



MINTH GROUP LIMITED

敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

Interim Report 2015

正直誠信
INTEGRITY

相互信任
TRUST

團隊合作
TEAMWORK

引領變革
EMBRACE CHANGE



CORE VALUES

Integrity
Trust
Teamwork
Embrace change

STRATEGIC OBJECTIVE

Endeavoring to become
a leader in the global
automobile parts
industry

MISSION & VISION

We create beauty in motion

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敏于思，實于行

INTELLIGENCE IS ACTIONAL

The Board

Executive directors

Chin Jong Hwa (*Chairman*)
Shi Jian Hui (*Chief Executive Officer*)
Zhao Feng
Bao Jian Ya

Non-executive directors

Yu Zheng
He Dong Han

Independent non-executive directors

Wang Ching
Zhang Liren
Wu Fred Fong

Company Secretary

Loke Yu

Registered Office

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Cayman Islands

Head Office and Principal Place of Business in China

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Principal Place of Business in Hong Kong

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Principal Bankers

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

Citibank N.A.
Hong Kong Branch
50/F Citibank Tower
No.3 Garden Road
Central
Hong Kong

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4/F, Royal Bank House
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Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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Services Limited
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Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
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Legal Advisers to the Company

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As to PRC Law
Zhejiang T&C Law Firm
11/F Block A Dragon Century Square
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Hangzhou
China

As to Cayman Islands Law
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Hutchins Drive, George Town
Grand Cayman, British West Indies

Stock Code

SEHK Code: 0425

Industry Overview

During the six months ended 30 June 2015 (the “Review Period”), the production and sales of China’s passenger vehicles were approximately 10,327,800 units and approximately 10,095,600 units respectively, representing a year-on-year growth of approximately 6.4% and approximately 4.8% respectively, and indicating a slower growth in the market. The sales of China’s passenger vehicles remained number one globally while its global market share dropped. In particular, growth in the sales of SUVs and MPVs continued at a rapid pace, whereas both production and sales of sedans and cross passenger vehicles (minivans) decreased. The sales volume and market share of Chinese local automobile brands resumed growth, but the sales of foreign automobile brands, except Japanese brands, decreased to a certain extent. Market competition under the new environment is increasingly intense.

During the Review Period, except Japan, the sales of passenger vehicles in mature auto markets achieved steady growth. The sales of light vehicles in the U.S. market continued to grow, representing a year-on-year growth of approximately 4.4%. As for the European market, all 28 nations in the European Union achieved sales increases, with a combined growth of approximately 8.2% for passenger vehicles. The steady growth in the European and U.S. markets was a crucial force in revitalizing the automotive industry amidst the growth slowdown in China, the biggest automobile market in the world. The sales of passenger vehicles in the Japanese market recorded a substantial decrease of approximately 11% during the Review Period whereas the sales of imported vehicles continued to grow. The emerging markets underperformed, with substantial decreases in markets except China and Mexico. In particular, an approximately 20% sales decline was recorded in the Brazil, Russia and Thailand markets.

Company Overview

Minth Group Limited (the “Company”) together with its subsidiaries (collectively 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 U.S., Mexico, Thailand and Germany spread over the 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 the growing demand of its customers.

During the Review Period, the concurrent design capability and global just-in-time supply capability of the Group continued to win the recognition of its customers. The Group obtained more orders from overseas markets and luxury brands, laying a solid foundation for its future development. To facilitate the fast growth of its global business, the Group further optimized its supply chain management, and kept on enhancing the management level of its plants by conducting joint appraisal on its local and overseas plants through supply chain management, Minth Production System and Minth Quality Management System. During the Review Period, the Group further lowered its cost, increased its production efficiency and strengthened its competitiveness by initiating production line automation and launching benchmark production lines in lean manufacturing. In addition, the Group invested in large-scale environmental protection facilities at various manufacturing bases in order to comply with the requirements of the environmental policy in China and enable its sustainable development in the long run.

The Group enhanced communication and coordination with existing partners and carried out various forms of cooperation. Overseas development of the Group was further strengthened. The Group continued to optimize its organizational structure, learned from advanced research and development (“R&D”) management based on the latest industry practices, improved its R&D expertise and strove for technical breakthroughs. The Group also established a protection system for intellectual property rights locally and internationally to protect its R&D achievements.

Business and Operation Layout

During the Review Period, the Group’s revenue increased by approximately 8.9% as compared with the same period in 2014, among which, the domestic revenue of the Group was approximately RMB1,997,935,000, representing a slight decrease compared with approximately RMB2,018,663,000 in the same period in 2014. Owing to the stable growth in mature overseas markets and an increase in orders for global platform vehicles, as well as the Group’s acquisition of a former joint venture in June 2014, which has become its subsidiary, the Group’s overseas revenue continued to grow to approximately RMB1,434,136,000, representing an increase of approximately RMB301,878,000 or approximately 26.7% compared with approximately RMB1,132,258,000 in the same period in 2014.

During the Review Period, the new business intake of the Group recorded a historical high again and the Group continued its efforts in customer diversification. In regard to different customers, the development of the Group's new business with European OEMs achieved historical breakthroughs. In particular, the new business with Daimler Group recorded a substantial growth and the Group acquired the business of aluminum products for 10 models globally with Daimler, with maximum annual volume of approximately one million units. The new business with U.S. customers facilitated the Group's expansion of new techniques and new products in the new market. The Group developed the trim business for Fiat Chrysler's car models in the South American market. By making breakthroughs and fulfilling expectations of General Motors in respect of new techniques such as hard coating, the Group became the only Asian supplier capable of mass producing plastic pillar capping in hard coating technology. The Group continued to maintain a solid supply to the core car models in terms of the new business with Japanese OEMs, and it will continue its efforts in obtaining orders from the overseas and global car models of Japanese brands. During the Review Period, requests for quotations and new business intake from luxury brands also continued to grow. The Group's penetration into Honda's Acura brand and Jaguar Land Rover car models contributed to its new business. Meanwhile, the Group continued to be awarded new business orders from high-end brands such as Audi, Mercedes-Benz, Cadillac, Infiniti and BMW.

During the Review Period, the Group continued to step up its efforts in developing its global business, and enhanced the optimization of its manufacturing layout and the balanced development of its production capacity. During the Review Period, the Group commenced the operation of its new aluminum anodizing line in Huai'an and the large-scale coating line in Guangzhou. The Group will also continue to facilitate the construction of the aluminum anodizing plant in Mexico and the expansion of aluminum anodizing lines in Huai'an and Jiaxing.

During the Review Period, the Group continued its efforts in researching and exploring new materials, and facilitated the development of body weight reduction in its products. It continued to invest in the R&D and application of aluminum products, which resulted in a CAGR of over 50% during the past two years in terms of the Group's revenue and new business intake from aluminum products. The Group fully entered into the overseas supply system for aluminum products of Daimler Group and continued to expand its business for aluminum products with OEMs such as Audi, BMW, General Motors and Nissan. The Group has basically completed the aluminum anodizing strategic layout with global production bases for aluminum products, covering China, North America and Europe, the three largest core automobile markets globally.

Research and Development

During the Review Period, the Group continued to maximize the application of existing resources and maintain its competitive strength in R&D cost. In terms of new technological breakthroughs, the Group's surface treatment technologies such as chrome plating, aluminum anodizing and hard coating have reached international standards, passed the qualification for mass production from international high-end clients, and obtained international patents. As a result, the competitive position of the Group for the relevant products was reinforced. The Group has regulated the production models for each product segment and has begun applying such models to the development of new products. In particular, the Group applied automation and scale production to trims, system integration and automatic grinding and polishing to door frames, gate cut in mould and automatic assembly to decorative parts, and cellular integrated process and polishing to aluminum products, further reducing the manufacturing cost and improving the product quality. Meanwhile, the Group conducted transformation of its existing production lines with more automation content, with a team of approximately 200 people focusing on the enhancement of automatic-equipped capability, in order to support the establishment of the most competitive scale production. 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 the R&D organizations of its major customers and improved the development workflow of its internal projects in order to improve its global concurrent design capability. During the Review Period, the Group provided concurrent design validation and prototype development for the global platform vehicles of various OEMs.

