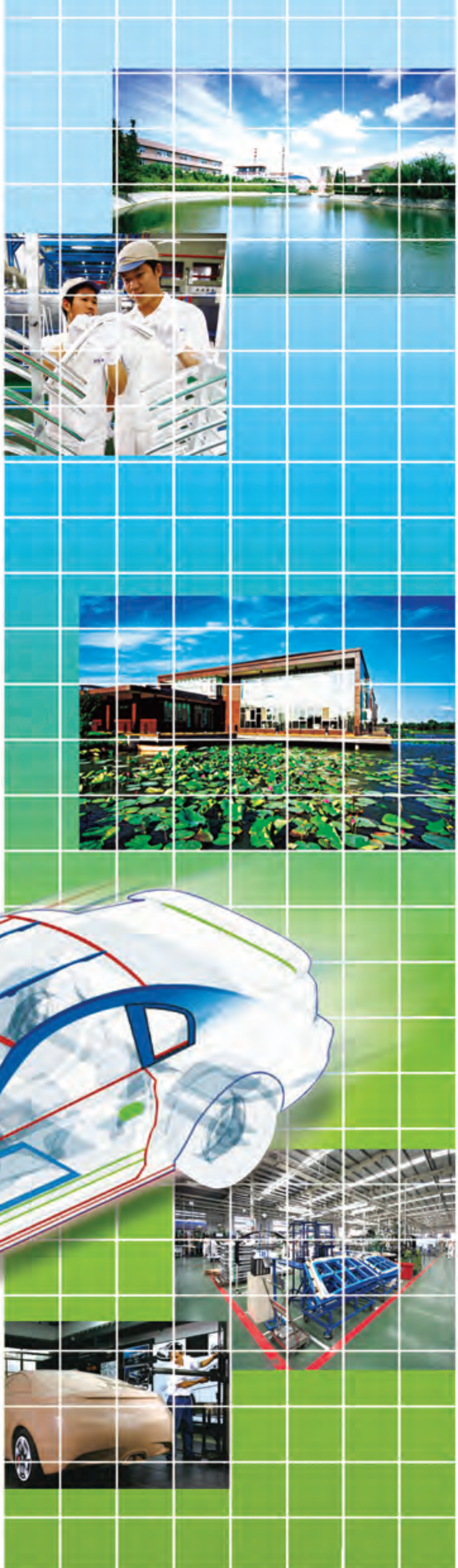
MINTH
敏實集團

MINTH GROUP LIMITED
敏 實 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425



Interim Report 2008

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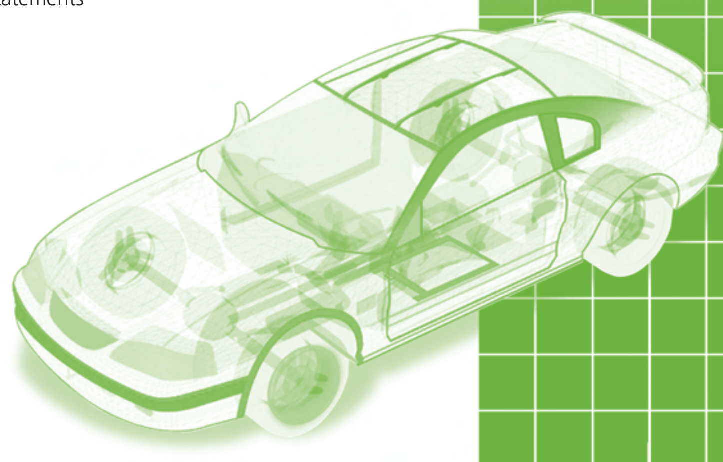

CORPORATE INFORMATION

THE BOARD

Executive directors

Chin, Jong Hwa *(Chairman)*
Shi, Jian Hui
Mu, Wei Zhong
Zhao, Feng

Non-executive directors

Mikio Natsume
Tokio Kurita
Yu Zheng

Independent Non-executive directors

Heng, Kwoo Seng
Wang, Ching
Zhang, Liren

COMPANY SECRETARY

Loke Yu

REGISTERED OFFICE

Cricket Square,
Hutchins Drive, P.O. Box 2681
Grand Cayman KYI-1111
Cayman Islands

HEAD OFFICE IN CHINA

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Development Zone
Postal Code 315800
China
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Fax: (86 574) 8680-1020
Website: www.minthgroup.com

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

7/F, Allied Kajima Building
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Hong Kong

PRINCIPAL BANKERS

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

China Construction Bank
Jiaxing branch
198 Ziyang Street
Jiaxing
China

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road, Central
Hong Kong

Credit Suisse
23/F, Three Exchange Square
8 Connaught Road, Central
Hong Kong

Industrial and Commercial Bank of China
(Asia) Limited
ICBC Tower
3 Garden Road, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

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
88 Queensway
Hong Kong

LEGAL ADVISERS TO THE COMPANY

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20/F, Alexandra House
16–20 Chater Road, Central
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Zhong Kai & Partners
5/F, East Gate, Building No. 24
24A Huang Si Avenue, Dewai
Xi Cheng District
Beijing

As to Cayman Islands Law
Conyers Dill & Pearman
Century Yard, Cricket Square
Hutchins Drive, George Town
Grand Cayman, British West Indies

STOCK CODE

SEHK Code: 0425

MANAGEMENT DISCUSSION AND ANALYSIS

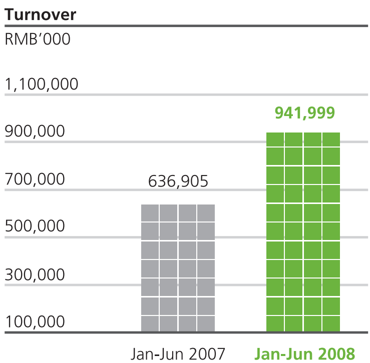
COMPANY PROFILE

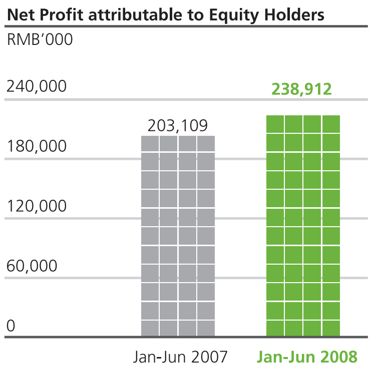
For the period between 1 January 2008 and 30 June 2008 (the "Review Period"), the sales volume of passenger cars in China reached approximately 3,609,000 units, representing an increase of approximately 17.07% as compared with the same period of last year. Generally speaking, due to the adverse impact of natural disasters and increase in oil prices, the growth of the Chinese automobile industry has slowed down, but the overall upward growth trend remained.

Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the design, manufacture and sale of trim, decorative parts and body structural parts for passenger cars in the Chinese, North American, Thai and Japanese automobile parts market. During the Review Period, the Group grew steadily and achieved remarkable performance as propelled by the growth of passenger cars market.

RESULTS

During the Review Period, the Group's turnover was approximately RMB941,999,000, representing an increase of approximately 47.9% as compared with approximately RMB636,905,000 in the same period of 2007. Net profit attributable to equity holders was approximately RMB238,912,000, representing an increase of approximately 17.6% from approximately RMB203,109,000 in the same period of 2007, or representing an increase of approximately 39.1% if foreign exchange losses of approximately RMB43,543,000 were excluded.





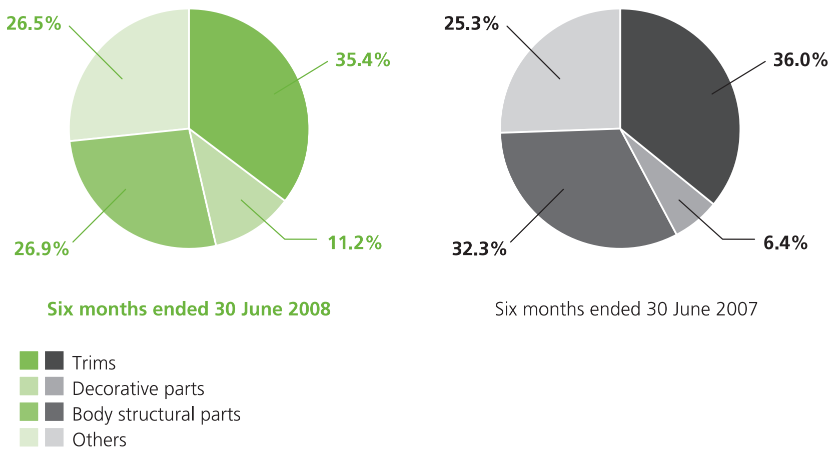
Product Sales

The Group has been focusing on three core product categories, namely body structural parts, trims and decorative parts. For the six months ended 30 June 2008, turnover of the three core product categories amounted to approximately RMB836,601,000, representing approximately 88.8% of the Group's turnover, or approximately 4.8% decrease compared to the same period of last year. The turnover of trims, decorative parts and body structural parts were approximately RMB253,516,000, approximately RMB249,637,000 and approximately RMB333,448,000 respectively, representing approximately 26.9%, 26.5% and 35.4% of the Group's turnover respectively during the Review Period.

Analysis on turnover by product category is as follows:

Product category	**Six months ended 30 June 2008 RMB'000**	**%**	Six months ended 30 June 2007 RMB'000	%
Trims	**253,516**	**26.9**	206,297	32.3
Decorative parts	**249,637**	**26.5**	161,379	25.3
Body structural parts	**333,448**	**35.4**	229,889	36.0
Others *(Note)*	**105,398**	**11.2**	39,340	6.4
Total turnover	**941,999**	**100**	636,905	100

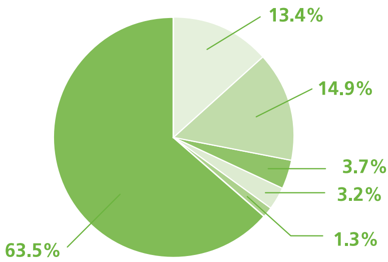
Note: Includes moulds, steering shaft, headliner, PVC and others.



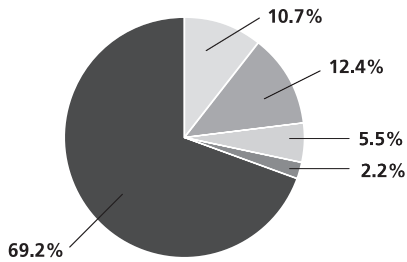
Analysis on turnover by region based on customer source/headquarter locations is as follows:

Customer group	Six months ended 30 June 2008 RMB'000	%	Six months ended 30 June 2007 RMB'000	%
Japanese automakers	**598,814**	**63.5**	441,276	69.2
EU automakers	**126,226**	**13.4**	68,217	10.7
US automakers	**140,802**	**14.9**	79,090	12.4
Korean automakers	**35,076**	**3.7**	0	0
Chinese automakers	**29,765**	**3.2**	35,213	5.5
Others *(Note)*	**12,618**	**1.3**	13,919	2.2
Total	**943,301**	**100**	637,715	100
Less: Sales tax	**(1,302)**		(810)	
Total turnover	**941,999**		636,905	

Note: Others denote customers using non-direct automobile spare parts products of the Group.



Six months ended 30 June 2008



Six months ended 30 June 2007

- Japanese automakers
- EU automakers
- US automakers
- Korean automakers
- Chinese automakers
- Others

During the Review Period, Japanese automakers accounted for a turnover of approximately RMB598,814,000 or 63.5% of the Group's overall turnover, representing a decrease of approximately 5.7% as compared with the same period in 2007. EU automakers accounted for a turnover of approximately RMB126,226,000, representing approximately 13.4% of the Group's total turnover with an increase of approximately 2.7% as compared with the same period in 2007. US automakers accounted for a turnover of approximately RMB140,802,000 or approximately 14.9% of the Group's overall turnover and representing an increase of approximately 2.5% as compared with the same period in 2007. Korean automakers who were new customers to the Group, accounted for a turnover of approximately RMB35,076,000 or approximately 3.7% of the Group's overall turnover. Chinese automakers accounted for a turnover of approximately RMB29,765,000 or approximately 3.2% of the overall turnover, representing a decrease of approximately 2.3% as compared with the same period in 2007.

MARKET LAYOUT

Domestic Market

During the Review Period, through enhanced corporate management, optimization in production and operational efficiency as well as new product and business development, the market leadership of the Group was further strengthened. The Group acquired more market share and became even more competitive. In terms of operational strategy, during the Review Period, in order to enlarge its production capacity reserve, the Group had acquired the controlling interests in Jiaxing Situ Automotive Co., Ltd, Jiaxing Guowei Automotive Parts Co., Ltd and Huzhou Minhai Automotive Parts Co., Ltd respectively by leveraging its internal resources. It also acquired partial interests in Haimen Xinhai Special Chrome Plating Co., Ltd as an advancement of vertical integration and formed a joint venture partnership with DURA Automotive Handels und Beteiligungs GmbH ("DURA"), a renowned global automobile parts supplier, and further cooperated with the existing joint venture partners. During the Review Period, the Group continued to supply the factories of joint ventures established by multinational automakers which included Honda Motor Company ("Honda"), Nissan Motor Co., Ltd ("Nissan"), Toyota Motor Corporation ("Toyota"), General Motors Corporation ("GM"), Ford Motor Company ("Ford"), Chrysler Motors LLC ("Chrysler"), Bayerische Motoren Worke ("BMW"), Volkswagen AG Group ("Volkswagen"), PSA Peugeot-Citroen ("Peugeot-Citroen") and Hyundai Motor Company ("Hyundai") in line with the launch of many brand new car models successively.

