INTERIM REPORT 2017

MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

CORE VALUES

- Integrity
- Trust
- Teamwork
- Embrace change

VISION

We create beauty in motion with intelligence

MISSION

Make automobiles lighter, prettier and more intelligent

TARGET

To be the top 60 global auto parts supplier in 2021

CONTENTS

CORPORATE INFORMATION

THE BOARD

Executive directors

Chin Jong Hwa *(Chairman and Chief Executive Officer as redesignated on 10 August 2017)*
Shi Jian Hui *(resigned on 10 August 2017)*
Zhao Feng
Bao Jian Ya *(resigned on 31 May 2017)*
Chin Chien Ya
Huang Chiung Hui

Independent non-executive directors

Wang Ching
Wu Fred Fong
Yu Zheng

COMPANY SECRETARY

Loke Yu

REGISTERED OFFICE

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Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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Ningbo Economic and Technology Development Zone
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China
Tel: (86 574) 8680-1018
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Website: www.minthgroup.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Sheung Wan, Hong Kong

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

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Royal Bank House – 3rd Floor
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P.O. Box 1586
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
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LEGAL ADVISERS TO THE COMPANY

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11/F Block A Dragon Century Square
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As to Cayman Islands Law
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Grand Cayman, British West Indies

STOCK CODE

SEHK Code: 0425

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the six months ended 30 June 2017 (the "Review Period"), the production and sales of China's passenger vehicles were approximately 11,483,000 units and approximately 11,253,000 units, respectively, representing a year-on-year growth of approximately 3.2% and approximately 1.6%, respectively. Affected by the "new normal" economy, the sales growth of passenger vehicles slowed down amid the increasingly intensified market competition in China and the intensive introduction of various policies, including the "Administrative Measures for Automobile Sales" (《汽車銷售管理辦法》) and the "Provisions on the Access of New Energy Vehicle ("NEV") Manufacturers and Products" (《新能源汽車生產企業及產品准入管理規定》). As a result, adjustment, reform and cooperation became the buzzwords in the automotive market during the Review Period. Among the four models of passenger vehicles, only SUV models reported sales growth during the Review Period. Despite this, the growth rate for SUV sales significantly fell to approximately 16.8% as compared to that of the same period last year, while other models all recorded sales decline compared to the same period last year. The Korean brands experienced a severe setback in China, while the Japanese brands achieved significant growth. The Chinese brands also reported a remarkable performance with a continued growth momentum, as the sales amounted to approximately 4,940,000 units, representing a year-on-year increase of approximately 4.3%. The production and sales of NEVs in China were approximately 212,000 units and approximately 195,000 units, respectively, representing a year-on-year increase of approximately 19.7% and approximately 14.4%, respectively.

During the Review Period, sales of passenger vehicles in mature markets varied. Sales in the US market were approximately 8,457,000 units, representing a year-on-year decrease of approximately 2.1%, of which sales of sedans decreased by approximately 11.4% as compared to last year, while sales of light trucks increased at a rate of approximately 4.2%, mitigating the decline of the overall sales in the US market. Sales of passenger vehicles in the European Union amounted to approximately 8,211,000 units, representing a year-on-year increase of approximately 4.7%, and total sales in Western Europe amounted to approximately 8,461,000 units, representing a year-on-year growth of approximately 4.6%. During the Review Period, most of the emerging markets recorded growth in production and sales of automobiles due to improving economic conditions. The automotive markets in India, Russia, Brazil, Thailand and Mexico all reported growth at different rates. In particular, it was the first time that the Russian and Brazilian markets witnessed growth over the last four years.

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, roof racks and other related auto parts. The manufacturing bases of the Group are mainly located in China, the U.S., Mexico, Thailand and Germany. With the support of the technical centers in China, Germany, North America and Japan, the Group is able to provide services for major automotive markets across the globe, and meet the growing demand from its customers.

According to the Top 100 Global OEM Parts Suppliers in 2017 published by Automotive News, the Group was nominated for the first time and ranked 93rd during the Review Period, reflecting a long-term fast growth of the Group, as well as the prosperous development of the automobile industry in China.

During the Review Period, the Group continued its efforts to enhance the competitiveness of its aluminum products and promote the application of innovative products and techniques, thus paving the way for the Group to continue its growth on a fast track. To strenuously maintain its stable performance and growth, the Group also achieved scale benefits with its optimized global production layout, while exploiting technological advantages of its traditional products.

To facilitate fast growth of its global business and improve customer satisfaction, the Group continued to enhance lean production and introduce innovative management for manufacturing and operations in its factories during the Review Period. By substantially investing in large automated production lines and streamlining core production processes available at various factories, the Group succeeded in establishing a role model for lean production lines and building the culture of lean production. In addition to continuous reduction of operating costs, the Group constantly improves product quality and production efficiency, which laid a solid foundation for improving its gross profit margin. During the Review Period, the Group expanded its product offerings based on its existing traditional product segments. With the trend of body weight reduction for automobiles, the Group constantly explored and achieved technological breakthroughs for aluminum door frames. Furthermore, the Group also introduced a production line of surface treatment with world-leading technology over the course of expanding its intelligent automotive components business. Meanwhile, the Group continued investing in large-size environmental facilities at various production bases in order to comply with national environmental policies, which would in return guarantee the sustainability of the Group in the long run.

The Group continued to explore external resources by further expanding its cooperation with its major customers, suppliers, partners, colleges, research institutes, experts and consulting companies, as well as deepening strategic alliances with outstanding platform suppliers. Besides actively forging ahead with the transformation of its research and development ("R&D") team and the introduction of technical experts, the Group cultivated and retained international elites and core technical talents, carried out research with a focus on innovative products and technologies and strengthened its technical know-how. Intellectual property rights protection systems were put in place in domestic and overseas markets in order to protect the Group's R&D achievements.

During the Review Period, the Group conducted risk management revolving around its strategic goal and annual business target, thereby strengthening the completeness and trending of its assessment on medium and long term risks, properly determining the trending of assessment on risk management objectives, preferences, and level of tolerance, and further improving its risk management system. In addition, to constantly improve its risk management, the Group reinforced coordination and collaboration between risk management functions and various business departments, through conducting risk assessments to identify management weaknesses, realign scopes of authorization, redefine terms of reference, optimize working procedures, and improve supervision and accountability. Furthermore, the Group enhanced the cultivation of its risk management culture, whereby, specific training and promotion was organized to enhance the awareness of risk management and nurture risk management talents. Meanwhile, the Group will ensure accessible whistle-blowing channels and intensify internal audit to maintain sustainable and steady development.

BUSINESS AND OPERATION LAYOUT

During the Review Period, the Group's revenue was approximately RMB5,265,560,000, representing an increase of approximately 25.5% compared with approximately RMB4,196,097,000 in the same period in 2016. During the Review Period, the domestic revenue of the Group was approximately RMB3,136,063,000, representing an increase of approximately 26.1% compared with approximately RMB2,486,220,000 in the same period in 2016, mainly attributable to the favorable growth in production and sales of Japanese

OEMs and Chinese OEMs in China. The Group's overseas revenue was approximately RMB2,129,497,000, and grew by approximately 24.5% compared with approximately RMB1,709,877,000 in the same period in 2016, mainly due to the business growth of the Group's customers in Europe.

During the Review Period, the Group once again achieved decent results in its new business intake, while further expanding the market share for its mature products. During the Review Period, the Group achieved various breakthroughs by closely following the industry development trend, as well as continuing and deepening the development in terms of body weight reduction and scale production. In addition to its constantly growing client base, the Group's market penetration continued to extend to the high-end sector. Meanwhile, the Group also continued to strengthen the business development for its aluminum products, with a focus on the breakthrough of new product pipeline, including aluminum door frames, aluminum battery packs, and aluminum guide rails. In terms of mature products, the Group was committed to building a higher market entry barrier by enhancing its product performance, while successfully foraying into the laser welding market for door frames. Such actions not only met its clients' requirements for body weight reduction but also ensured a stable improvement in its competitive strength. In addition, the Group successfully formulated the most comprehensive production techniques of surface treatment for exterior decorative parts for automobiles in the global market. On the other hand, the Group was committed to commercializing its world-leading hard coating and tint coating processes, and with a breakthrough achieved in ACC (adaptive cruise control) emblem, its first product will soon be launched into the market.