The Group has placed emphasis on protecting its intellectual property rights. It has obtained the certification of protection system of intellectual property rights and has actively applied for international patents. During the Review Period, the Group filed 59 patent applications for approval, 56 of which were authorized by competent institutions.

Financial Review

	Six months ended 30 June 2015 RMB'000	Six months ended 30 June 2014 RMB'000
Revenue	3,432,071	3,150,921
Gross profit	1,038,554	1,023,381
Profit before tax	747,103	676,046
Income tax expense	(102,736)	(88,986)
Profit for the period attributable to:		
Owners of the Company	622,162	562,254
Non-controlling interests	22,205	24,806

Results

During the Review Period, the Group's revenue was approximately RMB3,432,071,000, representing an increase of approximately 8.9% from approximately RMB3,150,921,000 in the same period in 2014. It was mainly attributable to the steady growth in the major overseas markets and the equity acquisition of a former joint venture at the end of June 2014, which has become a subsidiary as a result. Thus, the Group was able to obtain a favorable revenue growth in the overseas markets.

During the Review Period, the profit attributable to owners of the Company was approximately RMB622,162,000, representing an increase of approximately 10.7% from approximately RMB562,254,000 in the same period in 2014. It was mainly attributable to the continuous emphasis on the control of costs and expenses by the Group, enabling the Group to maintain a decent profitability in general.

Segment Revenue

An analysis on revenue by geographical markets based on location of customers is as follows:

Customer category	Six months ended 30 June 2015		Six months ended 30 June 2014	
	RMB'000	%	RMB'000	%
China	1,997,935	58.2	2,018,663	64.1
Asia Pacific	233,242	6.8	213,265	6.8
North America	887,787	25.9	618,266	19.6
Europe	313,107	9.1	300,727	9.5
Total turnover	3,432,071	100.0	3,150,921	100.0

Gross Profit

During the Review Period, the Group's overall gross profit margin was approximately 30.3%, representing a decrease of approximately 2.2% from approximately 32.5% in the same period in 2014. It was mainly due to the fact that a former joint venture was acquired by the Group at the end of June 2014 and became a subsidiary as a result, and its gross profit margin was lower than the average level of the Group. Meanwhile, the Group was still under continuous pressure from the decline in product price and the rising labor costs. In this regard, the Group persistently took measures, including continuous enhancement in quality control, implementation of centralized procurement, introduction of lean manufacturing and optimization of production layout, so as to continue to enhance 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 RMB72,434,000, representing an increase of approximately RMB9,319,000 from approximately RMB63,115,000 in the same period in 2014. It was mainly due to an increase in interest income.

Other Income

During the Review Period, other income of the Group amounted to approximately RMB71,312,000, representing a decrease of approximately RMB28,224,000 from approximately RMB99,536,000 in the same period in 2014. It was mainly attributable to a decrease 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 RMB97,419,000, representing an increase of approximately RMB82,425,000 as compared to the net gain of approximately RMB14,994,000 in the same period in 2014. It was mainly attributable to an increase in gains from forward exchange contracts and disposal of available-for-sale investments.

Distribution and Selling Expenses

During the Review Period, the Group's distribution and selling expenses amounted to approximately RMB108,153,000, which basically stood at the same level as compared to approximately RMB109,035,000 in the same period in 2014. It accounted for approximately 3.2% of the revenue of the Group, representing a decrease of approximately 0.3% from approximately 3.5% in the same period in 2014. It was mainly attributable to the proactive adoption of logistics integration measures by the Group, which improved logistics efficiency so as to effectively reduce the logistics cost.

Administrative Expenses

During the Review Period, the administrative expenses of the Group amounted to approximately RMB266,252,000, representing an increase of approximately RMB3,516,000 from approximately RMB262,736,000 in the same period in 2014. It accounted for approximately 7.8% of the revenue of the Group, representing a decrease of approximately 0.5% from approximately 8.3% in the same period in 2014. It was mainly attributable to the stringent control of the administrative expenses by the Group under the pressure of slowdown in revenue growth, so that its percentage to the revenue decreased.

Research Expenditures

During the Review Period, the research expenditures of the Group amounted to approximately RMB152,411,000, representing an increase of approximately RMB11,974,000 from approximately RMB140,437,000 in the same period in 2014. 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, as well as the expenses from continuous investment in research.

Share of Profits of Joint Ventures

During the Review Period, the Group's share of profits of joint ventures was a net gain of approximately RMB6,635,000, representing an increase of approximately RMB7,771,000 from the net loss of approximately RMB1,136,000 in the same period in 2014, which was mainly attributable to the losses in the same period in 2014 recorded by one of the Group's former joint ventures, which was acquired by the Group at the end of June 2014 and became its subsidiary as a result. This company recorded profit during the Review Period.

Share of Profits of Associates

During the Review Period, the Group's share of profits of associates was approximately RMB18,837,000, representing a decrease of approximately RMB3,006,000 from approximately RMB21,843,000 in the same period in 2014. This was mainly attributable to the decrease in profit arising from the revenue decline of one of the associates.

Income Tax Expense

During the Review Period, the Group's income tax expense was approximately RMB102,736,000, representing an increase of approximately RMB13,750,000 from approximately RMB88,986,000 in the same period in 2014.

During the Review Period, the effective tax rate was approximately 13.8%, representing an increase of approximately 0.6% from approximately 13.2% in the same period in 2014.

Profit Attributable to Non-Controlling Interests

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB22,205,000, representing a decrease of approximately RMB2,601,000 from approximately RMB24,806,000 in the same period in 2014.

Liquidity and Financial Resources

As of 30 June 2015, the Group's total cash and bank balances amounted to approximately RMB3,153,642,000, representing a decrease of approximately RMB440,567,000 compared to approximately RMB3,594,209,000 as of 31 December 2014. As of 30 June 2015, the Group's low-cost borrowings amounted to approximately RMB2,946,183,000, among which the equivalent of approximately RMB2,246,752,000, approximately RMB272,837,000, approximately RMB252,472,000, approximately RMB109,643,000 and approximately RMB64,479,000 were denominated in US Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro ("EUR"), Japanese Yen ("JPY") and Thai Baht ("THB") respectively, representing an increase of approximately RMB237,698,000 as compared to approximately RMB2,708,485,000 as of 31 December 2014. 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 RMB294,770,000, indicating a sound cash flow condition.

Trade receivables turnover days were approximately 74 days, shortened by approximately 5 days from approximately 79 days for the same period in 2014. This was mainly due to the fact that following the equity acquisition of a former joint venture by the Group at the end of June 2014, the balance of its receivables was combined into the Group while its revenue of the same period in last year was not consolidated into the Group.

Trade payables turnover days were approximately 50 days, decreasing by approximately 2 days from approximately 52 days for the same period in 2014.

Inventory turnover days were approximately 63 days, increasing by approximately 4 days from approximately 59 days for the same period in 2014. The movements were mainly due to the increase in new business intake and the projects under development, leading to an increase in work in progress of moulds.

The Group's current ratio increased from approximately 2.0 as of 31 December 2014 to approximately 2.3 as of 30 June 2015. As of 30 June 2015, the Group's gearing ratio was approximately 22.2% (31 December 2014: approximately 21.1%), which was a percentage based on the interest bearing borrowings divided by total assets.

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and equipment	314,564	393,680

Interest Rate and Foreign Exchange Risks

As of 30 June 2015, the balance of the Group's bank borrowings was approximately RMB2,946,183,000, all of which was at floating interest rates. These borrowings had no seasonality features. In addition, approximately RMB2,720,955,000 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 RMB2,155,049,000, approximately RMB272,837,000, approximately RMB183,426,000 and approximately RMB109,643,000 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 2015, the Company and certain subsidiaries had a bank balance of approximately RMB586,671,000 which was denominated in currencies other than the functional currencies, of which approximately RMB332,963,000 was denominated in HKD, approximately RMB111,440,000 was denominated in USD, approximately RMB109,414,000 was denominated in EUR, approximately RMB32,836,000 was denominated in JPY and the remainder of approximately RMB18,000 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 2015, the Group had no contingent liabilities (31 December 2014: Nil).