Overseas Market

During the Review Period, the Group's turnover from overseas market was approximately RMB176,347,000, increased by approximately RMB73,708,000 or approximately 71.8% as compared with the same period in 2007. This was attributable to the Group's endless pursuit of overseas partnership taking advantage of its existing overseas network and leveraging its low-cost advantages to consolidate its overseas bases such as Plastic Trim International, Inc in North America, Minth Aapico (Thailand) Co., Ltd in Thailand and the global sales and service network. During the Review Period, the Group had successfully become a supplier of Nissan North America, Ford North America, Nissan Thailand, Ford India and GM Opel in Germany. It also expanded and penetrated its sales among existing overseas customer base. In order to reduce the impact of the expected worsened global environment on the Group as a result of the combination of price hike in oil, steel and US dollar depreciation, the Group had deepened cooperation and established strategic partnerships with the Original Equipment Manufacturers ("OEMs") and global partners.

	Six months ended 30 June 2008		Six months ended 30 June 2007	
	RMB'000	**%**	RMB'000	%
Overseas sales	**176,347**	**18.7**	102,639	16.1

RESEARCH AND DEVELOPMENT

During the Review Period, the Group continued to focus on research and development. It developed 103 new projects for its core product categories. During the Review Period, the Group filed 42 patent applications which were being processed for approval, and was awarded 89 patents by the relevant authority, both of which exceed the total number in 2007. More importantly, during the Review Period, given its specific business models and market condition, the Group has adjusted its strategy to concentrate more on high value-added projects. During the Review Period, the Group continued to work closely with its customers such as GM, Ford and Nissan on concurrent design projects globally, aimed at moving up the value chain. During the Review Period, the Group had widely adopted advanced technical know-how to improve its process technology and manufacturing capability, minimize waste in labor, material and equipment utilization at the phases of both product development and manufacture, so as to enhance the competitiveness of the Group. This has brought about considerable economic gains and social effects.

FINANCIAL REVIEW

During the Review Period, the Group achieved remarkable performance in terms of both turnover and net profit.

For the six months ended 30 June 2008, the Group's turnover was approximately RMB941,999,000, representing an increase of approximately 47.9% and approximately 22.0% respectively when compared with the first and second half of 2007. This was attributable to the Group's consolidation of its existing market and the development of new markets.

For the six months ended 30 June 2008, the Group's profit attributable to shareholders was approximately RMB238,912,000, representing an increase of approximately 17.6% and approximately 52.4% when compared with the first and second half of 2007. The increase was mainly due to the Group's focus on cost and expense control while expanding its sales to maintain a stable profitability, thus offsetting the adverse impact of market slow-down, energy resources costs and labor costs, etc.

Financial Highlights

	Six months ended 30 June 2008 RMB'000	Six months ended 30 June 2007 RMB'000
Turnover	**941,999**	636,905
Gross profit	**355,771**	255,412
Profit before taxation	**266,421**	224,584
Taxation	**(23,135)**	(18,498)
Minority interests	**(4,374)**	(2,977)
Net profit for the year	**238,912**	203,109

COST CONTROL

The Group put great emphasis on cost control while rapidly developing its business. During the Review Period, the gross profit margin was approximately 37.8%, representing a decline of approximately 2.3% from approximately 40.1% in the same period of 2007, or representing a decline of approximately 0.4% from approximately 38.2% in the second half of 2007. This was mainly due to the Group's initiative adjustment in its product mix to cope with the impacts from the macro-economic situation such as price hike in raw materials and price reduction in final products. However, the Group was still able to maintain an overall decent level of gross profit margin contributed by its effective control of purchasing cost and launch of lean production, an advanced production system of Toyota.

INTEREST INCOME

During the Review Period, the interest income of the Group was approximately RMB16,422,000, representing an increase of approximately RMB14,259,000 from approximately RMB2,163,000 in the corresponding period of 2007. This was mainly due to the increase in the interest income of the Group resulted from sufficient cash after the Group's share placement in July 2007.

OTHER INCOME

During the Review Period, other income amounted to approximately RMB33,611,000, which remained at similar level as compared to approximately RMB36,496,000 in the same period of 2007.

OTHER GAINS AND LOSSES

During the Review Period, other gains and losses amounted to approximately RMB32,471,000 losses, representing an increase of net losses of approximately RMB38,900,000 compared to approximately RMB6,429,000 net gains in the same period of 2007. This was primarily due to RMB appreciation against US dollars and HK dollars which resulted in foreign exchange losses of approximately RMB43,543,000 after the share placement by the Company in July 2007. The Group has delegated a team responsible for the planning of related work. As at 30 June 2008, the net value of the Group's foreign

currency denominated monetary assets tied to US dollars amounted to approximately USD9,910,000 (equivalent to approximately RMB67,446,000) after a subtraction of monetary liabilities.

DISTRIBUTION AND SELLING EXPENSES

During the Review Period, the Group's overall distribution and selling expenses amounted to approximately RMB20,896,000, representing an increase of approximately 11.1% from approximately RMB18,802,000 in the same period of 2007. The proportion of distribution and selling expenses to turnover was approximately 2.2%, representing a decrease of 0.8% as compared to approximately 3.0% in the corresponding period of 2007. This was attributed to the economies of scale obtained from the Group's rapid development.

ADMINISTRATIVE EXPENSES

During the Review Period, administrative expenses amounted to approximately RMB68,679,000, representing an increase of approximately 35.3% from approximately RMB50,765,000 in the same period of 2007. The proportion of administrative expenses to turnover was approximately 7.3%, representing a decrease of approximately 0.7% as compared to approximately 8.0% in the corresponding period of 2007. This was mainly due to the Group's stringent control of management costs and proper allocation of administrative expenses when pursuing rapid business development.

OTHER EXPENSES

Other expenses refer to the Group's research and development expenditure. During the Review Period, other expenses amounted to approximately RMB31,252,000, representing an increase of approximately 72.7% compared to approximately RMB18,091,000 in the same period of 2007. This was attributable to the Group's rapid increase in research and development expenditure so as to sustain its competitiveness and to enhance its research and development capabilities.

TAXATION

During the Review Period, the Group's taxation increased by approximately RMB4,637,000 from approximately RMB18,498,000 in the first six months of 2007 to approximately RMB23,135,000.