During the Review Period, the Group forged ahead with the optimization of its production layout. Based on its global business development requirements, the Group also improved and realigned its product planning and production capacity, and implemented the scheme of a sizeable and centralized factory town. During the Review Period, the Group was committed to enhancing the competitive strength of its overseas factories. The Group upgraded the manufacturing techniques of aluminum products and built a large-scale coating production line at its Mexican factory. In the U.S., the Group further optimized the production capacity of its factory to focus on stainless steel trims and other products. On the other hand, the Group further explored opportunities for chrome plating and door frame businesses and establishment of a new factory in North America. With a visionary footprint to meet the requirements for its fast-growing global business, the Group also planned to establish new production lines for aluminum products in its Jiaxing factory and expedite capacity expansion of aluminum products in its Huai'an factory, and pushed forward the establishment of large-scale coating lines and chrome plating lines in its Wuhan, Guangzhou and Tianjin factories during the Review Period.

During the Review Period, the Group continued to promote its efforts on environmental protection, occupational health and production safety management. In view of the environmental development trend in the automotive industry, the Group stayed focused on managing environmental impacts brought by its business operations, and persisted in the philosophy of sustainability to promote the environmental protection activities. By formulating environmental treatment standards, the Group ensured that all pollutants were processed and discharged under high standards to safeguard public health. To ensure production safety, the Group formulated and promoted safety standards for all production lines. For the purposes of production safety and occupational health of employees, the Group organized annual health checks for its employees, and arranged regular occupational health lectures and health consulting services.

RESEARCH AND DEVELOPMENT

During the Review Period, the Group proactively researched on innovative products and technologies. In terms of new products, the Group achieved a significant breakthrough in body weight reduction, which also earned recognition amongst its major clients. In terms of innovative technologies, the Group made certain progress in the metal and plastic materials, the welding and bonding technology, mechanics research and surface treatment, rendering strong support for improving the Group's technological capability. In consideration of the increasing concurrent design requirements among global clients, the Group succeeded in entering the concurrent design system of global high-end OEMs by constantly expanding its product design team, consolidating global design resources and advanced technologies in China and abroad, establishing and improving its global R&D network, and enhancing its capabilities in the design of its existing products, testing validation and prototype development. Meanwhile, the Group enhanced communications and exchanges with the R&D institutions of its clients to improve its R&D capabilities in new products. To upgrade and break through its current production processes, the Group kept improving its core technologies related to equipment, tooling and techniques, and established specialized laboratories during the Review Period. In terms of production processes, the Group continuously improved its surface treatment technologies in chrome plating, aluminum anodizing and hard coating, and achieved successful mass production at its overseas factories. In particular, a breakthrough was made in multi-color aluminum anodizing, further boosting the competitiveness of the Group's aluminum products. On the other hand, the Group launched a scheme for a series of large-scale production models to build large-scale, modular, and flexible production lines. During the Review Period, the Group also further improved its information management system and streamlined its R&D process, thus facilitating its development in intelligent research and manufacturing.

The Group has placed great emphasis on protecting its intellectual property rights. It has obtained the certification of the intellectual property rights protection system and has actively applied for international patents. During the Review Period, the Group filed 71 patent applications for approval, and 76 patents were authorized by competent institutions.

FINANCIAL REVIEW

	Six months ended 30 June 2017 RMB'000	Six months ended 30 June 2016 RMB'000
Revenue	**5,265,560**	4,196,097
Gross profit	**1,778,468**	1,443,299
Profit before tax	**1,265,065**	986,080
Income tax expense	**(180,435)**	(145,019)
Profit for the period attributable to:		
Owners of the Company	**1,053,271**	812,718
Non-controlling interests	**31,359**	28,343

RESULTS

During the Review Period, the Group's revenue was approximately RMB5,265,560,000, representing an increase of approximately 25.5% from approximately RMB4,196,097,000 in the same period of 2016. It was mainly driven by the favorable growth in production and sales of Japanese OEMs and Chinese OEMs in China, as well as the business of the Group's customers in Europe.

During the Review Period, the profit attributable to owners of the Company was approximately RMB1,053,271,000, representing an increase of approximately 29.6% from approximately RMB812,718,000 in the same period of 2016. It was mainly attributable to the growth in revenue of the Group, together with the continuous emphasis on control of costs and expenses. Thus, the Group managed to maintain a favorable profit level.

SEGMENT REVENUE

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

	Six months ended 30 June 2017		Six months ended 30 June 2016	
Customer category	**RMB'000**	**%**	RMB'000	%
The PRC	**3,136,063**	**59.6**	2,486,220	59.2
North America	**1,159,369**	**22.0**	1,074,182	25.6
Europe	**684,469**	**13.0**	368,060	8.8
Asia Pacific	**285,659**	**5.4**	267,635	6.4
Total revenue	**5,265,560**	**100.0**	4,196,097	100.0

GROSS PROFIT

During the Review Period, the Group's overall gross profit margin was approximately 33.8%, representing a decrease of approximately 0.6% from approximately 34.4% in the same period of 2016. Such decrease during the Review Period was mainly due to an increasing percentage of revenue from certain overseas subsidiaries with a comparatively low gross profit margin during their ramp-up period, which dragged down the Group's gross profit margin. Meanwhile, the Group continued to face pressures of ASP decline of products for old models, and price hike of raw materials. To address these, the Group continued to enhance its efficiency of both production and management by adopting measures such as lean manufacturing and improvement of production layout, while proactively optimizing product mix, which resulted in the overall gross profit margin remaining at a decent level.

INVESTMENT INCOME

During the Review Period, the investment income of the Group was approximately RMB39,080,000, representing a decrease of approximately RMB4,643,000 from approximately RMB43,723,000 in the same period of 2016. It was mainly due to reduction of interest income.

OTHER INCOME

During the Review Period, the other income of the Group amounted to approximately RMB162,677,000, representing an increase of approximately RMB97,621,000 from approximately RMB65,056,000 in the same period of 2016. It was mainly attributable to revenue from real estate development projects mainly for the Group's employee family housing and an increase in government subsidies during the Review Period.

OTHER GAINS AND LOSSES

During the Review Period, the Group's other gains and losses amounted to a net gain of approximately RMB78,575,000, representing an increase of approximately RMB7,000,000 as compared to the net gain of approximately RMB71,575,000 in the same period of 2016. It was mainly attributable to gains from Jiangsu Min'an Electric Cars Co., Ltd.* (江蘇敏安電動汽車有限公司) ("Jiangsu Min'an"), a former subsidiary's turning into an associate, and changes in the fair value of forward exchange contracts entered into by the Group to counter the drastic fluctuation in foreign exchanges.

DISTRIBUTION AND SELLING EXPENSES

During the Review Period, the Group's distribution and selling expenses were approximately RMB208,916,000, representing an increase of approximately RMB57,684,000 from approximately RMB151,232,000 in the same period of 2016. It accounted for approximately 4.0% of the Group's revenue, representing an increase of approximately 0.4% from approximately 3.6% in the same period of 2016. It was mainly attributable to additional expenses which were in line with the Group's revenue growth and new business intake during the Review Period.

ADMINISTRATIVE EXPENSES

During the Review Period, administrative expenses of the Group amounted to approximately RMB354,318,000, representing an increase of approximately RMB50,554,000 from approximately RMB303,764,000 in the same period of 2016. It accounted for approximately 6.7% of the revenue of the Group, representing a decrease of approximately 0.5% from approximately 7.2% in the same period of 2016. It was mainly attributable to the stringent control of the administrative expenses by the Group despite its revenue growth, so that the proportion of such expenses to the revenue decreased.

RESEARCH EXPENDITURES

During the Review Period, the research expenditures of the Group amounted to approximately RMB211,853,000, representing an increase of approximately RMB37,954,000 from approximately RMB173,899,000 in the same period of 2016. It was mainly attributable to an increase in labor costs arising from the Group's recruitment of high-caliber R&D personnel to enhance its R&D capabilities in order to maintain its market competitiveness and sustainable growth.