Mortgaged Assets

As of 30 June 2015, the Group had borrowings of approximately USD213,310,000 (equivalent to approximately RMB1,304,095,000) and HKD199,500,000 (equivalent to approximately RMB157,327,000) secured by bank deposits of approximately RMB1,422,000,000. The borrowings are to be settled in USD and HKD respectively (31 December 2014: the Group had borrowings of approximately USD156,440,000 (equivalent to approximately RMB957,257,000), HKD199,500,000 (equivalent to approximately RMB157,379,000) and JPY30,000,000 (equivalent to approximately RMB1,541,000) secured by bank deposits of approximately RMB1,193,105,000 and freehold lands with a net book value of approximately RMB19,086,000). The Group has also pledged freehold lands and buildings with a net book value of approximately RMB17,694,000 (31 December 2014: approximately RMB18,586,000) 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 RMB530,381,000 (the same period in 2014: approximately RMB636,104,000). The decrease in capital expenditure was attributable to the Group's reduction in investment in the land reserves during the Review Period.

Material Acquisitions and Disposals

The Group had no material acquisitions or disposals during the Review Period.

Employees

As of 30 June 2015, the Group had a total of 10,412 employees. The total number of employees increased by 174 compared to 31 December 2014. The total remuneration cost incurred by the Group during the Review Period was approximately RMB665,886,000 (the same period in 2014: approximately RMB544,571,000). During the Review Period, the Group issued a series of staff deployment encouraging policies across countries and regions in order to meet the needs for rapid development of the Group's global business. Meanwhile, the Group also undertook further integration of its other systems and policies with regard to human resources. The Group centralized its internal ranking system worldwide such as the U.S., Mexico and Thailand. The Group established a compensation structure based on the local labor force markets and a performance-based salary adjustment system, resulting in an internally fair and externally competitive compensation system for its local divisions across the world.

During the Review Period, the Group continued to further promote its Core Values and Code of Conduct, and implemented workshops for promoting its Core Values and activities for selected employee stories across various areas in China. The Group also implemented talent radar plan in different regions in China, focused on leadership development of its senior management, built up talent teams, established a structure for corporate university and paved learning and development roadmap, providing a talent development and training in a systematic approach. Meanwhile, the Group conducted tailored projects and courses in respect of leadership and general soft skills for senior, middle-level and newly employed staff. In order to upgrade human resources information level, the Group implemented E-Leave workflow, initiated paperless office and enhanced work efficiency. The Group also established ATS (Applicant Tracking System) recruitment system, built up its talent data base, fostered its recruitment skills and promoted its brand image as an employer.

Directors

During the Review Period, the directors of the Company (“Directors”) were as follows:

Executive Directors

Chin Jong Hwa (*Chairman*)

Shi Jian Hui (*Chief Executive Officer*)

Zhao Feng

Bao Jian Ya

Non-executive Directors

Yu Zheng

He Dong Han

Independent Non-executive Directors

Wang Ching

Zhang Liren

Wu Fred Fong

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 of the Company (the “Share Options”) to those qualified persons who have contributed or will contribute to the Group as a reward or incentive.

All Directors and employees of the Group, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, services providers of any member of the Group whom the Board considers, in its sole discretion, have contributed or will contribute to the Group are eligible to participate in the Share Option Scheme.

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

The total number of shares of the Company ("Shares") which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 10% ("General Scheme Limit") of the Shares in issue on 22 May 2012, the date on which the Company adopted the Share Option Scheme. The Company may renew the General Scheme Limit with the approval of the shareholders of the Company (the "Shareholders"), provided that each such renewal may not exceed 10% of the Shares in issue as at the date of the Shareholders' approval.

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

Unless approved by Shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option. A nominal consideration of HKD1.00 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme and any other share option schemes adopted by the Company at any time during the period to be determined and notified by the Board to each grantee at the time of making an offer of the grant of an option which shall not expire later than 10 years from the date of grant of the option.

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

Management Discussion and Analysis

During the Review Period, the total number of Share Options the Company granted to the employees including the Directors amounted to 26,000,000 Share Options. As at the date of this report, the number of Share Options that could still be granted under the Share Option Scheme was 67,466,000 Share Options, representing 6.10% of the 1,106,622,500 Shares in issue by the Company as at 21 August 2015, being the date of this report. Details are as follows:

Name and category of participants	Number of Share Options (Note 1)					Date of grant (Note 2)	Exercise period (Note 3)	Exercise price of the Share Options (HKD) (Note 4)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
	Outstanding as at 1 January 2015	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2015				
Directors, chief executives, and substantial Shareholders and their respective connected persons									
Mr. Shi Jian Hui	2,000,000	-	-	-	2,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	300,000	-	-	-	300,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	-	700,000	-	-	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Zhao Feng	1,000,000	-	-	-	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	250,000	-	-	-	250,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	-	700,000	-	-	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Bao Jian Ya	1,000,000	-	-	-	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	350,000	-	-	-	350,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	-	700,000	-	-	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Yu Zheng	-	200,000	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A

Management Discussion and Analysis

Number of Share Options (Note 1)

Name and category of participants	Outstanding as at 1 January 2015	Granted during the Period	Exercised during the Period	Cancelled/ Lapsed during the Period	Outstanding as at 30 June 2015	Date of grant (Note 2)	Exercise period (Note 3)	Exercise price of the Share Options (HKD) (Note 4)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Mr. He Dong Han	1,000,000	-	-	-	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	-	200,000	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Wu Fred Fong	-	200,000	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Dr. Wang Ching	-	200,000	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Zhang Liren	-	200,000	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Subtotal	5,900,000	3,100,000	-	-	9,000,000				
Other Participants	19,865,000	-	7,721,000	-	12,144,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	18.07
	1,726,000	-	954,000	-	772,000	31-5-2012	30-5-2013 to 30-5-2017	9.13	17.21
	11,646,000	-	464,500	386,500	10,795,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	18.19
	-	22,900,000	-	-	22,900,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Subtotal	33,237,000	22,900,000	9,139,500	386,500	46,611,000				
Total	39,137,000	26,000,000	9,139,500	386,500	55,611,000				

Note 1: Numbers of Shares over which options granted either under the share option scheme which was originally adopted by the Company on 13 November 2005 and was subsequently terminated on 22 May 2012 ("2005 Share Option Scheme") or under the Share Option Scheme are exercisable.

Note 2: The closing price of the Shares immediately before the date on which the Share Options were granted pursuant to the 2005 Share Option Scheme on 10 June 2011, i.e. on 9 June 2011 was HKD11.02, and pursuant to the Share Option Scheme on (i) 31 May 2012, i.e. on 30 May 2012 was HKD9.14, (ii) 16 January 2014, i.e. on 15 January 2014 was HKD16.00, (iii) 25 March 2015, i.e. on 24 March 2015 was HKD14.02.

Note 3: The option period for the Share Options granted on 10 June 2011 is for five years five months and two days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 February 2012; (ii) up to a further 30% of the Share Options granted on or after 1 February 2013; and (iii) all of the remaining Share Options granted on or after 1 February 2014. The option period for the Share Options granted on 31 May 2012 is for four years eleven months and thirty days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 30 May 2013; (ii) up to a further 30% of the Share Options granted on or after 30 May 2014; and (iii) all of the remaining Share Options granted on or after 30 May 2015. The option period for the Share Options granted on 16 January 2014 is for five years four months and fifteen days. If the grantees' period of service within the Company is or more than one year as of 1 June 2014, the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 June 2014; (ii) up to a further 30% of the Share Options granted on or after 1 June 2015; and (iii) all of the remaining Share Options granted on or after 1 June 2016. If the grantees' period of service within the Company is less than one year as of 1 June 2014, the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 June 2015; (ii) up to a further 30% of the Share Options granted on or after 1 June 2016; and (iii) all of the remaining Share Options granted on or after 1 June 2017. The option period for the Share Options granted on 25 March 2015 is for five years nine months and six days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 January 2016; (ii) up to a further 30% of the Share Options granted on or after 1 January 2017; and (iii) all of the remaining Share Options granted on or after 1 January 2018.