During the Review Period, the Group's effective tax rate was approximately 8.7%, representing an increase of approximately 0.5 % from approximately 8.2 % for the first six months of 2007. This was mainly due to the Group's withholding income tax provision on dividends in 2008.

LIQUIDITY AND FINANCIAL SITUATION

As at 30 June 2008, the Group's bank balances and cash totaled approximately RMB1,151,852,000, representing an increase of approximately RMB208,846,000 compared to that as at 31 December 2007. As at 30 June 2008, the Group's low-cost borrowing amounted to approximately USD61,008,000 (equivalent to approximately RMB418,463,000), constituting an increase of approximately RMB301,364,000 compared to that at the end of 2007, which was mainly used for expanding business scale, purchasing properties, plants and equipment, establishing overseas sales networks and a series of investments activities designated for consolidating and developing strategic alliances.

As at 30 June 2008, the net cash inflow from the Group's business activity was approximately RMB163,109,000, which was in a sound status.

Receivables turnover days were maintained at a decent level of approximately 67 days, an increase of 2 days as compared with 65 days as at 31 December 2007, mainly due to the Group's strengthened trade account receivable control and follow-ups.

Payables turnover days were approximately 54 days, an increase of 2 days as compared with 52 days as at 31 December 2007.

Inventories turnover days were approximately 65 days, a decrease of 3 days as compared with 68 days as at 31 December 2007 mainly due to the Group's constant emphasis on inventory management and launch of lean production in controlling the inventory balance.

As of 30 June 2008, the Group's current ratio was 3.6, decreased from 5.6 in 2007.

As of 30 June 2008, the Group's gearing ratio increased from 3.4% in 2007 to 10.7%.

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

The Group's borrowing requirements have no particular seasonality.

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

CAPITAL COMMITMENTS

As of 30 June 2008, the Group had the following commitments:

	RMB'000
Operating lease arrangements	**3,793**
Capital commitments	**106,673**

Operating lease arrangements refer to the minimum rental payments on land and properties lease commitment. The term of the lease is to be negotiated from one to five years and the rental payment will be agreed upon accordingly. Capital commitments refer to the capital expenditure for the purchase of property, plants and equipment for which agreements have been signed but payment has not yet made as well as agreed investments in associated companies.

INTEREST RATE AND FOREIGN EXCHANGE RISKS

During the Review Period, the Group's bank loan balance was approximately USD61,008,000 (equivalent to approximately RMB418,463,000) which was repayable in US dollars with a floating rate. The aforesaid borrowings had no seasonality, among which approximately RMB384,167,000 has a maturity period of one year while the balance matures within fifteen months.

Most of the Group's sales and procurements are calculated in Renminbi ("RMB"). The Group does not expect the exchange rate fluctuation would have a material adverse impact on the Group's sales and procurement activities.

All cash and cash equivalents of the Group are denominated in RMB, Hong Kong dollars, United States dollars, Euros, Bahts and Japanese yen. Remittance of funds out of the PRC is subject to the foreign exchange control restrictions imposed by the PRC government.

Currently the Company and some of its subsidiaries have bank balances settled in foreign currencies and structural deposits (see note 17 and note 16). In order to protect the Group from currency risk, the management has already designated a planning team adopting proper measures including financial instruments such as borrowings in US dollars and forward exchange contracts as to alleviate the impact of exchange fluctuations on the Group.

CONTINGENT LIABILITIES

As of 30 June 2008, the Group had no contingent liabilities (2007: Nil).

MORTGAGED ASSETS

As of 30 June 2008, the Group had borrowed approximately USD57,952,000 (equivalent to approximately RMB397,501,000) by mortgaging a fixed deposit of RMB35,600,000 with maturity period of one year and a structured deposit of approximately RMB576,452,000. This loan is to be settled in US dollars (2007: Nil).

CAPITAL EXPENDITURE

As of 30 June 2008, the Group's investment in property, plant and equipment, construction in progress and land use rights amounted to approximately RMB143,994,000. These capital investments were attributable to the increase of the production capacity and the expansion of facilities as well as acquiring land use rights through the acquisition of the Group's subsidiaries.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS

Apart from what was disclosed in this report, the Group made no substantial acquisitions or disposals during the Review Period.

EMPLOYEES

As of 30 June 2008, the Group had a total number of 4,204 employees, an increase of 398 employees compared to that as of 31 December 2007. This increase was the result of the advancement of the Group's research and development capabilities and its enlargement of production scale. Amongst the newly recruited staff, 9.9% were serving in research and development, 63.1% in manufacturing, and the remaining 27% in the administrative section.

During the Review Period, the Group has improved the welfare and salaries of the employees. It had been persistent in adopting stable welfare policy by providing statutory medical insurance, pension insurance and offered certain senior employees with commercial medical insurance as a complement to the basic statutory medical insurance. On the other hand, benefiting from economies of scale and improvement in management, the Group effectively utilized human resources so as to make the growth rate in human resources for the Review Period lower than that in turnover growth rate. Further, the Group had organized employee training to guarantee further human resource development and team set-ups.

DIRECTORS

During the Review Period, the Directors of the Company were as follows:

Executive directors

Chin, Jong Hwa
Shi, Jian Hui
Mu, Wei Zhong
Zhao, Feng

Non-executive directors

Shaw Sun Kan, Gordon (ceased to be a director from 12 May 2008)
Mikio Natsume
Tokio Kurita
Yu Zheng

Independent Non-executive directors

Heng, Kwoo Seng
Wang, Ching
Zhang, Li Ren

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of all the then shareholders of the Company on 13 November 2005.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, services providers of any member of the Group to 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 Share Option Scheme is adopted.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% ("General Scheme Limit") of the Share of the Company in issue on 1 December 2005, the date of listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

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

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme 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 ("Individual Limit").

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 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 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. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is neither any performance target that needs to be achieved before the option can be exercised nor any minimum period for which an option must be held before it can be exercised.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of the offer of grant, which must be a business day; (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.

On 1 February 2007 and pursuant to the Share Option Scheme, the Company was approved by the Board of Directors to grant 20,800,000 share options to the employees including some of the Directors and their connected persons. Details as at 30 June 2008 are as follows:

		Number of Shares (Note)						
Name and status of participants	**Number of share options outstanding at 1 January 2008**	**Granted during the Period**	**Exercised during the period**	**Lapsed during the Period**	**Number of share options outstanding at 30 June 2008**	**Date of Grant**	**Exercising Period****	**Exercise price per share (HKD)*****
Directors, chief executives, and substantial shareholders and their respective connected persons								
Mr. Shi Jian Hui	250,000	—	—	—	250,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	250,000	—	—	—	250,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
Mr. Mu Wei Zhong	250,000	—	—	—	250,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	250,000	—	—	—	250,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
Mr. Zhao Feng	250,000	—	—	—	250,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	250,000	—	—	—	250,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
Ms. Zhu Chun Ya*	250,000	—	—	—	250,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	250,000	—	—	—	250,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
Subtotal	2,000,000	—	—	—	2,000,000			
Other Participants	9,400,000	—	40,000****	—	9,360,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	9,400,000	—	—	75,000	9,325,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
Total	18,800,000	—	40,000	75,000	18,685,000			
Subtotal	18,800,000	—	40,000	75,000	18,685,000			
Total	20,800,000	—	40,000	75,000	20,685,000			

Note: Numbers of shares in the Company over which options granted under the Share Option Scheme are exercisable.