SHARE OF PROFITS OF JOINT VENTURES

During the Review Period, the Group's share of profits of joint ventures was approximately RMB4,697,000, representing an increase of approximately RMB412,000 from approximately RMB4,285,000 in the same period of 2016, which was mainly attributable to an increase in profit from a joint venture.

SHARE OF PROFITS OF ASSOCIATES

During the Review Period, the Group's share of profits of associates was approximately RMB12,127,000, representing a decrease of approximately RMB4,760,000 from RMB16,887,000 in the same period of 2016. It was mainly attributable to the share of loss brought by a new associate which was a former subsidiary of the Group.

INCOME TAX EXPENSE

During the Review Period, the Group's income tax expense was approximately RMB180,435,000, representing an increase of approximately RMB35,416,000 from approximately RMB145,019,000 in the same period of 2016.

During the Review Period, the effective tax rate was approximately 14.3%, representing a decrease of approximately 0.4% from approximately 14.7% in the same period of 2016.

PROFITS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB31,359,000, representing an increase of approximately RMB3,016,000 from approximately RMB28,343,000 in the same period of 2016. It was mainly attributable to an increase in profit due to the revenue growth of certain non-wholly owned subsidiaries.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2017, the Group's total bank balances and cash amounted to approximately RMB3,213,402,000, representing an increase of approximately RMB273,679,000 compared to approximately RMB2,939,723,000 as of 31 December 2016. As of 30 June 2017, the Group's low-cost borrowings amounted to approximately RMB2,511,452,000, among which the equivalent of approximately RMB564,000,000, approximately RMB501,306,000, approximately RMB474,799,000, approximately RMB452,973,000, approximately RMB414,467,000, approximately RMB97,405,000 and approximately RMB6,502,000 were denominated in RMB, US Dollar ("USD"), Mexico Peso ("MXN"), Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht ("THB") and Japanese Yen ("JPY") respectively, representing an increase of approximately RMB1,065,577,000 as compared to approximately RMB1,445,875,000 as of 31 December 2016. The increase was mainly due to the amount of borrowings that the Group borrowed 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 RMB760,662,000, indicating a sound cash flow condition.

Trade receivables turnover days were approximately 83 days, increased by approximately 6 days from approximately 77 days for the same period of 2016, which was mainly attributable to the increases in the balance of bill receivables and percentage of revenue generated from customers with longer repayment terms.

Trade payables turnover days were approximately 58 days, increased by approximately 9 days from approximately 49 days for the same period of 2016, which was mainly attributable to adjusting the payment methods of suppliers responding to the change of repayment terms of customers and an increase in the balance of trade payables arising from purchases made for new projects under development.

Inventory turnover days were approximately 66 days, extended by approximately 6 days from approximately 60 days for the same period of 2016, which was mainly attributable to an increase in the mould inventory arising from new projects under development and an increase in inventories reserved for new projects.

The Group's current ratio was approximately 1.9 as of 30 June 2017, decreased by approximately 0.3 from approximately 2.2 as of 31 December 2016. As of 30 June 2017, the Group's gearing ratio was approximately 15.4% (31 December 2016: approximately 9.6%), 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 Company's 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 had provided a strong support for the sustainable growth in the future.

COMMITMENTS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**577,401**	275,148

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2017, the balance of the Group's bank borrowings was approximately RMB2,511,452,000, of which RMB484,000,000 was bearing at fixed interest rates, and approximately RMB2,027,452,000 was bearing at floating interest rates. These borrowings had no seasonality features. In addition, approximately RMB1,084,713,000 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 RMB414,467,000, approximately RMB413,238,000, approximately RMB250,506,000 and approximately RMB6,502,000 were denominated in HKD, USD, EUR and JPY respectively.

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

As of 30 June 2017, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB1,128,860,000, of which approximately RMB1,038,797,000 was denominated in USD, approximately RMB53,221,000 was denominated in EUR, approximately RMB36,176,000 was denominated in HKD, approximately RMB585,000 was denominated in JPY, approximately RMB60,000 was denominated in Canadian Dollar and the remainder of approximately RMB21,000 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.

As a result of the constant expansion of overseas sales and the drastic fluctuation in currency markets, the management of the Group expressed highly concern on the foreign exchange risk and would take the exchange rate expectations of relevant currencies into full consideration when deciding the billing currency for relevant businesses, and also closely monitored the foreign exchange exposure and adjusted the control strategy. The Group entered into forward exchange contracts to manage and control foreign exchange risks.

CONTINGENT LIABILITIES

As of 30 June 2017, the Group had no contingent liabilities (31 December 2016: nil).

MORTGAGED ASSETS

As of 30 June 2017, the Group had borrowings of RMB304,000,000 secured by bank deposits of RMB464,000,000. The borrowings are to be settled in RMB (31 December 2016: the Group had borrowings of RMB304,000,000 secured by bank deposits of RMB464,000,000). The Group pledged no assets to secure general banking facilities granted to the Group (31 December 2016: the Group pledged freehold lands and buildings with a net book value of approximately RMB16,968,000 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 RMB1,077,146,000 (the same period in 2016: approximately RMB574,592,000), which was attributable to the increase of investments in intelligent, automated and lean production lines to match the Group's global production layout, as well as expansion in scale of R&D and production.

MATERIAL ACQUISITIONS AND DISPOSALS

On 2 March 2017, Cheerplan (China) Investments Co., Ltd.*, (展圖（中國）投資有限公司) ("Cheerplan (China)"), a wholly-owned subsidiary of the Group, entered into a capital increase agreement with Huai'an Development Holdings Co., Ltd.*, (淮安開發控股有限公司) ("Huai'an Development") and Best Treasure (China) Limited ("Best Treasure"), pursuant to which, Huai'an Development and Best Treasure each agreed to inject approximately US$49.7 million (equivalent to approximately HK$385.4 million) to Jiangsu Min'an, respectively. Upon the capital increase, the registered capital of Jiangsu Min'an increased from US$33.0 million (equivalent to approximately HK$255.8 million) to US$130.0 million (equivalent to approximately HK$1,007.5 million). The equity interests of Jiangsu Min'an is held as to approximately 12.7%, 50% and approximately 37.3% by Cheerplan (China), Huai'an Development and Best Treasure, respectively. Further details are set out in the Company's announcement dated 2 March 2017 and the circular dated 27 March 2017 for the Company's extraordinary general meeting.

Save as disclosed above, the Group had no material acquisition or disposal during the Review Period.

EMPLOYEES

As of 30 June 2017, the Group had a total of 14,902 employees, increased by 1,245 as compared to that as of 31 December 2016. The increase was mainly due to the establishment of new plants and overseas business expansion. To better satisfy the requirements of its global business and human resources management and allocation, the Group started to build its Global Human Resources Shared Service Center during the Review Period, and put SuccessFactors system into operation in June 2017, thus achieving consistent and constant management of staff performance, succession plan and learning and development planning in its global operations. The Group continued promoting the employer brand project based on its employer value propositions, while further enhancing cooperation with schools to continuously provide appropriate talents for further business objectives of the Group in the context of increasingly fierce competition for talents. The Group also continued improving the remuneration package and performance-based remuneration adjustment policy for the local labor markets in which its subsidiaries operate. The Group has been initiating the establishment of Minth Academy, under which Humanities College has been launched with its training curriculum benefiting both the physical and mental health of its employees. Meanwhile, to continuously proffer language learning program designed for executives and global thinking training program for key talents, the Group accelerated the development and enhancement of cross-regional allocation of talents and international competence throughout its global operations.

Based on its core values, the Group practiced the theory of holistic health development during the Review Period. From various perspectives including care and concerns extended to the physical health of employees, employees' family and the entire community, the projects, comprising curriculum training by Humanities College, Couple's Camp, Teenagers' Training Camp and Children's Camp for Character Building, help to develop the holistic health and competence of its employees, while improving their individual competitiveness. Meanwhile, during the course of globalization, the Group paid greater attention to international talents through the exceptional talent caring scheme.

The Group will be committed to enhancing human resource management in overseas regions, as well as improving and optimizing local organizational design, talent management and performance management. On the other hand, the Group focuses on the "Going Out" strategy and puts emphasis on the selection, training, and motivation of international talents, which helps to strengthen its competitiveness in the global business arena. The Group will gradually roll out extended family plan in different regions to further enhance staff caring and the physical and mental health of its employees. In terms of talent acquisition in the future, the Group will continue the development of its employer brand project, innovate its recruitment model, and select appropriate talents so as to sustain its momentum for business development.