Note 4: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

During the Review Period, 26,000,000 Share Options were granted, 9,139,500 Share Options were exercised and 386,500 Share Options were lapsed. For the fair value of the Share Options granted, please refer to note 20 to the condensed consolidated financial statements.

Save as disclosed above, no Share Option was granted, exercised, cancelled or lapsed during the Review Period.

Particulars of the Company's Share Option Scheme are set out in note 20 to the condensed consolidated financial statements.

Outlook and Strategies

China's macro economy is gradually entering a slow-paced growth period. As such, it is expected that China's passenger vehicle market will continue to return to a rational growth in the second half of this year. During the Review Period, marketing strategies such as official price cut were adopted by various OEMs, but failed to boost the sales growth in the market. A slowdown of China's passenger vehicle market led to a continuously high inventory level for dealers. In response, OEMs started to reformulate and revise production and sales targets as well as competitive strategies in the second half of this year. It is expected that throughout 2015, overall growth in the automotive industry in China will remain slow-paced, while North America and West Europe, the two biggest mature automobile markets, will demonstrate a relatively steady growth and likely maintain or exceed the growth rate of last year. Emerging markets such as South Asia, Japan, South Korea, South America and East Europe, are expected to decline as compared with the same period of last year.

In terms of the long-term development of the industry, new energy vehicles remain the key driving force behind energy conservation, emission reduction and environmental protection. With internet companies such as Xiaomi (小米), Baidu (百度) and Letv (樂視) aggressively entering the automotive industry, we expect mutually integrated development between new energy vehicles and traditional vehicles to be the trend of automotive industry in the future. Hi-tech products such as intelligent and electronic products will be applied to vehicles more extensively, while higher requirements and standards will be placed on user safety and vehicle quality guarantee. Application software such as Uber, China Auto Rental (神州租車), Kuaidi One (一號專車), Kuaidadi (快的打車) and Didi Dache (滴滴打車) will likely also bring about changes in the commercial and sales models of vehicles. We expect such services to impact the growth of the automotive market in the short term, as these services are offering convenience to consumers and may influence their purchasing desire to a certain extent and there has been no substantial improvement on public issues regarding car parks and traffic congestion. The market is expected to grow steadily while users' ability and demand are expected to continue rising, possibly resulting in an increase in the demand on high-end vehicles and hi-tech products.

The Group will continue to pursue its overall strategies of globalization and balanced development, further consolidate its global management capability, cooperate with customers worldwide, support global strategic development of its customers, and improve its global footprint and teamwork. Meanwhile, the Group will pay attention to the balanced development of its business structure and customer base in regional markets. It will further enhance the competitiveness of its core products in each of the regions in order to ensure regional market share. The Group will constantly strengthen the global market share of its traditional products, make greater efforts to promote its key products, move up the value chain, and explore the expansion of new products and opportunities for cooperation in the fields of new energy vehicle parts, body weight reduction, and electronic and intelligent products.

The Group will continue to promote economies of scale in production, and optimize its supply chain management in order to lower its overall production cost. The Group will continue to build a global information management platform, satisfy the delivery and control requirements of global platform vehicle orders as well as the requirements of customers for logistics and quality traceability. Meanwhile, the Group will also actively respond to the strategic planning of China Manufacturing 2025 and commence the preparation of intelligent production plants.

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

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2015 (the same period in 2014: Nil).

Substantial Shareholders

As at 30 June 2015, the interests or short positions of every person, other than the Directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“the SFO”), were as follows:

Name of Substantial Shareholder	Capacity	Long/Short Position	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wei Ching Lien (“Ms. Wei”)	Interest of spouse	Long position	442,990,000 (Note 2)	40.03%
Linkfair Investments Limited (“Linkfair”)	Beneficial owner	Long position	442,990,000 (Note 3)	40.03%
The Capital Group Companies, Inc.	Interest of controlled corporations	Long position	87,940,000 (Note 4)	7.95%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	87,452,000 (Note 5)	7.90%
Matthews International Capital Management, LLC	Investment manager	Long position	77,543,000	7.01%
JPMorgan Chase & Co.	Beneficial owner	Long position	541,703	0.05%
	Investment manager	Long position	12,158,000	1.10%
	Custodian corporation/ approved lending agent	Long position	53,440,121 (Note 6)	4.83%

Note 1: The percentage of the Company's issued share capital of 1,106,586,500 Shares as at 30 June 2015.

Other Information

- Note 2: As at 30 June 2015, Linkfair was beneficially interested in 442,990,000 Shares. Linkfair was wholly-owned by Mr. Chin Jong Hwa (“Mr. Chin”) and he was therefore deemed to be interested in the entire 442,990,000 Shares held by Linkfair. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei was deemed to be interested in the 442,990,000 Shares in which Mr. Chin was deemed to be interested.
- Note 3: As at 30 June 2015, Linkfair, a company wholly-owned by Mr. Chin, was beneficially interested in 442,990,000 Shares.
- Note 4: As at 30 June 2015, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by The Capital Group Companies, Inc.
- Note 5: As at 30 June 2015, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.
- Note 6: As at 30 June 2015, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by JPMorgan Chase & Co.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 30 June 2015, the interests and short positions of the Directors and the chief executives in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would otherwise have to be notified to the Company and the Stock Exchange pursuant to Division 7 and Division 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Chin Jong Hwa	Company	Long position	Interest of controlled corporation	442,990,000 (Note 2)	40.03%
Shi Jian Hui ("Mr. Shi")	Company	Long position	Beneficial owner	3,400,000 (Note 3)	0.31%
Zhao Feng ("Mr. Zhao")	Company	Long position	Beneficial owner Interest of spouse	2,354,000 100,000 (Note 4)	0.21% 0.01%
Bao Jian Ya ("Ms. Bao")	Company	Long position	Beneficial owner	2,170,000 (Note 5)	0.20%
Yu Zheng ("Ms. Zheng")	Company	Long position	Beneficial owner Interest of spouse	200,000 200,000 (Note 6)	0.02% 0.02%
He Dong Han ("Mr. He")	Company	Long position	Beneficial owner	1,200,000 (Note 7)	0.11%
Wu Fred Fong ("Mr. Wu")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%

Other Information

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%
Zhang Liren ("Mr. Zhang")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%

Note 1: The percentage of the Company's issued share capital is based on the 1,106,586,500 Shares issued as at 30 June 2015.

Note 2: As at 30 June 2015, Linkfair is beneficially interested in 442,990,000 Shares. Linkfair is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 442,990,000 Shares held by Linkfair.

Note 3: This figure represents the aggregated number of 400,000 Shares held by Mr. Shi and 2,000,000 Share Options and 1,000,000 Share Options granted to Mr. Shi under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Mr. Shi will acquire an aggregate of 3,400,000 Shares.

Note 4: These figures represent (i) the aggregated number of 404,000 Shares held by and 1,000,000 Share Options and 950,000 Share Options granted to Mr. Zhao under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable and (ii) 100,000 Shares held by Ms. Zhu Chun Ya ("Ms. Zhu"). Upon exercise of the Share Options, Mr. Zhao will acquire an aggregate of 2,354,000 Shares. Since Mr. Zhao is the spouse of Ms. Zhu, he is deemed to be interested in the aforesaid Shares in which Ms. Zhu is interested.

Note 5: This figure represents the aggregated number of 120,000 Shares held by Ms. Bao and 1,000,000 Share Options and 1,050,000 Share Options granted to Ms. Bao under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Ms. Bao will acquire an aggregate of 2,170,000 Shares.