* *Spouse of Mr. Zhao Feng, and the director of the Group's Human Resources Department.*

** *The option period is for three years nine months and eleven days and such options will vest in tranches beginning on the first anniversary of the date of grant as to 50%, and the remainder vesting on the second anniversary of the date of grant.*

*** *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes.*

**** *The weighted average closing price of the shares immediately before the date on which the options were exercised was HK$7.81.*

Since the adoption of the Share Option Scheme to the date of this report, 40,000 shares of options have been exercised by non-directors.

On 4 July 2008 and pursuant to the Share Option Scheme, the Board of Directors of the Company approved the grant of 20,800,000 share options to Participants (as defined in such Share Option Scheme). Such Participants are entitled to exercise the options in the period commencing 1 February 2010 and ending 12 November 2013. The price per share payable by the Participants upon the exercise of such options was determined in accordance with the Listing Rules and represents the average closing price of the shares of the Company for the five trading days preceding the date of grant of such options. The Directors do not expect any material adverse impact on the group's financials as a result of the grant of such options.

Apart from the Share Option Scheme as disclosed above, no option was granted, exercised, cancelled or lapsed during the period from 1 January 2008 to 30 June 2008.

OUTLOOK & STRATEGY

The Directors believe that in the long run, the prospects for the Chinese passenger cars market remains optimistic. For global market, the increase in oil and steel prices has impacted the consumer preferences of passenger cars. However, the major customers of the Group still achieved remarkable performance. Hence the Directors believe that, the long-term and close cooperative relationships with those customers will enable the Group to lead at the forefront of the industry. Furthermore, the everlasting pursuit of cost control in the context of raw material and labor costs increase will enable the Group to maintain solid profit margin and market share while other competitors' profits retract.

Facing the current global market growth trend, the Group will be more focused on customer selection, customer response, and close follow-up for the passenger cars market. The Group will still concentrate on its business in the domestic market and persistently seek overseas expansion in potential emerging market while keeping an eye on the more mature markets.

Taking advantage of technology innovation and technique improvement, high-quality product launch, supplier service and management, combined with its prudential, down-to-earth attitude and global strategy and vision, the Group will further strengthen its leading position in the industry and will play a more and more important role in the overseas market.

DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, the interests or short positions of substantial shareholders, 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") are as follows:

Name of Substantial Shareholder	Capacity	Long/short position	Number of Shares	Percentage of the Company's Issued Share Capital
Wei Ching Lien	Interest of spouse	Long position	420,524,000 *(Note 1)*	44.06%
Linkfair	Beneficial owner	Long position	420,772,000 *(Note 2)*	44.08%
Commonwealth Bank of Australia	Interest of controlled corporation	Long position	76,572,000 *(Note 3)*	8.02%
Charles P. Coleman III	Interest of controlled corporations	Long position	55,004,000 *(Note 4)*	5.76%
Tiger Global Management, L.L.C.	Interest of controlled corporations	Long position	55,004,000 *(Note 4)*	5.76%

Note 1: Linkfair Investments Limited ("Linkfair") was beneficially interested in 420,772,000 Shares, Linkfair was wholly-owned by Mr. Chin Jong Hwa and he was therefore deemed to be interested in the entire 420,772,000 Shares held by Linkfair. Wei Ching Lien is the spouse of Mr. Chin Jong Hwa. She was deemed to be interested in 420,772,000 Shares in which Mr. Chin Jong Hwa was deemed to be interested.

Note 2: Linkfair, a company wholly-owned by Mr. Chin Jong Hwa, was beneficially interested in 420,772,000 Shares.

Note 3: According to the information disclosed to the Company under Division 2 and 3 of Part XV of the SFO, these shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.

Note 4: Tiger Global, Ltd. was beneficially interested in 20,995,027 Shares. Tiger Global, L.P. was beneficially interested in 32,947,396 Shares. Tiger Global II, L.P. was beneficially interested in 1,061,577 Shares. Tiger Global Management, L.L.C. is the investment manager of Tiger Global Ltd., Tiger Global L.P. and Tiger Global II, L.P. and is deemed to be interested in the Shares held by Tiger Global Ltd., Tiger Global, L.P. and Tiger Global II, L.P.. Tiger Global Performance, L.L.C. is the general partner of Tiger Global, L.P. and Tiger Global II, L.P. and is deemed to be interested in the Shares held by Tiger Global, L.P. and Tiger Global II, L.P.. Charles P. Coleman III is the managing member of Tiger Global Management, L.L.C. and Tiger Global Performance, L.L.C. and is deemed to be interested in the Shares held by Tiger Global Management, L.L.C. and Tiger Global Performance, L.L.C., and in turn, in the Shares held by Tiger Global, Ltd., Tiger Global, L.P. and Tiger Global II, L.P..

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 2008, the interests and short positions of the directors and the chief executives in the Shares, underlying shares and debentures of the Company and its associated corporations (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 have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 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 Companies contained in the Listing Rules, were as follows:

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Nature of Interest	Total Number of Shares	Percentage of the Company's Issued Share Capital
Chin Jong Hwa	the Company	Long Position	Interest of controlled corporation *(Note 1)*	420,772,000	44.08%
Shi Jian Hui	the Company	Long position	Beneficial owner	500,000 *(Note 2)*	0.05%
Mu Wei Zhong	the Company	Long position	Beneficial owner	500,000 *(Note 2)*	0.05%
Zhao Feng	the Company	Long position	Beneficial owner and interest of spouse *(Note 3)*	1,000,000 *(Note 2 & 3)*	0.10%

Note 1: Linkfair was beneficially interested in 420,772,000 Shares. Linkfair was wholly-owned by Mr. Chin Jong Hwa and he was therefore deemed to be interested in the entire 420,772,000 Shares held by Linkfair.

Note 2: The total number of Shares over which options granted under the Share Option Scheme are exercisable.

Note 3: Upon exercise of the options under the Share Option Scheme, Mr. Zhao Feng and his spouse, Ms. Zhu Chun Ya, will be issued with 500,000 Shares each, respectively. Since Mr. Zhao Feng is the spouse of Ms. Zhu Chun Ya, he was deemed to be interested in 500,000 Shares in which Ms. Zhu Chun Ya was interested in.