DIRECTORS

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

Executive Directors

Chin Jong Hwa *(Chairman and Chief Executive Officer as redesignated on 10 August 2017)*
Shi Jian Hui *(resigned on 10 August 2017)*
Zhao Feng
Bao Jian Ya *(resigned on 31 May 2017)*
Chin Chien Ya
Huang Chiung Hui

Independent Non-executive Directors

Wang Ching
Wu Fred Fong
Yu Zheng

SHARE OPTION SCHEME

The Company adopted a 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 schemes 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 the Shareholders, 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.

As at the date of this report, the number of Share Options that could still be granted under the Share Option Scheme was 70,025,000 Share Options, representing approximately 6.15% of the 1,139,070,900 Shares in issue by the Company as at 22 August 2017, being the date of this report. Details are as follows:

	Number of Share Options (Note 1)								
Name and category of participants	Outstanding as at 1 January 2017	Granted during the Review Period	Exercised during the Review Period	Cancelled/ Lapsed during the Review Period	Outstanding as at 30 June 2017	Date of grant (Note 5)	Exercise period (Note 6)	Exercise price of the Share Options (HKD) (Note 7)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Directors, chief executives, and substantial Shareholders and their respective associates									
Mr. Shi Jian Hui (Note 2)	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	250,000	–	150,000	–	100,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	32.55
	700,000	–	–	–	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Bao Jian Ya (Note 3)	350,000	–	350,000	–	–	16-1-2014	1-6-2014 to 31-5-2019	15.84	31.94
	700,000	–	20,000	–	680,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	32.50
Ms. Huang Chiung Hui	1,000,000	–	–	–	1,000,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Wu Fred Fong	140,000	–	–	–	140,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Dr. Wang Ching	140,000	–	–	–	140,000	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

Name and category of participants	Number of Share Options (Note 1) Outstanding as at 1 January 2017	Granted during the Review Period	Exercised during the Review Period	Cancelled/ Lapsed during the Review Period	Outstanding as at 30 June 2017	Date of grant (Note 5)	Exercise period (Note 6)	Exercise price of the Share Options (HKD) (Note 7)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Mr. Bau Hsin Hong (Note 4)	350,000	–	–	–	350,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	180,000	–	–	–	180,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Subtotal	5,010,000	–	520,000	–	4,490,000				
Other Participants									
	6,678,500	–	3,424,000	–	3,254,500	16-1-2014	1-6-2014 to 31-5-2019	15.84	30.43
	17,887,000	–	4,304,300	293,000	13,289,700	25-3-2015	1-1-2016 to 31-12-2020	14.08	29.90
Subtotal	24,565,500	–	7,728,300	293,000	16,544,200				
Total	29,575,500	–	8,248,300	293,000	21,034,200				

Note 1: Numbers of Shares over which options granted under the Share Option Scheme are exercisable.

Note 2: Resigned as Chairman of the Board and executive Director on 10 August 2017.

Note 3: Resigned as an executive Director on 31 May 2017.

Note 4: Spouse of Ms. Huang Chiung Hui, and special assistant to the Chairman of the Company.

Note 5: The closing price of the Shares immediately before the date on which the Share Options were granted pursuant to the Share Option Scheme on (i) 16 January 2014, i.e. on 15 January 2014 was HKD16.00, and (ii) 25 March 2015, i.e. on 24 March 2015 was HKD14.02.

Note 6: 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 7: 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, 8,248,300 Share Options were exercised by the grantees of the Share Option Scheme and 293,000 Share Options lapsed due to the resignation of the relevant grantees. For the fair value of the Share Options granted, please refer to note 22 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 22 to the condensed consolidated financial statements.

OUTLOOK AND STRATEGIES

During the Review Period, China's exports and consumption improved with a slight slowdown in infrastructure construction, and growth in gross domestic product exceeded market expectation. Save for a modest slowdown in the real estate industry, it is expected that other sectors will continue to grow in the second half of 2017, among which, the automotive industry is expected to enter into a long-term single-digit growth phase. The waning influence of the previous preferential policy of 50% reduction of automobile purchase tax on the demand for automobiles has been fully priced in during the Review Period, and it is expected that the incentive retreat may continue to drive sales growth of vehicles with lower emission in the second half of 2017. It is anticipated that consumers' demand for high- end vehicles driven by the consumption upgrade will be more robust and automobile sales may record a stronger year-on-year growth in the second half of 2017. Based on the development trend during the Review Period, the Group expects the sales growth of SUVs in China, despite of a slowdown, will remain the key growth driver for passenger vehicles sales. Chinese brands capitalized on the dividends from the SUV niche market by launching various new models in 2017, and some of these Chinese brands are expected to further improve their market share. The brand differentiation facing these brands, however, requires them to closely follow leading enterprises in order to maintain their long-term growth. In addition, NEV industry in China is expected to outperform its rivals and is likely to introduce a new path that leads global players. The new version of new energy credit scheme will be conducive for the development of both higher efficient pure-electric vehicles with a longer driving range and the industry chain. Meanwhile, in China's pure electric vehicle sector, foreign OEMs will no longer be constrained by the policy of a maximum of two joint ventures, driving the involvement of traditional car enterprises in NEV industry. In the near term, to satisfy credit scheme and regulatory requirements, the Group expects that more OEMs will pair up to mitigate the pressure from the integrated management of credit points for average fuel consumption and new energy vehicles in passenger car enterprises, and further increase efforts to invest in NEVs and boost its sales. Meanwhile, compliance costs for OEMs and auto parts enterprises will increase due to growing pressure from environmental protection and higher emission standards, which further urge enterprises to enhance their manufacturing and cost control capabilities, and boost revenue through various business portfolios, thus satisfying the profit and development requirements.

The global traditional automotive market as a whole is expected to continue its growth momentum at a lower rate. In terms of segment markets, due to a nearly saturated automotive market in developed countries, and the possible aftermath of the potential change in trade policy in the U.S. and political risks in Europe, it is expected there will be a possible stagnation or decline in the US market in 2017. Developing markets including China, South Asia and South America will be the major source of demand growth. In the long term, the global automotive industry will continue to evolve into a more electrified, intelligent, and internet-connected business with car sharing, while the NEV development will become the general trend. Internet connecting with artificial intelligence will be the focus of development for the automotive industry for the next decade.

Vehicles in the future will be more of a platform for various smart products as opposed to just a pure transportation instrument, thereby achieving communications between vehicles, sharing driving information, enabling interaction between humans and vehicles, and delivering simpler and safer driving experience. Self driving cars is becoming a reality as planned. On the other hand, body weight reduction will be the most effective way to achieve energy conservation and emission reduction, satisfying the needs to reduce energy consumption and improve energy conversion efficiency. Meanwhile, more and more new technologies will add new functions to vehicles, enabling higher fuel efficiency, better performance and a safer and more comfortable driving experience.

The Group will continue to enhance its competitive strength in the global market by adhering to the development strategies of global business expansion, standardized manufacturing and operation, and cost optimization, as well as its visionary planning for prominent manufacturing. By further advancing the planning and deployment of prominent manufacturing and lean production, the Group will endeavor to pursue higher efficient manufacturing at lower costs, while continuously driving forward the automated, flexible, and intelligent production model. By improving its production layout of chrome plating, coating and door frame related techniques in North America, as well as enhancing the lean production capability of its factories in Mexico, the Group will enhance its comprehensive competitiveness in overseas markets. In line with the automotive industry development and the new business pipeline, the Group has been planning its business objective ahead of time and introduced innovative products and technologies, and proactively expand its business scope, including automotive intelligence, body weight reduction, components related to battery packs of NEVs, the surface treatment process of indium vapor deposition, and light-weight aluminum door frames.

The Group will continue to seize opportunities arising from the global automotive industry, take the initiative to explore the development trend of the industry, and observe the market changes and requirements to actively carry out resource integration and business partnership in the auto part industry. The Group's visionary layout strategy in the global market, along with its enhanced competitive edge, will ensure its stable and robust revenue growth, which in return is expected to enable the Group to become the top 60 global auto parts supplier in 2021.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (the same period in 2016: nil).