Note 6: These figures represent (i) 200,000 Share Options granted to Ms. Zheng under the Share Option Scheme that are exercisable and (ii) 200,000 Shares held by Mr. Wei Wei ("Mr. Wei"). Upon exercise of the Share Options, Ms. Zheng will acquire an aggregate of 200,000 Shares. Since Ms. Zheng is the spouse of Mr. Wei, she is deemed to be interested in the aforesaid Shares in which Mr. Wei is interested.

Note 7: This figure represents the aggregated number of 1,000,000 Share Options and 200,000 Share Options granted to Mr. He under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Mr. He will acquire an aggregate of 1,200,000 Shares.

Note 8: These figures represent the number of Share Options granted to Mr. Wu, Dr. Wang and Mr. Zhang under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Wu, Dr. Wang and Mr. Zhang will acquire 200,000 Shares, 200,000 Shares and 200,000 Shares, respectively.

Other than as disclosed above, as at 30 June 2015, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

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 Review Period.

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 Appendix 14 to the Listing Rules.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code for securities transactions by all Directors. Having made specific enquiry of 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 (the “Petition”) served by the Securities and Futures Commission to the Company on 11 April 2014, details of which were set out in the Company’s announcements dated 14 April 2014, 29 May 2014 and 9 July 2014, the Group was not engaged in any litigation or arbitration of material importance during the Review Period. As at 30 June 2015, certain court hearings had taken place in the High Court of Hong Kong to deal with procedural matters of this case. The High Court of Hong Kong has directed that this case be set down for a 25 days trial but, as at 30 June 2015, no trial dates were yet fixed. The Directors are of the opinion that the Petition does not have any significant impact on the condensed consolidated financial statements of the Group for the Review Period.

Audit Committee

The Company has an Audit Committee consisting of 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 the external auditor. The members of the Audit 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 unaudited condensed consolidated financial statements for the Review Period and this interim report, and recommended their adoption by the Board.

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

Hong Kong, 21 August 2015

Report on Review of Condensed Consolidated Financial Statements

To the Board of Directors of Minth Group Limited
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Minth Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 34 to 70, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 August 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 (unaudited) RMB'000	2014 (audited) RMB'000
Revenue		3,432,071	3,150,921
Cost of sales		(2,393,517)	(2,127,540)
Gross profit		1,038,554	1,023,381
Investment income	4	72,434	63,115
Other income	5	71,312	99,536
Other gains and losses	6	97,419	14,994
Distribution and selling expenses		(108,153)	(109,035)
Administrative expenses		(266,252)	(262,736)
Research expenditures		(152,411)	(140,437)
Interest on bank borrowings wholly repayable within five years		(31,272)	(33,479)
Share of profits (losses) of joint ventures		6,635	(1,136)
Share of profits of associates		18,837	21,843
Profit before tax		747,103	676,046
Income tax expense	7	(102,736)	(88,986)
Profit for the period	8	644,367	587,060
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(18,708)	20,051
Fair value gain (loss) on available-for-sale investments		57,592	(6,122)
Reclassification adjustments for cumulative gain included in revaluation reserve upon disposal of available-for-sale investments		(50,199)	–
Income tax relating to items that may be reclassified to profit or loss		(1,109)	918
Other comprehensive (expense) income for the period (net of tax)		(12,424)	14,847
Total comprehensive income for the period		631,943	601,907

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (unaudited) RMB'000	2014 (audited) RMB'000
Profit for the period attributable to:			
Owners of the Company		622,162	562,254
Non-controlling interests		22,205	24,806
		644,367	587,060
Total comprehensive income for the period attributable to:			
Owners of the Company		610,588	574,258
Non-controlling interests		21,355	27,649
		631,943	601,907
Earnings per share	10		
Basic		RMB0.565	RMB0.515
Diluted		RMB0.560	RMB0.511

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Non-current assets			
Property, plant and equipment	11	3,758,380	3,449,009
Prepaid lease payments		603,488	610,932
Goodwill		46,407	46,407
Other intangible assets		39,848	41,563
Interests in joint ventures		136,358	89,386
Interests in associates		120,518	123,814
Available-for-sale investments	12	123,130	154,911
Loans receivable	13	–	11,736
Deferred tax assets		111,499	100,163
		4,939,628	4,627,921
Current assets			
Prepaid lease payments		14,896	14,900
Inventories		1,202,907	1,129,359
Property under development	15	159,385	132,670
Loans receivable	13	10,015	11,685
Trade and other receivables	14	2,215,575	2,061,424
Derivative financial assets	16	21,471	1,628
Pledged bank deposits		1,535,449	1,270,742
Bank balances and cash		3,153,642	3,594,209
		8,313,340	8,216,617
Assets classified as held for sale		–	6,532
		8,313,340	8,223,149
Current liabilities			
Trade and other payables	17	1,341,255	1,392,080
Tax liabilities		71,259	69,690
Borrowings	18	2,239,451	2,708,485
Derivative financial liabilities	16	6,965	19,869
		3,658,930	4,190,124
Net current assets		4,654,410	4,033,025
Total assets less current liabilities		9,594,038	8,660,946

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Capital and reserves			
Share capital	19	111,523	110,801
Share premium and reserves		8,436,985	8,177,751
Equity attributable to owners of the Company		8,548,508	8,288,552
Non-controlling interests		222,315	256,919
Total equity		8,770,823	8,545,471
Non-current liabilities			
Deferred tax liabilities		95,109	92,533
Retirement benefit obligations		21,374	22,942
Borrowings	18	706,732	–
		823,215	115,475
		9,594,038	8,660,946

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2014 (audited)	110,342	3,149,817	276,199	40,154	127,136	13,120	10,939	(97,183)	88,194	3,738,034	7,456,752	261,694	7,718,446
Profit for the period	-	-	-	-	-	-	-	-	-	562,254	562,254	24,806	587,060
Other comprehensive income for the period	-	-	-	-	-	-	(5,204)	17,208	-	-	12,004	2,843	14,847
Total comprehensive income for the period	-	-	-	-	-	-	(5,204)	17,208	-	562,254	574,258	27,649	601,907
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	22,529	-	22,529	-	22,529
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	15,376	15,376
Transfer to reserve fund	-	-	-	-	246	-	-	-	-	(246)	-	-	-
Transfer to other reserve for share options forfeited after the vesting date	-	-	-	439	-	-	-	-	(439)	-	-	-	-
Dividends recognised as distribution (note 9)	-	-	-	-	-	-	-	-	-	(394,019)	(394,019)	-	(394,019)
Exercise of share options	112	15,775	-	-	-	-	-	-	(3,885)	-	12,002	-	12,002
At 30 June 2014 (audited)	110,454	3,165,592	276,199	40,593	127,382	13,120	5,735	(79,975)	106,399	3,906,023	7,671,522	304,719	7,976,241
At 1 January 2015 (audited)	110,801	3,215,086	276,199	41,459	143,082	13,120	49,470	(104,268)	102,679	4,440,724	8,288,552	256,919	8,545,471
Profit for the period	-	-	-	-	-	-	-	-	-	622,162	622,162	22,205	644,367
Other comprehensive income (expense) for the period	-	-	-	-	-	-	6,284	(17,858)	-	-	(11,574)	(850)	(12,424)
Total comprehensive income for the period	-	-	-	-	-	-	6,284	(17,858)	-	622,162	610,588	21,355	631,943
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	20,783	-	20,783	-	20,783
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(13,132)	(13,132)
Transfer to other reserve for share options forfeited after the vesting date	-	-	-	265	-	-	-	-	(265)	-	-	-	-
Dividends recognised as distribution (note 9)	-	-	-	-	-	-	-	-	-	(450,607)	(450,607)	-	(450,607)
Exercise of share options	722	103,661	-	-	-	-	-	-	(25,191)	-	79,192	-	79,192
Disposal of a subsidiary (note 24)	-	-	-	-	-	-	-	-	-	-	-	(42,827)	(42,827)
At 30 June 2015 (unaudited)	111,523	3,318,747	276,199	41,724	143,082	13,120	55,754	(122,126)	98,206	4,612,279	8,548,508	222,315	8,770,823

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the paid-in capital of subsidiaries acquired pursuant to the group reorganisation in June 2005.