Other than as disclosed above, as at 30 June 2008, 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 LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the Review Period.

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

None of the Directors is aware of any information that would reasonably indicate that the Company was not at any time during the Review Period in compliance with the Code on Corporate Governance Practice as 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 Company's code of conduct and rules governing dealings by all Directors in the securities of the Company. Having made specific enquiry of all Directors, the Company has been informed that they had strictly complied with the Model Code during the Review Period.

AUDIT COMMITTEE

The Company has an audit committee consisting of three independent non-executive directors, Mr. Heng Kwoo Seng (chairman of the Audit Committee), Dr. Wang Ching and Mr. Zhang Li Ren. The audit committee reviews the systems of internal control and the completeness and accuracy of the financial statements and liaises on behalf of the directors with external auditors. The committee members meet regularly with the Company's management and external auditors to review audit reports as well as the interim and annual financial statements, as the case may be, of the Group. It has reviewed this interim report and the unaudited consolidated financial statements for the six months ended 30 June 2008, and recommended their adoption by the Board.

Minth Group Limited
Chin Jong Hwa
Chairman

8 September 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

	NOTES	Six months ended 30 June **2008** **(Unaudited)** **RMB'000**	 2007 (Unaudited) RMB'000
Turnover	3	**941,999**	636,905
Cost of sales		**(586,228)**	(381,493)
Gross profit		**355,771**	255,412
Interest income	4	**16,422**	2,163
Other income	5	**33,611**	36,496
Other gains and losses	6	**(32,471)**	6,429
Distribution and selling expenses		**(20,896)**	(18,802)
Administrative expenses		**(68,679)**	(50,765)
Other expenses		**(31,252)**	(18,091)
Interest on bank borrowings wholly repayable within five years		**(3,025)**	(1,800)
Share of losses of jointly controlled entities		**(4,089)**	(2,016)
Share of profits of associates		**21,029**	15,558
Profit before tax		**266,421**	224,584
Income tax expense	7	**(23,135)**	(18,498)
Profit for the period	8	**243,286**	206,086
Attributable to:			
Equity holders of the Company		**238,912**	203,109
Minority interests		**4,374**	2,977
		243,286	206,086
Earnings per share	9		
— Basic		**0.250**	0.245
— Diluted		**0.249**	0.243

CONDENSED CONSOLIDATED BALANCE SHEET

	NOTES	**At 30 June 2008 (Unaudited) RMB'000**	At 31 December 2007 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	10	**847,734**	807,590
Prepaid lease payments	11	**175,428**	136,452
Goodwill		**15,276**	15,276
Other intangible assets		**24,376**	14,881
Interests in jointly controlled entities		**54,764**	29,762
Interests in associates		**111,980**	72,889
Deferred tax assets	12	**10,320**	8,175
		1,239,878	1,085,025
Current assets			
Prepaid lease payments		**4,393**	3,276
Inventories	13	**362,407**	279,532
Loans to a jointly controlled entity	14	**31,820**	65,669
Trade and other receivables	15	**549,235**	430,048
Other financial assets	16	**576,452**	606,172
Pledged bank deposits	17	**251,774**	9,924
Bank balances and cash	17	**900,078**	933,082
		2,676,159	2,327,703
Current liabilities			
Trade and other payables	18	**337,114**	284,666
Tax liabilities		**18,456**	12,950
Borrowings	19	**384,167**	117,099
		739,737	414,715
Net current assets		**1,936,422**	1,912,988
Total assets less current liabilities		**3,176,300**	2,998,013

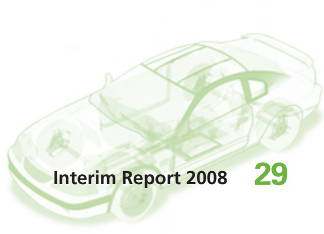
	NOTES	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Capital and reserves			
Share capital	20	**98,414**	98,410
Reserves		**2,977,084**	2,859,159
Equity attributable to equity holders of the Company		**3,075,498**	2,957,569
Minority interests		**65,128**	39,066
Total equity		**3,140,626**	2,996,635
Non-current liabilities			
Long-term Borrowings		**34,296**	—
Deferred tax liabilities		**1,378**	1,378
		35,674	1,378
		3,176,300	2,998,013

The consolidated financial statements on pages 26 to 56 were approved and authorised for issue by the Board of Directors on 8 September 2008 and are signed on its behalf by:

Shi Jian Hui	**Mu Wei Zhong**
DIRECTOR	*DIRECTOR*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RMB'000	Share Premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Surplus reserve fund RMB'000	Expansion fund RMB'000	Translation reserve RMB'000	Stock Option reserve RMB'000	Retained profits RMB'000	Equity holders of the parent RMB'000	Minority Interests RMB'000	Total RMB'000
At 1 January 2008	98,410	1,883,080	276,199	27,239	89,995	11,159	(7,039)	13,264	565,262	2,957,569	39,066	2,996,635
Exchange difference arising on translation of foreign operations and net loss recognised directly in equity	—	—	—	—	—	—	(23,175)	—	—	(23,175)	—	(23,175)
Profit for the period	—	—	—	—	—	—	—	—	238,912	238,912	4,374	243,286
Total recognized income	—	—	—	—	—	—	(23,175)	—	238,912	215,737	4,374	220,111
Recognition of share-based payments	—	—	—	—	—	—	—	4,785	—	4,785	—	4,785
Transfer	—	—	—	—	35	—	—	—	(35)	—	—	—
Dividends recognised as distribution	—	—	—	—	—	—	—	—	(102,822)	(102,822)	—	(102,822)
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	21,689	21,689
Shares issued	4	252	—	—	—	—	—	(28)	—	228	—	228
At 30 June 2008	98,414	1,883,332	276,199	27,239	90,030	11,159	(30,214)	18,021	701,317	3,075,497	65,129	3,140,626
At 1 January 2007	86,345	421,673	276,199	19,511	30,814	11,159	(6,359)	—	343,341	1,182,683	34,480	1,217,163
Exchange difference arising on translation of foreign operations and net loss recognised directly in equity	—	—	—	—	—	—	(9,000)	—	—	(9,000)	(13)	(9,000)
Profit for the period	—	—	—	—	—	—	—	—	203,109	203,109	2,977	206,086
Total recognised income	—	—	—	—	—	—	(9,000)	—	203,109	194,109	2,977	197,086
Transfer	—	—	—	—	6,317	509	—	—	(6,826)	—	—	—
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	4,819	4,819
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	(7,421)	(7,421)
Recognition of share-based payments	—	—	—	—	—	—	—	6,080	—	6,080	—	6,080
Dividends recognised as distribution	—	—	—	—	—	—	—	—	(78,449)	(78,449)	—	(78,449)
At 30 June 2007	86,345	421,673	276,199	19,511	37,131	11,668	(15,359)	6,080	461,175	1,304,423	34,855	1,339,278