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, 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:

Number 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	449,072,000 (Note 2)	39.44%
Minth Holdings Limited ("Minth Holdings")	Beneficial owner	Long position	449,072,000 (Note 3)	39.44%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	79,641,000 (Note 4)	6.99%
Matthews International Capital Management, LLC	Investment manager	Long position	68,123,000	5.98%

Note 1: The percentage of the Company's issued share capital is based on the 1,138,602,300 Shares issued as at 30 June 2017.

Note 2: As at 30 June 2017, Minth Holdings was beneficially interested in 449,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin Jong Hwa ("Mr. Chin") and he is therefore deemed to be interested in the entire 449,072,000 Shares held by Minth Holdings. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei is deemed to be interested in the 449,072,000 Shares in which Mr. Chin is deemed to be interested.

Note 3: As at 30 June 2017, Minth Holdings, a company wholly-owned by Mr. Chin, was beneficially interested in 449,072,000 Shares.

Note 4: As at 30 June 2017, 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.

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 2017, the interests and short positions of the Directors and the chief executives of the Company 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	449,072,000 (Note 2)	39.44%
Shi Jian Hui ("Mr. Shi")	Company	Long position	Beneficial owner	1,952,000 (Note 3)	0.17%
Zhao Feng ("Mr. Zhao")	Company	Long position	Beneficial owner	1,900,000	0.17%
			Interest of spouse	100,000 (Note 4)	0.01%
Bao Jian Ya ("Ms. Bao")	Company	Long position	Beneficial owner	902,000 (Note 5)	0.08%
Huang Chiung Hui ("Ms. Huang")	Company	Long position	Beneficial owner	1,000,000	0.09%
			Interest of spouse	530,000 (Note 6)	0.05%
Wu Fred Fong ("Mr. Wu")	Company	Long position	Beneficial owner	140,000 (Note 7)	0.01%
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	140,000 (Note 7)	0.01%
Yu Zheng ("Ms. Zheng")	Company	Long position	Beneficial owner	200,000	0.02%
			Interest of spouse	350,000 (Note 8)	0.03%

Note 1: The percentage of the Company's issued share capital is based on the 1,138,602,300 Shares issued as at 30 June 2017.

Note 2: As at 30 June 2017, Minth Holdings was beneficially interested in 449,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 449,072,000 Shares held by Minth Holdings. Mr. Chin was redesignated as Chairman of the Board and executive Director on 10 August 2017.

Note 3: This figure represents the aggregated number of 952,000 Shares held by Mr. Shi and 1,000,000 Share Options granted to Mr. Shi under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Shi will own an aggregate of 1,952,000 Shares. Mr. Shi resigned as Chairman of the Board and executive Director on 10 August 2017.

Note 4: These figures represent (i) the aggregated number of 1,100,000 Shares held by Mr. Zhao and 800,000 Share Options granted to Mr. Zhao under the Share Option Scheme 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 own an aggregate of 1,900,000 Shares. Since Mr. Zhao is the spouse of Ms. Zhu, he is also deemed to be interested in the aforesaid Shares in which Ms. Zhu is interested.

Note 5: This figure represents the aggregated number of 222,000 Shares held by Ms. Bao and 680,000 Share Options granted to Ms. Bao under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Bao will own an aggregate of 902,000 Shares. Ms. Bao resigned as an executive Director on 31 May 2017.

Note 6: These figures represent (i) 1,000,000 Share Options granted to Ms. Huang under the Share Option Scheme that are exercisable and (ii) 530,000 Share Options granted to Mr. Bau Hsin Hong ("Mr. Bau") under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Huang will own 1,000,000 Shares. Since Ms. Huang is the spouse of Mr. Bau, she is also deemed to be interested in the aforesaid Shares in which Mr. Bau is interested.

Note 7: These figures represent the number of Share Options granted to Mr. Wu and Dr. Wang under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Wu and Dr. Wang will own 140,000 Shares and 140,000 Shares, respectively.

Note 8: These figures represent (i) 200,000 Share Options granted to Ms. Zheng under the Share Option Scheme that are exercisable and (ii) 350,000 Shares held by Mr. Wei Wei ("Mr. Wei"). Upon exercise of the Share Options, Ms. Zheng will own 200,000 Shares. Since Ms. Zheng is the spouse of Mr. Wei, she is also deemed to be interested in the aforesaid Shares in which Mr. Wei is interested.

Save as disclosed above, as at 30 June 2017, 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

The Company received a petition ("Petition") served by the Securities and Futures Commission ("SFC") 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. On 31 August 2016, the SFC amended its Petition in the court proceedings to add further particulars. The official trial dates for the court proceedings have not yet been fixed. Save as disclosed above, the Group is not engaged in any litigation or arbitration of material importance during the Review Period. The Directors are of the opinion that the Petition does not have any significant impact on the condensed consolidated financial statements of the Group during the Review Period.

AUDIT COMMITTEE

The Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Wu Fred Fong (chairman of the Audit Committee), Dr. Wang Ching and Ms. Yu Zheng. The committee reviews the Group's internal control systems, the completeness and accuracy of the Group's financial statements and liaises on behalf of the Directors with the external auditor. Members of the Committee will 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 six months ended 30 June 2017 and this interim report, and recommended the adoption by the Board.

UPDATES ON BIOGRAPHICAL DETAILS OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the updates on biographical details of Directors are as follows:

Mr. Chin Jong Hwa

– redesignated from non-executive Director and Honorary Chairman to executive Director and Chairman on 10 August 2017

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

Hong Kong, 22 August 2017

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 36 to 72, which comprise the condensed consolidated statement of financial position as of 30 June 2017 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

22 August 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	**2017 (Unaudited) RMB'000**	2016 (Unaudited) RMB'000
Revenue		**5,265,560**	4,196,097
Cost of sales		**(3,487,092)**	(2,752,798)
Gross profit		**1,778,468**	1,443,299
Investment income	4	**39,080**	43,723
Other income	5	**162,677**	65,056
Other gains and losses	6	**78,575**	71,575
Distribution and selling expenses		**(208,916)**	(151,232)
Administrative expenses		**(354,318)**	(303,764)
Research expenditures		**(211,853)**	(173,899)
Interest on bank borrowings wholly repayable within five years		**(35,472)**	(29,850)
Share of profits of joint ventures		**4,697**	4,285
Share of profits of associates		**12,127**	16,887
Profit before tax		**1,265,065**	986,080
Income tax expense	7	**(180,435)**	(145,019)
Profit for the period	9	**1,084,630**	841,061
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**37,983**	(11,812)
Fair value gain (loss) on available-for-sale investments		**47,396**	(16,294)
Income tax relating to items that may be reclassified to profit or loss		**(7,109)**	2,444
Other comprehensive income (expense) for the period (net of tax)		**78,270**	(25,662)
Total comprehensive income for the period		**1,162,900**	815,399

		Six months ended 30 June	
	Note	**2017 (Unaudited) RMB'000**	2016 (Unaudited) RMB'000
Profit for the period attributable to:			
Owners of the Company		**1,053,271**	812,718
Non-controlling interests		**31,359**	28,343
		1,084,630	841,061
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,130,784**	785,808
Non-controlling interests		**32,116**	29,591
		1,162,900	815,399
Earnings per share	11		
Basic		**RMB0.929**	RMB0.731
Diluted		**RMB0.919**	RMB0.724

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	12	**5,579,463**	4,956,665
Prepaid lease payments		**710,442**	610,033
Goodwill		**83,228**	83,228
Other intangible assets		**49,189**	42,514
Interests in joint ventures		**102,598**	91,889
Interests in associates		**339,349**	206,435
Available-for-sale investments	13	**138,585**	91,190
Deferred tax assets		**119,082**	105,124
Prepayment for acquisition of property, plant and equipment		**95,519**	–
		7,217,455	6,187,078
Current assets			
Prepaid lease payments		**17,850**	15,350
Inventories		**1,718,252**	1,569,098
Loans receivable	14	**33,553**	–
Property under development	15	**64,623**	341,579
Trade and other receivables	16	**3,485,862**	3,438,171
Derivative financial assets	17	**38,229**	34,443
Pledged bank deposits		**536,964**	525,270
Bank balances and cash		**3,213,402**	2,939,723
		9,108,735	8,863,634
Current liabilities			
Trade and other payables	18	**2,073,291**	2,529,110
Tax liabilities		**99,469**	121,411
Borrowings	19	**2,511,452**	1,445,875
Derivative financial liabilities	17	**15,301**	6,586
		4,699,513	4,102,982
Net current assets		**4,409,222**	4,760,652
Total assets less current liabilities		**11,626,677**	10,947,730