The other reserve of the Group consists of: (i) contributions from a shareholder Mr. Chin Jong Hwa (“Mr. Chin”) in connection with the Group’s acquisition of an associate from Mr. Chin pursuant to the group reorganisation, (ii) reserve arising from acquisition of additional interest in a subsidiary, (iii) revaluation reserve recognised upon acquisition of businesses from interests in joint ventures and (iv) reserve transferred from share options reserve for share options forfeited after the vesting date.

As stipulated by the relevant laws and regulations for foreign investment enterprise in the People’s Republic of China (the “PRC”), the PRC subsidiaries are required to maintain a statutory surplus reserve fund which is non-distributable. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the PRC subsidiaries. The amount and basis of allocation are decided by its respective board of directors annually. The statutory surplus reserve fund can be used to make up its prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

The investment revaluation reserve represents the changes in fair value net of tax of available-for-sale financial assets of the Group.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
NET CASH FROM OPERATING ACTIVITIES	294,770	412,444
NET CASH USED IN INVESTING ACTIVITIES:		
Proceeds on redemption of other financial assets and derivative financial instruments	6,015,387	4,285,959
Interest received	69,759	41,541
Proceeds from reduction in capital in an associate	10,703	8,812
Dividend received from an associate	11,432	–
Proceeds on disposal of listed available-for-sale investments	89,746	–
Proceeds on disposal of property, plant and equipment	9,296	18,607
Proceeds on disposal of other intangible assets	–	330
Proceeds on disposal of land use right	–	932
Release of pledged bank deposits	482,690	3,114
Loan to a third party	–	(1,665)
Repayment from a third party	13,406	–
New pledged bank deposits placed	(747,397)	(192,091)
Purchases of property, plant and equipment	(530,381)	(536,010)
Refundable deposit paid for bidding a land	–	(25,000)
Acquisition of a subsidiary	–	(20,299)
Investment in other financial assets and derivative financial instruments	(5,983,034)	(4,252,737)
Payment for land use right	–	(100,094)
Purchases of other intangible assets	(6,161)	(1,961)
Disposal of a subsidiary (note 24)	(10,058)	–
	(574,612)	(770,562)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
NET CASH FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(1,098,162)	(871,542)
Dividends paid to owners of the Company	(450,607)	(394,019)
Dividends paid to non-controlling shareholders	(5,757)	–
Interest paid	(32,287)	(34,042)
New borrowings raised	1,352,857	1,281,348
Proceeds from exercise of share options	79,192	12,001
Capital contributions from a non-controlling shareholder	–	15,376
	(154,764)	9,122
Net decrease in cash and cash equivalents	(434,606)	(348,996)
Cash and cash equivalents at 1 January (audited)	3,594,209	4,119,191
Effect of foreign exchange rate changes	(5,961)	3,550
Cash and cash equivalents at 30 June, represented by		
Bank balances and cash (unaudited)	3,153,642	3,773,745

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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 2015 (unaudited)

	PRC RMB'000	Asia Pacific RMB'000	North America RMB'000	Europe RMB'000	Consolidated RMB'000
SEGMENT REVENUE					
External sales	1,997,935	233,242	887,787	313,107	3,432,071
Segment profit	569,606	77,375	269,534	118,877	1,035,392
Investment income					72,434
Other unallocated income and gains and losses					171,893
Unallocated expenses					(526,816)
Interest on bank borrowings wholly repayable within five years					(31,272)
Share of profits of joint ventures					6,635
Share of profits of associates					18,837
Profit before tax					747,103
Income tax expense					(102,736)
Profit for the period					644,367

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. Investment Income

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
Interest on bank deposits	69,479	53,345
Interest on loans receivable	280	1,777
Dividends from listed equity securities	2,675	7,993
Total investment income	72,434	63,115

5. Other Income

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
Government grants (note)	45,515	63,225
Service and consultation income	42	13,054
Sales of scrap and raw materials	12,383	13,538
Property rental income	4,253	3,910
Others	9,119	5,809
Total	71,312	99,536

Note: The amounts represent the incentive subsidies granted by the PRC local government authorities to the group entities as incentive to the group entities with good performance in technology development or involving in hi-tech know-how industry. The government grants have been approved by the PRC local government authorities at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

6. Other Gains and Losses

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
Net foreign exchange loss	(6,649)	(7,784)
Gain (loss) on change in fair value of derivative financial assets	41,084	(17,932)
Gain on fair value changes of financial assets designated as fair value through profit or loss	21,874	29,799
(Impairment loss) reversal of impairment loss recognised on trade and other receivables	(3,162)	729
Gain on deemed disposal of equity interest in a former joint venture	–	8,826
Loss on deregistration of an associate	(142)	–
(Loss) gain on disposal of property, plant and equipment	(1,379)	4,913
Impairment loss on property, plant and equipment	(4,406)	(3,557)
Gain recycled from equity on disposal of listed available-for-sale investments	50,199	–
Total	97,419	14,994

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

7. Income Tax Expense

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
Current tax:		
Hong Kong	–	–
PRC Enterprise Income Tax	130,905	88,747
	130,905	88,747
Over provision in prior years:		
PRC Enterprise Income Tax	(25,350)	(22,605)
Deferred tax:		
Current period charge	(2,819)	22,844
	102,736	88,986

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No.39), certain of the group entities located in the PRC have been entitled to the following tax concession under the EIT Law:

- (1) Those entities which are located in specific provinces of western China and engaged in specific encouraged industries enjoy a preferential tax rate of 15% under EIT Law.
- (2) Those entities which are qualified as “Hi-New Tech Enterprises” (“HNTE”) would enjoy a preferential tax rate of 15% under EIT Law and the qualification of HNTE is subject to every 3-year renewal. The qualification of the HNTE for one of the Group’s subsidiaries is now in the process of obtaining the renewal for another three years. The management expects it could successfully obtain before 31 December 2015. The tax rate used by this subsidiary for the current interim period is 25%.

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to interest and dividends payable to investors that are “non-tax resident enterprises”, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to off-shore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. Under tax treaty, withholding tax rate on distributions to Hong Kong resident companies is 5%. Therefore, withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities.

The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled under the EIT Law and other related tax regulations in other jurisdictions.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

8. Profit for the Period

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

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
Depreciation of property, plant and equipment	144,640	115,306
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditures)	6,717	5,454
Total depreciation and amortisation	151,357	120,760
Cost of inventories recognised	2,393,517	2,127,540
Write-off and write-down of inventories	2,985	2,890

9. Dividends

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
Dividends recognised as distribution during the period: 2014 Final – HK\$0.516 (2013: final dividend HK\$0.453) per share	450,607	394,019

On 16 June 2015, a dividend of HK\$0.516 per share (2014: HK\$0.453 per share) was paid to shareholders as the final dividend for 2014.

The directors of the Company have determined that no dividend will be paid in respect of the interim period (2014 interim period (audited): nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

10. 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	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	622,162	562,254
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,102,024	1,092,466
Effect of dilutive share options	9,838	7,990
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,111,862	1,100,456

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 2015 (unaudited) and 2014 (audited) 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 2015 (unaudited) and 2014 (audited).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

11. Movements in Property, Plant and Equipment

During the current interim period, the Group spent approximately RMB555,013,000 (unaudited) (RMB522,692,000 for the six months ended 30 June 2014 (audited)) on the construction of the manufacturing plant and acquisitions of plant and machinery in the PRC, Thailand, Germany and Mexico, in order to upgrade its manufacturing capabilities. Property, plant and equipment amounting to RMB88,094,000 (unaudited) (RMB13,694,000 for the six months ended 30 June 2014 (audited)) was disposed of and RMB4,406,000 impairment loss had been recognised (unaudited) (RMB3,557,000 for the six months ended 30 June 2014 (audited)) have been impaired).