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		Six months ended 30 June	
	NOTES	**2008** **(Unaudited)** **RMB'000**	2007 (Unaudited) RMB'000
Net cash inflow from operating activities		**163,109**	119,230
Net cash outflow from investing activities		**(402,034)**	(194,858)
Net cash flow from financing activities		**230,491**	68,317
Decrease in cash and cash equivalents		**(8,434)**	(7,311)
Cash and cash equivalents at the beginning of the period		**933,082**	232,071
Effect of foreign exchange rate changes		**(24,570)**	(8,230)
Cash and cash equivalent at the end of the period		**900,078**	216,530

1. GENERAL, CORPORATE REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated under the Company Law of the Cayman Islands on 22 June 2005 and registered as an exempted company with limited liability. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 December 2005. The Company acts as an investment holding company with its subsidiaries engaged in the design, develop, manufacture, process and sales of exterior automobile body parts and moulds.

In the opinion of the Directors, the immediate and ultimate holding company is Linkfair Investment Limited, a company incorporated in the British Virgin Islands on 7 January 2005 with limited liability.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

The accounting policies used in the condensed consolidated financial statements are consistent with those presented in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007.

In the current period, the Group has applied, for the first time, a number of new standards, amendments, and interpretations (the "new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2008.

The adoption of these new HKFRSs has had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[3]

1 *Effective for accounting periods beginning on or after 1January 2009*
2 *Effective for accounting periods beginning on or after 1 July 2009*
3 *Effective for accounting periods beginning on or after 1 July 2008*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

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

3. BUSINESS AND GEOGRAPHICAL SEGMENT

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers and net of discounts and sales related taxes during the period.

Business segments

The Group's operation is regarded as a single business segment, being engaged in the manufacture and sales of exterior automobile body parts.

Geographical segments

The following table provides an analysis of the Group's sales by geographical markets based on location of customers, irrespective of the origin of the goods:

	Six months ended 30 June			
	2008 (Unaudited)		2007 (Unaudited)	
	RMB'000	**%**	RMB'000	%
PRC	**765,652**	**81.3**	534,266	83.9
North America	**65,841**	**7.0**	34,543	5.4
Europe	**28,609**	**3.0**	21,269	3.3
Asia Pacific	**81,897**	**8.7**	46,827	7.4
Total	**941,999**	**100**	636,905	100

No geographical segment information of the Group's assets is shown as the Group's assets are substantially located in the PRC.

4. INTEREST INCOME

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank deposits	**14,923**	2,163
Interest on loan receivables	**1,499**	—
Total interest income	**16,422**	2,163

Interest income earned on financial assets, analysed by category of asset, is as follows:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Loans and receivables (including cash and bank balances)	**16,422**	2,163

5. OTHER INCOME

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Government grants received	**25,293**	14,514
Sales of scrap and raw materials	**3,874**	4,614
Property rental income	**1,443**	974
Technology consulting income	**646**	13,590
Others	**2,355**	2,804
Total	**33,611**	36,496

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Change in fair value of financial assets designated as at FVTPL	**10,827**	—
Foreign exchange gains (losses)	**(43,543)**	6,429
Gain on disposal of property, plant and equipment	**245**	—
Total	**(32,471)**	6,429

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax	**25,455**	18,342
(Over) under provision in prior years:		
PRC Enterprise Income Tax	**(241)**	156
Deferred tax		
Current period	**(2,079)**	—
Total	**23,135**	18,498

The charge represents PRC income tax calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group are entitled to exemption from PRC income tax for two years starting from their first profit making year, followed by a 50% reduction for the next three years ("Tax Holidays"). The tax holidays will expire in 2012.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax ("New Tax Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Tax Law, which have changed the tax rate to 25% for all the PRC enterprises from 1 January 2008. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa 2007 No. 39), those entities that previously enjoyed tax incentive rate at 15% have increased their applicable tax rate progressively to 25% over a five-year transitional period. The tax exemption and deduction from foreign enterprise income tax for the foreign investment enterprises is still applicable until the end of the five-year transitional period under the New Tax Law. The deferred tax balance has already reflected the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

The tax charge for the period can be reconciled to the profit per the consolidated income statement as follows:

	Six months ended 30 June			
	2008 (Unaudited)		2007 (Unaudited)	
	RMB'000	**%**	RMB'000	%
Profit before tax	**266,421**		224,584	
Tax at the applicable income tax rate *(note 1)*	**66,605**	**25.0**	33,688	15
Tax effect of share of net profits of associates and jointly controlled entities	**(4,314)**	**(1.6)**	—	—
Tax effect of expenses not deductible for tax purpose	**10,622**	**4.0**	170	0.1
Tax effect of income not taxable	**(231)**	**(0.1)**	(1,598)	(0.7)
Reversal of deferred taxation previously not recognised	**0**	**—**	(821)	(0.4)
Effect of tax holidays	**(51,330)**	**(19.3)**	(13,158)	(5.9)
Tax effect of different tax rates of subsidiaries	**(1,574)**	**(0.6)**	61	0
Withholding income tax provision on dividends and interest from PRC *(note 2)*	**3,598**	**1.4**	—	—
Others	**(241)**	**(0.1)**	156	0.1
Tax charge and effective tax rate for the period	**23,135**	**8.7**	18,498	8.2

Note 1: The applicable income tax rate of 25% in the PRC is the domestic rate in the respective regions where the operations of the Group are substantially based.