	Notes	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Capital and reserves			
Share capital	20	**114,258**	113,532
Share premium and reserves		**11,051,957**	10,483,982
Equity attributable to owners of the Company		**11,166,215**	10,597,514
Non-controlling interests		**260,469**	258,192
Total equity		**11,426,684**	10,855,706
Non-current liabilities			
Deferred tax liabilities		**78,888**	71,581
Retirement benefit obligations		**20,443**	20,443
Other long-term liability	21	**100,662**	–
		199,993	92,024
		11,626,677	10,947,730

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	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 2016 (audited)	111,570	3,324,905	276,199	42,210	352,428	13,120	33,380	(140,622)	126,262	5,052,785	9,192,237	214,179	9,406,416
Profit for the period	–	–	–	–	–	–	–	–	–	812,718	812,718	28,343	841,061
Other comprehensive income (expense) for the period	–	–	–	–	–	–	(13,850)	(13,060)	–	–	(26,910)	1,248	(25,662)
Total comprehensive income for the period	–	–	–	–	–	–	(13,850)	(13,060)	–	812,718	785,808	29,591	815,399
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	13,977	–	13,977	–	13,977
Dividend declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(4,500)	(4,500)
Transfer to reserve fund	–	–	–	–	1,066	–	–	–	–	(1,066)	–	–	–
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	1,927	–	–	–	–	(1,927)	–	–	–	–
Dividends recognised as distribution (note 10)	–	–	–	–	–	–	–	–	–	(520,452)	(520,452)	–	(520,452)
Exercise of share options	1,662	186,357	–	–	–	–	–	–	(41,300)	–	146,719	–	146,719
At 30 June 2016 (unaudited)	113,232	3,511,262	276,199	44,137	353,494	13,120	19,530	(153,682)	97,012	5,343,985	9,618,289	239,270	9,857,559
At 1 January 2017 (audited)	113,532	3,623,811	276,199	45,316	353,494	13,120	28,957	(188,474)	82,409	6,249,150	10,597,514	258,192	10,855,706
Profit for the period	–	–	–	–	–	–	–	–	–	1,053,271	1,053,271	31,359	1,084,630
Other comprehensive income for the period	–	–	–	–	–	–	40,287	37,226	–	–	77,513	757	78,270
Total comprehensive income for the period	–	–	–	–	–	–	40,287	37,226	–	1,053,271	1,130,784	32,116	1,162,900
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	5,442	–	5,442	–	5,442
Dividend declared to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(29,839)	(29,839)
Transfer to reserve fund	–	–	–	–	71,166	17,495	–	–	–	(88,661)	–	–	–
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	523	–	–	–	–	(523)	–	–	–	–
Dividends recognised as distribution (note 10)	–	–	–	–	–	–	–	–	–	(676,043)	(676,043)	–	(676,043)
Exercise of share options	726	134,636	–	–	–	–	–	–	(26,844)	–	108,518	–	108,518
At 30 June 2017 (unaudited)	114,258	3,758,447	276,199	45,839	424,660	30,615	69,244	(151,248)	60,484	6,537,717	11,166,215	260,469	11,426,684

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 2017

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH FROM OPERATING ACTIVITIES	**760,662**	853,002
NET CASH (USED IN) FROM INVESTING ACTIVITIES:		
Proceeds on redemption of other financial assets and derivative financial instruments	**9,276,587**	8,470,310
Investment in other financial assets and derivative financial instruments	**(9,230,761)**	(8,435,726)
Interest received	**33,877**	39,092
Dividend received from a joint venture	**5,000**	–
Dividend received from the available-for-sale investments	**–**	4,631
Proceeds on disposal of property, plant and equipment	**24,602**	15,671
Proceeds on disposal of other intangible assets	**1,036**	5,213
Repayment from an associate	**17,427**	–
New pledged bank deposits placed	**(23,199)**	(11,305)
Release of pledged bank deposits	**11,505**	768,071
Payment made for land use rights	**(90,616)**	–
Purchases of property, plant and equipment	**(986,530)**	(525,720)
Acquisition of a subsidiary	**–**	(50,906)
Disposal of a subsidiary (note 8)	**(19,832)**	–
Loans to a joint venture	**–**	(9,462)
Purchases of other intangible assets	**(35,359)**	(8,549)
Investment made to an associate	**(4,112)**	–
Investment made to a joint venture	**(11,022)**	–
	(1,031,397)	261,320

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH FROM (USED IN) FINANCING ACTIVITIES:		
Repayment of borrowings	**(857,281)**	(1,319,783)
Dividends paid to owners of the Company	**(676,043)**	(520,452)
Dividends paid to non-controlling shareholders	**(29,839)**	(4,500)
Interest paid	**(35,472)**	(28,410)
New borrowings raised	**1,875,568**	757,341
Proceeds from exercise of share options	**108,518**	146,719
Loan from government (note 21)	**100,000**	–
	485,451	(969,085)
Net increase in cash and cash equivalents	**214,716**	145,237
Cash and cash equivalents at 1 January	**2,939,723**	2,766,705
Effect of foreign exchange rate changes	**58,963**	(16,334)
Cash and cash equivalents at 30 June, represented by		
Bank balances and cash	**3,213,402**	2,895,608

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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

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 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses

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

3. SEGMENT INFORMATION

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

For the six months ended 30 June 2017 (unaudited)

	The PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
SEGMENT REVENUE					
External sales	3,136,063	1,159,369	684,469	285,659	5,265,560
Segment profit	1,026,874	337,008	286,447	96,287	1,746,616
Investment income					39,080
Other unallocated income and gains and losses					273,104
Unallocated expenses					(775,087)
Interest on bank borrowings wholly repayable within five years					(35,472)
Share of profits of joint ventures					4,697
Share of profits of associates					12,127
Profit before tax					1,265,065
Income tax expense					(180,435)
Profit for the period					1,084,630

For the six months ended 30 June 2016 (unaudited)

	The PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
SEGMENT REVENUE					
External sales	2,486,220	1,074,182	368,060	267,635	4,196,097
Segment profit	827,818	397,715	138,885	76,882	1,441,300
Investment income					43,723
Other unallocated income and gains and losses					138,630
Unallocated expenses					(628,895)
Interest on bank borrowings wholly repayable within five years					(29,850)
Share of profits of joint ventures					4,285
Share of profits of associates					16,887
Profit before tax					986,080
Income tax expense					(145,019)
Profit for the period					841,061

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

4. INVESTMENT INCOME

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Interest on bank deposits	**33,563**	39,092
Interest on loans receivable	**314**	–
Dividends from listed equity securities	**5,203**	4,631
Total	**39,080**	43,723

5. OTHER INCOME

	Six months ended 30 June	
	2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Government grants (note)	**83,063**	36,288
Service and consultation income	**3,215**	790
Sales of scrap and raw materials	**17,646**	16,490
Property rental income	**3,405**	2,931
Sale of property developed	**47,640**	–
Others	**7,708**	8,557
Total	**162,677**	65,056

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 and received from the PRC local government authorities at the end of the reporting period.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net foreign exchange (loss) gain	**(8,048)**	1,011
Fair value changes of derivative financial instruments	**(16,891)**	61,474
Fair value changes of financial instruments designated as fair value through profit or loss	**28,207**	16,583
Impairment loss recognised on trade and other receivables	**(31,852)**	(10,400)
Gain on disposal of a subsidiary (note 8)	**103,821**	–
Gain on acquisition of a subsidiary	**–**	18,076
Gain (loss) on disposal of property, plant and equipment	**6,930**	(711)
Impairment loss on property, plant and equipment	**(3,592)**	(10,237)
Impairment loss on investment in a joint venture	**–**	(4,221)
Total	**78,575**	71,575

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax:		
Hong Kong	**–**	–
PRC Enterprise Income Tax	**237,607**	186,349
	237,607	186,349
Over provision in prior years:		
PRC Enterprise Income Tax	**(42,941)**	(38,344)
Deferred tax:		
Current period credit	**(14,231)**	(2,986)
	180,435	145,019

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.