12. Available-for-Sale Investments

Available-for-sale investments comprise:

	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Listed investments:		
– Equity securities listed in the PRC	123,130	154,911

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

13. Loans Receivable

	Maturity date	Effective interest rate	Carrying amount	
			At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Fixed-rate loans receivable from a joint venture	26 October 2015	5.54%	10,015	10,015
Fixed-rate loans receivables from a supplier	26 December 2014 to 26 December 2020	6.15% to 6.60%	–	13,406
			10,015	23,421
Analysed for reporting purposes as				
Current assets			10,015	11,685
Non-current assets			–	11,736
			10,015	23,421

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

14. Trade and Other Receivables

	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Trade receivables		
– associates	4,759	6,294
– joint ventures	35,629	9,622
– non-controlling interests of subsidiaries	1,637	3,889
– third parties	1,543,987	1,586,810
Less: allowance for doubtful debts	(10,420)	(11,000)
	1,575,592	1,595,615
Bill receivables	84,160	41,529
	1,659,752	1,637,144
Other receivables		
– associates	1,165	503
– joint ventures	18,395	3,683
– third parties	127,715	65,913
Less: allowance for doubtful debts	(3,486)	(1,789)
	143,789	68,310
Prepayments	245,844	207,567
Value-added tax recoverable	133,515	118,403
Refundable guarantee deposits	30,000	30,000
Dividend receivables from listed equity securities	2,675	–
Total trade and other receivables	2,215,575	2,061,424

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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 approximated the respective revenue recognition date:

	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Age		
0–90 days	1,474,492	1,533,405
91–180 days	66,121	57,228
181–365 days	23,247	1,305
1–2 years	11,732	3,677
	1,575,592	1,595,615

Bill receivables held by the Group as at 30 June 2015 will mature within 6 months (31 December 2014: within 6 months).

The other receivables from associates and joint ventures are interest free, unsecured and repayable on demand.

15. Property Under Development

Property under development includes a land located in Jiaxing City, Zhejiang Province, the PRC and held under long-term lease, and residential properties which would be sold upon completion.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

16. Derivative Financial Assets/Derivative Financial Liabilities

	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Derivative financial assets		
Foreign exchange forward contracts (note a)	20,618	1,628
Interest rate swaps (note b)	853	–
	21,471	1,628
Derivative financial liabilities		
Foreign exchange forward contracts (note a)	5,818	4,207
Swap derivative contracts (note c)	1,147	15,662
	6,965	19,869

Notes:

a. Foreign exchange forward contracts

At 30 June 2015, the Group had a number of outstanding foreign exchange forward contracts. Derivative financial assets of RMB20,618,000 (31 December 2014: RMB1,628,000) and derivative financial liabilities of RMB5,818,000 (31 December 2014: RMB4,207,000) have been recognised in accordance with the fair value of the above foreign exchange forward contracts, respectively.

b. Interest rate swaps

At 30 June 2015, the Group had a number of outstanding interest rate swaps. Derivative financial assets of RMB853,000 (31 December 2014: nil) have been recognised in accordance with the fair value of the above interest rate swaps.

c. Swap derivative contracts

At 30 June 2015, the Group had an outstanding swap derivative contract. Derivative financial liabilities of RMB1,147,000 (31 December 2014: RMB15,662,000) have been recognised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

17. Trade and Other Payables

	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Trade payables		
– associates	681	2,560
– joint ventures	20,659	36,458
– non-controlling interests of subsidiaries	2,742	22,340
– third parties	725,661	728,691
	749,743	790,049
Payroll and welfare payables	154,774	195,817
Advance from customers	15,749	22,091
Consideration payable for acquisition of property, plant and equipment	123,474	98,842
Technology support service fees payable	22,289	18,119
Freight and utilities payable	61,461	57,978
Value-added tax payable	36,469	36,743
Interest payable	9,122	10,137
Rental payable	2,954	4,137
Deposits received	12,821	22,608
Dividend payable to minority owners of a subsidiary	7,375	–
Others	145,024	135,559
	1,341,255	1,392,080

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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

	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Age		
0–90 days	692,939	742,324
91–180 days	33,139	31,074
181–365 days	14,441	9,694
1–2 years	7,275	4,293
Over 2 years	1,949	2,664
	749,743	790,049

18. Borrowings

	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Carrying amount repayable		
Within one year	2,239,451	2,708,485
More than one year, but not exceeding two years	173,015	–
More than two years, but not exceeding five years	533,717	–
	2,946,183	2,708,485
Less: Amount due within one year shown under current liabilities	2,239,451	2,708,485
Amount shown under non-current liabilities	706,732	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

During the current interim period, the Group obtained new borrowings amounting to RMB1,352,857,000 (unaudited) (RMB1,278,909,000 for the six months ended 30 June 2014 (audited)). The loans bear interest at variable market rates. The proceeds were used to provide additional working capital for the Group. Repayments of borrowings amounting to RMB1,098,162,000 (unaudited) (RMB868,672,000 for the six months ended 30 June 2014 (audited)) were made during the current interim period in line with the relevant repayment terms.

19. Share Capital

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2014, 30 June 2014, 31 December 2014 (audited) and 30 June 2015 (unaudited)	5,000,000	500,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

	Number of shares '000	Share capital RMB'000
Issued and fully paid:		
As at 1 January 2014 (audited)	1,091,689	110,342
Exercise of share options (audited)	1,417	112
At 30 June 2014 (audited)	1,093,106	110,454
As at 1 January 2015 (audited)	1,097,447	110,801
Exercise of share options (unaudited)	9,140	722
At 30 June 2015 (unaudited)	1,106,587	111,523

20. Share-Based Payment Transactions

The Company adopted a share option scheme (the “2005 Share Option Scheme”) pursuant to a resolution passed on 13 November 2005 for the primary purpose of providing incentives to directors and eligible employees, the term of the 2005 Share Option Scheme was 10 years. The 2005 Share Option Scheme has been terminated and replaced by a new share option scheme, which was approved in the annual general meeting held on 22 May 2012 and will be valid for 10 years from the date of its adoption (the “Share Option Scheme”).

For the six months ended 30 June 2015, certain share options were granted under the Share Option Scheme to directors and senior management (“2015A”), and employees (“2015B”) of the Company on 25 March 2015. The fair values of the options determined at the date of grant using the Binomial model was HK\$101,634,000 (equivalent to RMB80,477,000). The vesting period of the share options are as follows: 30% vesting on 1 January 2016, 30% vesting on 1 January 2017 and 40% vesting on 1 January 2018.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

The closing price of the Company's shares immediately before 25 March 2015, the date of grant, was HK\$14.08.

The table below discloses movement of the Company's share options held by the Group's employees:

	Number of share options
Outstanding as at 1 January 2014 (audited)	33,098,000
Granted during the period (audited)	13,580,000
Exercised during the period (audited)	(1,417,000)
Forfeited during the period (audited)	(1,038,000)
Outstanding as at 30 June 2014 (audited)	44,223,000
Outstanding as at 1 January 2015 (audited)	39,137,000
Granted during the period (unaudited)	26,000,000
Exercised during the period (unaudited)	(9,139,500)
Forfeited during the period (unaudited)	(386,500)
Outstanding as at 30 June 2015 (unaudited)	55,611,000

During the six months ended 30 June 2015, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$17.16 (unaudited) (six months ended 30 June 2014: HK\$14.39 (audited)).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

The following assumptions were used to calculate the fair value of share options granted during the six months ended 30 June 2015:

	Option type	
	2015A	2015B
Grant date share price	HK\$14.08	HK\$14.08
Exercise price	HK\$14.08	HK\$14.08
Expected volatility	47%	47%
Expected life	5.78 years	5.78 years
Risk-free rate	1.32%	1.32%
Expected dividend yield	3%	3%
Early exercise multiple	1.5	1.5

The Binomial model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options were based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The Group recognised the total expenses of RMB20,783,000 (unaudited) for the six months ended 30 June 2015 (RMB22,529,000 for the six months ended 30 June 2014 (audited)) in relation to share options granted by the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

