PRC government.

As of 30 June 2014, the Company and certain subsidiaries had an aggregate bank balance of approximately RMB454,489,000 which was denominated in currencies other than the functional currencies, of which approximately RMB193,545,000 was denominated in USD, approximately RMB188,865,000 was denominated in HKD, approximately RMB20,714,000 was denominated in JPY, approximately RMB49,617,000 was denominated in EUR and the remainder of approximately RMB1,748,000 was denominated in other foreign currencies. In order to mitigate the foreign exchange risk, the Group has delegated a team responsible for the planning of related work.

CONTINGENT LIABILITIES

As of 30 June 2014, the Group had no contingent liabilities (31 December 2013: Nil).

MORTGAGED ASSETS

As of 30 June 2014, the Group had borrowings of approximately USD94,210,000 (equivalent to approximately RMB579,658,000), approximately RMB5,451,000, JPY30,000,000 (equivalent to approximately RMB1,824,000) and HKD199,500,000 (equivalent to approximately RMB158,363,000) secured by bank deposits of approximately RMB961,116,000 and freehold lands with a net book value of approximately RMB22,595,000, including borrowings of USD27,000,000 secured by mortgage of approximately RMB178,571,000, which actually occurred on 1 July 2014.The borrowings are to be settled in USD, RMB, JPY and HKD respectively (31 December 2013: the Group had borrowings of approximately RMB596,400,000, USD10,000,000 (equivalent to approximately RMB60,969,000) and HKD126,000,000 (equivalent to approximately RMB99,061,000) secured by bank deposits of approximately RMB782,960,000). The Group has also pledged freehold lands and buildings with a net book value of approximately RMB18,778,000 (31 December 2013: approximately RMB18,514,000) to secure general banking facilities granted to the Group.

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Period, the Group's capital expenditure amounted to approximately RMB636,104,000 (the same period in 2013: approximately RMB378,444,000). The increase in capital expenditure was attributable to the Group's capacity expansion, the increase of production facilities and land reserves.

PLACING AND SUBSCRIPTION

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

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the acquisition of the remaining 50.18% equity interest in PTI, the Group made no other material acquisitions or disposals during the Review Period.

EMPLOYEES

As of 30 June 2014, the Group had a total of 9,348 employees. The total number of employees increased by 406 compared to 31 December 2013. During the Review Period, the Group completed its roll out of the company's Core Values and Code of Conduct training to all employees in China. Every white collar and management employees received a copy of the company's Code of Conduct and signed a commitment and acknowledgement form. The roll out of the similar training to the rest of the world where the Group have operations will be completed in the second half of 2014.

The major components of variable remuneration in the Group are cash-based variable bonuses under the global short-term incentive ("STI") plan and share-based awards under the long-term incentive ("LTI") program. The global STI plan aims to foster a pay-for-performance culture and reward employees appropriately, commensurate with performance and the return to shareholders for the financial year. The objective of the LTI program is to align the interests of management with those of shareholders and have participants focus on the sustainable longer-term performance and financial strength of the Group. At the beginning of 2014, the Company offered to grant share options to a number of eligible participants pursuant to the share option scheme adopted by the Company on 22 May 2012. Further details of the grant of share options are set out in the Company's announcement dated 11 January 2014. The Group may pursue claw-backs of deferred remuneration after vesting in the event of fraud, misconduct or material misstatement of reported performance.

SHARE OPTION SCHEME

The Company adopted a conditional share option scheme (the "Share Option Scheme") on 22 May 2012, which aims at granting share options to those qualified persons who have contributed or will contribute to the Group as a reward or incentive.

During the Review Period, the grantees of the Share Option Scheme of the Company exercised 1,417,000 share options in accordance with the rules and terms of the Share Option Scheme, and 1,033,000 share options lapsed due to the resignations of the grantees.

OUTLOOK AND STRATEGIES

Thanks to China's macro economy being in a steady growth phase, China's passenger vehicle market is expected to keep a reasonable return on growth in the second half of 2014. Sound performance of China's passenger vehicle market in the Review Period also wins both space and time for the strategic plan of the OEMs in the next half year. In 2014, the steady growth of mature markets such as China, North America and Western Europe are expected to continue, while emerging markets such as South Asia, Japan, Korea, South America and Eastern Europe will decline as compared to the same period last year.

The Group will pursue the overall strategy of globalization and balanced development through better cooperating with global customers to gain more global orders, improving global layout, maintaining cost advantages, as well as paying attention to the balanced development among regional business structure, customer structure and core product structure. In addition, the Group will constantly strengthen the global market share of traditional products, make greater efforts to promote the business of key products, and actively explore the expansion of new products.

The Group will continue to exploit the restructuring opportunity of global automobile industry to seek for industrial cooperation, explore development opportunities and suitable investment targets, further develop its domestic and overseas production bases and enhance the global supply capability to meet the customers' growing demand, striving to become a leading supplier in the global automobile parts industry.

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

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 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

None of the Directors are aware of any information that would reasonably indicate that the Company did not, at any time during the Review Period, comply with the Corporate Governance Code set out in the Appendix 14 of the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out 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.

MATERIAL LITIGATION AND ARBITRATION

Save for the petition served by the Securities and Futures Commission ("SFC") on the Company on 11 April 2014, details of which are set out in the Company's announcement dated 14 April 2014, the Group is not engaged in any litigation or arbitration of material importance during the Review Period. The SFC does not seek any claim for compensation against the Group and has joined the Company and its subsidiary as parties to the legal proceedings in connection with claims they bring against other parties, including the current Chairman of the Company, Mr Chin Jong Hwa and two of its other executive directors, Mr Shi Jian Hui and Mr Zhao Feng. The claims relate to an acquisition by the Group in 2008, being the same acquisition approved by shareholders in the general meeting held on 27 July 2009. The directors of the Company are of the opinion that the SFC petition does not have any significant impact on the condensed consolidated financial statements of the Group for the Review Period.

Given the issue of the SFC petition, the Company decided to engage its auditors for an audit of the condensed consolidated financial statements for the six-month period ended 30 June 2014 even though the Company does not have a policy of auditing its interim financial statements. One of the factors considered by the Company was to give shareholders an audit assurance as to its financial condition.

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 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 the external auditor. The members of the Committee meet regularly with the management and external auditor to review the audit reports as well as the interim and annual financial reports of the Group. The Audit Committee has reviewed the audited condensed consolidated financial statements and this interim results announcement for the six months ended 30 June 2014, and recommended their adoption by the Board.

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

Hong Kong, 29 August 2014

As at the date of this announcement, the board of directors comprises Mr. Chin Jong Hwa, Mr. Shi Jian Hui, Mr. Zhao Feng and Ms. Bao Jian Ya being executive Directors; Ms. Yu Zheng and Mr. He Dong Han being non-executive Directors; Mr. Wu Fred Fong, Dr. Wang Ching and Mr. Zhang Liren being independent non-executive Directors.