According to the EIT Law, which was issued in the year 2007, and the Caishui [2011] No. 58 ("Circular 58"), 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 the EIT Law.

(2) Those entities which are qualified as "Hi-New Tech Enterprises"("HNTE") would enjoy a preferential tax rate of 15% under the EIT Law and the qualification of HNTE is subject to every 3-year renewal.

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.

8. DISPOSAL OF A SUBSIDIARY

On 2 March 2017, the Group entered into a capital increase agreement (the "Agreement") with Huai'an Development Holdings Co., Ltd.* (淮安開發控股有限公司) ("Huai'an Development"), an independent third party and Best Treasure (China) Limited ("Best Treasure"), a connected person of the Company by virtue of it being a company indirectly wholly-owned by Mr. Chin, a substantial shareholder and executive director (as redesignated on 10 August 2017) of the Company, pursuant to which each of Huai'an Development and Best Treasure agreed to make capital contributions into Jiangsu Min'an Electric Cars Co., Ltd.* (江蘇敏安電動汽車有限公司) ("Jiangsu Min'an"), a then wholly-owned subsidiary of the Group, up to approximately US$49.7 million respectively, and obtaining in aggregate 87.3% equity interest of Jiangsu Min'an. The capital contribution are to be made before 31 March 2020.

In addition, within two years after the signing of the Agreement, the Group shall be entitled to purchase back from Best Treasure approximately 12.3% of the equity interests in Jiangsu Min'an at the price at which Best Treasure acquired those interests in Jiangsu Min'an under the Agreement (the "Call Option"). The Call Option can be exercised in stages, partial or in full. The Call Option not exercised within the prescribed two-year period will lapse.

As of 30 June 2017, Best Treasure have made capital contribution of US$49.7 million (equivalent to RMB339,957,000) and obtained in aggregate 74.6% equity interest of Jiangsu Min'an. Therefore, the Group owns the remaining 25.4% equity interest in Jiangsu Min'an, which became an associate of the Group since the Group still has significant influence over Jiangsu Min'an. There is no consideration received on the Group's deemed disposal of Jiangsu Min'an.

Analysis of assets and liabilities over which control was lost

	RMB'000
Non-current assets	70,509
Current assets	31,083
Current liabilities	(56,939)
Net assets disposed of	44,653

Gain on disposal of a subsidiary

	RMB'000
Net assets disposed of	(44,653)
Interest in an associate	116,675
Fair value of the Call Option	31,799
Gain on disposal	103,821

Net cash outflow arising on deemed disposal of a subsidiary

	RMB'000
Cash consideration	–
Less: bank balances and cash disposed of	(19,832)
	(19,832)

The impact of Jiangsu Min'an on the Group's results and cash flows in the current and prior period is disclosed below:

During the six months ended 30 June 2017, the loss from Jiangsu Min'an before the disposal date amounted to approximately RMB17,380,000 (six months ended 30 June 2016: approximately RMB10,778,000).

Cash flows from Jiangsu Min'an before the disposal:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash flows from operating activities	**(21,607)**	(9,058)
Net cash flows from investing activities	**(4,278)**	(11,975)
Net cash flows from financing activities	**37,731**	–
Net cash flows	**11,846**	(21,033)

9. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**227,549**	193,639
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditures)	**7,811**	8,314
Total depreciation and amortisation	**235,360**	201,953
Cost of inventories recognised	**3,487,092**	2,752,798
Write-down of inventories	**15,846**	15,746
Reversal of inventories provision	**(20,746)**	(1,154)

10. DIVIDENDS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Dividends recognised as distribution during the period: 2016 Final – HK$0.680 (2015: final dividend HK$0.548) per share	**676,043**	520,452

On 20 June 2017, a dividend of HK$0.680 per share was paid to shareholders as the final dividend for 2016 (on 14 June 2016, a dividend of HK$0.548 per share was paid to shareholders as the final dividend for 2015).

The directors of the Company have determined that no dividend will be paid in respect of the interim period (2016 interim period: nil).

11. 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	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**1,053,271**	812,718
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,133,867**	1,112,436
Effect of dilutive share options	**12,774**	10,217
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,146,641**	1,122,653

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group spent RMB881,841,000 (RMB553,593,000 for the six months ended 30 June 2016) on the construction of the manufacturing plant and acquisitions of plant and machinery in the PRC, Thailand, Germany, Mexico and USA, in order to upgrade its manufacturing capabilities. Property, plant and equipment amounting to RMB89,587,000 (RMB26,693,000 for the six months ended 30 June 2016) was disposed of and RMB3,592,000 impairment loss had been recognised (RMB10,237,000 for the six months ended 30 June 2016 have been impaired).

13. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Listed investments:		
– Equity securities listed in the PRC	**138,585**	91,190

14. LOANS RECEIVABLE

	Maturity dates	Effective interest rate	Carrying amount At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Fixed-rate loans receivable from an associate reported as current assets	5 December 2017 & 6 April 2018	3.915%	**33,553**	–

15. PROPERTY UNDER DEVELOPMENT

Property under development is located in Jiaxing City, Zhejiang Province, the PRC. It is residential property being developed which will be sold upon completion.

During the current period, property under development amounting to RMB321,499,000 was completed and sold.

16. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Trade receivables		
– associates	**44,587**	46,741
– joint ventures	**11,319**	11,829
– non-controlling shareholders of subsidiaries	**969**	1,133
– third parties	**2,385,601**	2,577,043
Less: allowance for doubtful debts	**(49,616)**	(17,738)
	2,392,860	2,619,008
Bill receivables	**459,613**	185,052
Other receivables		
– associates	**3,487**	309
– joint ventures	**616**	954
– third parties	**96,530**	80,473
Less: allowance for doubtful debts	**(5,563)**	(5,573)
	95,070	76,163
Prepayments	**377,706**	363,007
Prepaid expense	**14,338**	12,592
Value-added tax recoverable	**141,072**	136,250
Refundable guarantee deposits	**–**	46,099
Dividend receivable from the available-for-sale investments	**5,203**	–
Total trade and other receivables	**3,485,862**	3,438,171

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 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Age		
0–90 days	**2,277,620**	2,539,794
91–180 days	**57,955**	59,565
181–365 days	**46,169**	13,787
1–2 years	**11,116**	5,862
	2,392,860	2,619,008

Bill receivables held by the Group as at 30 June 2017 will mature within 6 months (31 December 2016: within 6 months).

17. DERIVATIVE FINANCIAL ASSETS/DERIVATIVE FINANCIAL LIABILITIES

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	–	4,872
Cross currency swap contracts (b)	4,744	27,109
Interest rate swap contracts (c)	1,498	1,846
Foreign exchange option contracts (d)	188	616
Call Option (note 8)	31,799	–
	38,229	34,443
Derivative financial liabilities		
Foreign exchange forward contracts (a)	1,426	4,763
Cross currency swap contracts (b)	12,980	1,823
Foreign exchange option contracts (d)	895	–
	15,301	6,586

Notes:

a. Foreign exchange forward contracts

On 30 June 2017, the Group had a number of outstanding foreign exchange forward contracts. No derivative financial assets (31 December 2016: RMB4,872,000), and derivative financial liabilities of RMB1,426,000 (31 December 2016: RMB4,763,000) have been recognised in accordance with the fair value of the above foreign exchange forward contracts, respectively.

b. Cross currency swap contracts

On 30 June 2017, the Group had a number of cross currency swap contracts. Derivative financial assets of RMB4,744,000 (31 December 2016: RMB27,109,000) and derivative financial liabilities of RMB12,980,000 (31 December 2016: RMB1,823,000) have been recognised in accordance with the fair value of the above cross currency swap contracts.

c. Interest rate swap contracts

On 30 June 2017, the Group had a number of interest rate swap contracts. Derivative financial assets of RMB1,498,000 (31 December 2016: RMB1,846,000) have been recognised in accordance with the fair value of the above interest rate swap contracts.

d. Foreign exchange option contracts

On 30 June 2017, the Group had a number of foreign exchange option contracts. Derivative financial assets of RMB188,000 (31 December 2016: RMB616,000) and derivative financial liabilities of RMB895,000 (31 December 2016: nil) have been recognised in accordance with the fair value of the above options.