21. Commitments

As at the end of current interim period, the Group's capital expenditure commitment is shown below:

	At 30 June 2015 (unaudited) RMB'000	At 31 December 2014 (audited) RMB'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	314,564	393,680

22. Related Party Transactions and Connected Transactions

Save as disclosed elsewhere, the Group has the following significant transactions with related/connected parties during the period:

Relationship with related/connected party	Nature of transactions	Six months ended 30 June	
		2015 (unaudited) RMB'000	2014 (audited) RMB'000
Joint venture, in which the Group has a 49% equity interest	Sales of finished goods	12,727	7,814
	Purchase of finished goods	50,763	75,062
	Purchases of raw materials	12,440	19,034
	Purchase of moulds	1,500	-
	Property rental income	1,646	1,596
	Utilities income	4,826	5,659
	Technology support services charges	121	1,794

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

Relationship with related/connected party	Nature of transactions	Six months ended 30 June	
		2015 (unaudited) RMB'000	2014 (audited) RMB'000
Joint venture, in which the Group has a 50% equity interest (note i)	Sales of finished goods	1,296	N/A
	Sales of raw materials	5,105	N/A
	Purchases of raw materials	14,635	N/A
	Purchase of semi-finished/finished goods	181	N/A
	Property rental income	1,635	N/A
Joint venture, in which the Group has a 50% equity interest (note ii)	Sales of moulds	1,051	N/A
A former joint venture, in which the Group had a 49.82% equity interest (note iii)	Sales of finished goods	N/A	135,874
	Sales of moulds	N/A	48,129
	Purchase of finished goods	N/A	397
	Interest income	N/A	1,777
	Consulting service income	N/A	10,122
	Property rental expense	N/A	3,220
Associates, in which the Group has a 49% and 35% equity interests	Sales of finished goods	15,244	18,096
	Sales of raw materials	2,524	5,403
	Sales of moulds	41	1,040
	Purchase of raw materials	794	654
	Purchase of finished goods	3,092	2,998
	Purchase of moulds & fixed assets	-	306
Associate, in which the Group has a 30% equity interest	Property rental income	1,150	1,891
Non-controlling interests of subsidiaries (*)	Sales of finished goods	11,639	34,308
	Purchase of raw materials	11,385	27,176
	Technology support services charges	11,210	8,007
	Purchase of moulds & fixed assets	2,849	364

The transactions mentioned above also include connected transactions or continuing connected transactions (denoted as*) as defined in Chapter 14A of the Listing Rules.

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The directors represented that they considered the above transactions were carried out in the Group's ordinary and usual course of business and in accordance with the term of agreements governing these transactions.

The remuneration of directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2015 (unaudited) RMB'000	2014 (audited) RMB'000
Short-term benefits	6,013	7,687
Post-employment benefits	18	14
Share-based payments	4,108	5,037
	10,139	12,738

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes:

- (i) Wuhan Minth Nojima was previously a subsidiary of the Company. On 4 September 2014, the Company lost the control over Wuhan Minth Nojima and it became a joint venture of the Company.
- (ii) TK Minth Mexico, SADE C.V ("TK Minth") was previously a subsidiary of the Company. On 26 March 2015, the Company lost the control over TK Minth and TK Minth became a joint venture of the Company (see note 24).
- (iii) Plastic Trim International Inc. was previously a joint venture of the Company. The amounts only include the transactions before the Group acquiring the additional equity interests in the former joint venture and became a wholly-owned subsidiary of the Company on 30 June 2014.

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23. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
	30 June 2015 (unaudited)	31 December 2014 (audited)		
1) Available-for-sale investments	Listed equity securities in A shares listed on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB123,130,000	Listed equity securities in A shares listed on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB154,911,000	Level 1	Quoted bid prices in an active market.
2) Foreign currency forward contracts classified as derivative financial assets and liabilities	Assets – RMB20,618,000 and Liabilities – RMB5,818,000	Assets – RMB1,628,000 and Liabilities – RMB4,207,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
	30 June 2015 (unaudited)	31 December 2014 (audited)		
3) Swap derivative contracts classified as derivative financial liabilities	Liabilities – RMB1,147,000	Liabilities – RMB15,662,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward exchange rates under pre-determined condition of actual exchange rate on each maturity date, discounted at a rate that reflects the credit risk of various counterparties.
4) Interest rate swaps classified as derivative financial assets	Asset – RMB853,000	Nil	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, discounted at a rate that reflects the credit risk of various counterparties.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

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24. Disposal of a Subsidiary

On 26 March 2015, the article of association of TK Minth was changed. After the change, all the resolutions of TK Minth must be approved by all the directors from both shareholders of Talentlink Development Limited, a subsidiary of the Company, and Tokaikogyo Co., Ltd., an independent third party. As such, the Group lost its control over TK Minth without corresponding change in shareholdings. TK Minth was then de-consolidated and changed from a 50%-owned subsidiary to a joint venture of the Group and was accounted for using the equity method thereafter.

There is no consideration received on disposal of TK Minth.

Analysis of assets and liabilities over which control was lost

	RMB'000
Non-current asset	
Plant and equipment	73,011
Current assets	
Inventories	32,307
Trade and other receivables	11,360
Bank balances and cash	10,058
Current liability	
Trade and other payables	(41,082)
Net assets disposed of	85,654

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Gain or loss on disposal of a subsidiary

	RMB'000
Interest in a joint venture	42,827
Non-controlling interest	42,827
Net assets disposed of	(85,654)
	—

No gain or loss was realised on disposal of TK Minth as the management of the Company considers that the carrying amount of the interest in TK Minth approximates its fair value at the date when the control was lost.

Net cash outflow on disposal of a subsidiary

	RMB'000
Consideration received in cash and cash equivalents	—
Less: cash and cash equivalent balances disposed of	(10,058)
	(10,058)

25. Significant Event

On 11 April 2014, the Securities and Futures Commission (“SFC”) served a petition to the Company and also named as respondents the Company, its wholly owned subsidiary, Decade (HK) Limited (“Decade”) and several executive directors of the Company, in respect of the Group’s acquisition of Talentlink Development Limited and Magic Figure Investments Limited (“Talentlink HK” and “Magic Figure”) from the nephew and niece of Mr. Chin, the chairman, executive director and controlling shareholder of the Company in 2008 (“the Acquisition”). The executive directors named in the petition are Mr. Chin, Mr. Shi Jian Hui and Mr. Zhao Feng.

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In summary, the SFC petition alleges that, in connection with the Acquisition approved by shareholders of the Company in 2009, there has been incorrect or misleading disclosure or a failure to disclose information relating to the Acquisition and as a result, there has been misfeasance or other misconduct towards the Company and some or all of its shareholders and that, further, some or all of its shareholders have not been given information that they might reasonably expect or that there has been unfair prejudice to some or all of its shareholders. The SFC petition also alleges that Mr. Chin was the true beneficial owner of Magic Figure and Talentlink HK and that the Acquisition was not genuine and is void or voidable. For more details, please refer to the SFC petition dated 10 April 2014 (available to the public at the High Court of Hong Kong) and the Company's announcement on 14 April 2014 regarding the legal proceedings.

The SFC does not seek any claim for compensation against the Group and has joined the Company and Decade as parties to the legal proceedings in connection with claims the SFC makes against the relevant executive directors of the Company so that in the event the SFC succeeds in its claims against the relevant executive directors, the SFC can seek consequential orders from the court for the benefit of the Company.

The directors of the Company are of the opinion that Magic Figure and Talentlink HK have been subsidiaries of the Company since completion of the Acquisition and that the SFC petition does not have any significant impact on the condensed consolidated financial statements of the Group for the interim period ended 30 June 2015.

The first three directions hearings in connection with the SFC petition took place on 9 July 2014, 31 October 2014 and 11 February 2015, respectively. As of the end of the reporting period, there have been no changes to the facts and circumstances since those hearings. The Company does not know when the court will deal with the substantive claims in this matter.