18. TRADE AND OTHER PAYABLES

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Trade payables		
– associates	**35,067**	37,183
– joint ventures	**7,124**	21,829
– non-controlling shareholders of subsidiaries	**68**	405
– third parties	**1,242,874**	1,226,954
	1,285,133	1,286,371
Bill payables	**30,815**	19,447
Other payables		
– associates	**126**	83
– non-controlling shareholders of subsidiaries	**21,112**	24,052
	21,238	24,135
Payroll and welfare payables	**244,758**	307,769
Advance from customers	**11,613**	397,565
Consideration payable for acquisition of property, plant and equipment	**139,481**	148,651
Technology support service fees payable	**1,144**	795
Freight and utilities payable	**69,805**	72,646
Value-added tax payable	**26,163**	49,395
Interest payable	**8,123**	8,676
Rental payable	**5,967**	3,752
Deposits received	**4,485**	5,431
Others	**224,566**	204,477
Total trade and other payables	**2,073,291**	2,529,110

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

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Age		
0–90 days	**1,200,583**	1,237,916
91–180 days	**37,825**	30,765
181–365 days	**35,588**	7,401
1–2 years	**9,469**	9,170
Over 2 years	**1,668**	1,119
	1,285,133	1,286,371

19. BORROWINGS

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Carrying amount repayable		
Within one year	**2,511,452**	1,445,875

During the current interim period, the Group obtained new borrowings amounting to RMB1,875,568,000(RMB757,341,000 for the six months ended 30 June 2016). 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 RMB857,281,000(RMB1,319,783,000 for the six months ended 30 June 2016) were made during the current interim period in line with the relevant repayment terms.

20. SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1 January 2016, 30 June 2016, 31 December 2016 and 30 June 2017	5,000,000	500,000

	Number of shares '000	Share capital RMB'000
Issued and fully paid:		
As at 1 January 2016 (audited)	1,107,171	111,570
Exercise of share options	14,584	1,662
At 30 June 2016 (unaudited)	1,121,755	113,232
As at 1 January 2017 (audited)	1,130,354	113,532
Exercise of share options	8,248	726
At 30 June 2017 (unaudited)	1,138,602	114,258

21. OTHER LONG-TERM LIABILITY

During the reporting period, the Group entered into an agreement with a local government agency in the PRC, who agreed to inject capital contribution amounting to RMB 100,000,000 into Jiaxing Kittel-Minth Automotive Parts Co., Ltd ("Jiaxing Kittel-Minth"), a subsidiary of the Group. Pursuant to the capital injection agreement, the local government agency would not participate in Jiaxing Kittel-Minth's operation and management. The local government agency has the right to ask the Group and the Group is obligated to redeem the capital injection from local government agency either three years or five years after the receipt of the capital, with interest calculated based on one-year bank deposit benchmark rate stipulated by the People's Bank of China. Therefore, the capital injection made by the local government agency is treated as a long-term liability.

22. 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 "2012 Share Option Scheme").

The Group has granted a series of share options in 2007, 2008, 2011, 2012, 2014 and 2015 under the 2005 Share Option Scheme and the 2012 Share Option Scheme, respectively. For details, please refer to the relevant published announcements of the Company.

For the six months ended 30 June 2017, no new share options were granted.

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 2016 (audited)	54,557,000
Exercised during the period	(14,584,000)
Forfeited during the period	(1,495,500)
Outstanding as at 30 June 2016 (unaudited)	38,477,500
Outstanding as at 1 January 2017 (audited)	29,575,500
Exercised during the period	(8,248,300)
Forfeited during the period	(293,000)
Outstanding as at 30 June 2017 (unaudited)	21,034,200

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.

During the six months ended 30 June 2017, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK$30.83 (six months ended 30 June 2016: HK$19.64).

The Group recognised the total expenses of RMB5,442,000 for the six months ended 30 June 2017 (RMB14,889,000 for the six months ended 30 June 2016) in relation to share options granted by the Company.

23. COMMITMENTS

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

	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (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	**577,401**	275,148

24. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

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

		Six months ended 30 June	
Relationship with related/ connected party	**Nature of transactions**	**2017 (Unaudited) RMB'000**	2016 (Unaudited) RMB'000
Joint venture, in which the Group has a 50% equity interest	Sales of raw materials	**2,435**	1,584
	Sales of finished goods	**22,771**	16,235
	Purchase of raw materials	**10,241**	11,914
	Purchase of finished goods	**1,273**	1,374
	Purchase of property, plant and equipment	**914**	1,033
	Property rental income	**–**	223
	Proceeds from disposal of property, plant and equipment	**–**	857
	Processing income	**1,982**	–
Associates, in which the Group has a 49%, 35%, 30% and 40% equity interests	Sales of raw materials	**3,919**	4,304
	Sales of finished goods	**30,226**	15,168
	Sales of moulds	**3,495**	13,262
	Purchase of raw materials	**6,310**	2,117
	Purchase of finished goods	**2,915**	2,480
	Purchase of moulds	**–**	13,203
	Property rental income	**1,094**	1,150
	Proceeds from disposal of property, plant and equipment	**975**	5,396
Non-controlling shareholders of subsidiaries	Sales of finished goods	**–**	19,433
	Purchase of raw materials	**1,022**	3,041
	Technology support services charges	**5,908**	3,672
Entities in which the director of a subsidiary has control	Technology support services charges	**4,242**	–

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	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short-term benefits	**7,476**	7,489
Post-employment benefits	**105**	18
Share-based payments	**1,086**	2,962
	8,667	10,469

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

25. 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).

Financial assets/ financial liabilities	Fair value as at 30 June 2017 (unaudited)	Fair value as at 31 December 2016 (audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
1) Available-for-sale investments	Listed equity securities in A shares listed on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB138,585,000	Listed equity securities in A shares listed on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB91,190,000	Level 1	Quoted bid prices in an active market.
2) Foreign currency forward contracts classified as derivative financial assets and liabilities	Liabilities – RMB1,426,000	Assets – RMB4,872,000 Liabilities – RMB4,763,000	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.
3) Cross currency swap derivative contracts classified as derivative financial assets and liabilities	Assets – RMB4,744,000 Liabilities – RMB12,980,000	Assets – RMB27,109,000 Liabilities – RMB1,823,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.

Financial assets/ financial liabilities	Fair value as at 30 June 2017 (unaudited)	Fair value as at 31 December 2016 (audited)	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
4) Interest rate swap derivative contracts classified as derivative financial assets	Assets – RMB1,498,000	Assets – RMB1,846,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward interest rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.
5) Foreign exchange option contracts classified as derivative financial assets and liabilities	Assets – RMB188,000 Liabilities – RMB895,000	Assets – RMB616,000	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 as determined by the actual exchange rates on each maturity date, discounted at a rate that reflects the credit risk of various counterparties.
6) Call Option classified as derivative financial assets	Assets – RMB31,799,000	nil	Level 3	Fair value is derived using Black-Scholes model and Binomial Tree computation method. The key parameters used include time to maturity, exercise price, risk-free rate, dividend yield and volatility.

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

26. 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 of the then 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") in 2008 from the nephew and niece of Mr. Chin, the chairman, executive director and controlling shareholder of the Company (the "Acquisition"). The then executive directors named in the petition are Mr. Chin, Mr. Shi and Mr. Zhao Feng.

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 at the time so that in the event the SFC succeeds in its claims against the relevant executive directors at the time, the SFC can seek consequential orders from the court for the benefit of the Company.

The Directors 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 six months ended 30 June 2017.

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. On 27 June 2016, the SFC indicated that it intended to amend its petition in the court proceedings to add further particulars. On 30 August 2016, the SFC was granted leave by the court to amend its petition in the court proceedings to add further particulars. On 30 November 2016, the Directors filed their respective amended points of defence. As of the end of the reporting period, the trial dates for the court proceedings have not yet been fixed. The Company does not know when the court will deal with the substantive claims in this matter.