Note 2: From 1 January 2008, withholding tax at the rate of 10% (unless reduced by treaty) on dividends derived from sources within the PRC by non-resident enterprises is no longer waived. The Group has already assessed the impact regarding this withholding tax and considered sufficient provision against the dividends to be remitted.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories as expense	**586,228**	381,493
Directors' remuneration	**1,338**	1,141
Other staff's retirement benefits scheme contributions	**4,526**	1,852
Other staff's share-based payments	**4,785**	6,080
Other staff costs	**82,865**	58,881
Total staff costs	**93,514**	67,954
Less: Staff costs included in research expenditure	**(9,400)**	(6,824)
	84,114	61,130
Depreciation for property, plant and equipment	**34,634**	23,353
Less: Depreciation included in research expenditure	**(3,122)**	(3,406)
	31,512	19,947
Amortisation of other intangible assets (included in administrative expenses)	**799**	2,087
Release of prepaid lease payments	**1,808**	658
Allowance for bad and doubtful debts (written back)	**(42)**	579
Bad debts written off	**173**	753
Write-down (reversal) of inventories *(note a)*	**(897)**	57
Operating lease rentals of buildings	**3,685**	2,349
Research expenditure	**31,252**	18,091
Profit for the period has been arrived at after crediting:		
Property rental income	**2,136**	1,268
Less: Outgoings	**(693)**	(294)
	1,443	974
Government subsidies *(note b)*	**25,293**	14,514

Note a: *Allowance for inventories has been written back on sale of these inventories.*

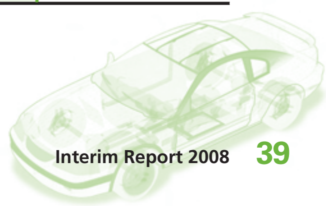
Note b: *The amount represents the incentive subsidies granted by the PRC local government authorities to the Group for projects involving hi-tech know-how and product development. The government grants have been approved by and received from the PRC local government authorities.*

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit attributable to equity holders of the Company)	**238,912**	203,109

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**954,524**	830,000
Effect of dilutive potential ordinary shares: Options	**3,849**	6,377
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**958,373**	836,377



Note: The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the shares issued upon the exercise of option on 12 March 2008.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately RMB76,870,000 (2007: RMB106,324,000).

11. PREPAID LEASE PAYMENTS

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Prepaid lease payments	**179,821**	139,728
Analysed for reporting purposes as:		
Current asset	**4,393**	3,276
Non-current asset	**175,428**	136,452
	179,821	139,728

The carrying amount represents the prepayment of rentals for medium-term land use rights situated in the PRC for a period of 50 years or the remaining period of the right, if shorter.

12. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the current period and prior periods:

Deferred tax assets

	Allowance for doubtful debts RMB'000	Allowance for inventories RMB'000	Unrealized profit in assets RMB'000	Temporary difference of expense RMB'000	Total RMB'000
At 1 January 2007 and at 30 June 2007	—	—	—	—	—
Credit to consolidated income statement for the period	398	410	6,478	889	8,175
At 31 December 2007	398	410	6,478	889	8,175
Credit (debit) to consolidated income statement for the period	(20)	(97)	3,151	(889)	2,145
At 30 June 2008	378	313	9,629	—	10,320

13. INVENTORIES

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Raw materials	**60,946**	63,744
Work in progress	**92,005**	58,729
Finished goods	**72,565**	47,322
Moulds	**136,891**	109,737
	362,407	279,532

14. LOANS TO A JOINTLY CONTROLLED ENTITY

	Maturity date	Effective interest rate	At 30 June 2008 Carrying amount (Unaudited) RMB'000
Variable-rate loan receivable	31 August 2008	Prime rate + 0.5%	**31,820**

Loans to a jointly controlled entity are denominated in USD, functional currency of the relevant group entity.

15. TRADE AND OTHER RECEIVABLES

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Trade receivables		
— associates	**24,678**	25,094
— jointly controlled entities	**7,302**	5,811
— third parties	**396,487**	314,633
Less: allowance for doubtful debts	**(1,120)**	(1,120)
	427,347	344,418
Bill receivables	**17,276**	21,249
	444,623	365,667
Other receivables	**44,989**	21,692
Less: allowance for doubtful debts	**(1,002)**	(1,133)
	488,610	386,226
Prepayments	**60,625**	43,822
Total trade and other receivables	**549,235**	430,048

The Group allows an average credit period of 60 days to 90 days from when the goods are verified and accepted by customers. The following is an aged analysis of trade receivables and bills receivables net of allowance for doubtful debts at the balance sheet date:

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Age		
0–90 days	**418,896**	350,505
91–180 days	**17,336**	8,686
181–365 days	**7,812**	6,271
1–2 years	**579**	205
	444,623	365,667

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. 90% (2007: 97%) of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the internal credit scoring system used by the Group. Trade receivables that are neither past due nor impaired relate to a large number of diversified customers for whom there are no recent history of default.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB44,506,000 (2007: RMB8,877,000) which are past due at the reporting date. However, the directors have considered amounts in the context of the credit quality of the relevant customers and concluded that the Group did not provide for impairment loss. The average age of these receivables is 130 days (2007: 176 days).

Ageing of trade receivables which are past due but not impaired:

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Age		
31–90 days	**21,906**	—
91–180 days	**14,473**	2,516
181–365 days	**7,511**	6,266
1–2 years	**616**	95
	44,506	8,877

The Group has provided fully for all receivables over 2 years because historical experience is such that receivables that are past due beyond 2 years are generally not recoverable.

Movement in the allowance for doubtful debts

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Balance at beginning of the period	**2,253**	5,871
Impairment losses recognised on receivables	**42**	868
Amounts written off as uncollectible	**(173)**	(4,486)
Balance at end of the period	**2,122**	2,253

The Group's trade receivables which are not denominated in the functional currencies of the respective group entities are as follows:

Original currency	USD RMB'000	JPY RMB'000	AUD RMB'000	EURO RMB'000
At 30 June 2008	**96,406**	**249**	**—**	**3,024**
At 31 December 2007	52,055	248	—	1,198

16. OTHER FINANCIAL ASSETS

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Financial assets designated as at fair value through profit or loss (FVTPL)	**576,452**	606,172

In 2007, the Group entered into three contracts of structured deposits with two banks for a period of one year. The entire contracts have been designated as financial assets at fair value through profit or loss on initial recognition.

During the period, a fair value increase of the above three structured deposits amounted to approximately RMB10,827,000 has been recognized in the consolidated income statement.

17. BANK BALANCES AND PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from 0.72% to 6.93% per annum (2007: 0.72% to 4.50%). The pledged deposits carry fixed interest rate of 4.14% per annum (2007: 3.33%).The pledged deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Group in respect of purchases of materials for manufacturing and are therefore classified as current assets.

The Group's pledged bank deposits and certain bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	**USD**	**HKD**	**JPY**	**EURO**	**CAD**	**AUD**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2008	**132,877**	**—**	**75**	**1,396**	**13**	**7**
At 31 December 2007	647,568	16,987	270	5,125	14	—

18. TRADE AND OTHER PAYABLES

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Trade payables		
— associates	**18,485**	3,326
— jointly controlled entities	**2,261**	2,462
— third parties	**204,400**	148,742
	225,146	154,530
Bills payables	**15,492**	11,035
	240,638	165,565
Payroll and welfare payables	**20,817**	30,670
Advance from customers	**27,476**	4,836
Consideration payable of acquisition of property, plant and equipment	**6,969**	32,192
Dividend payable to minority owners of subsidiaries	**1,372**	1,372
Technology support services fees payable	**13,745**	20,143
Others	**26,097**	29,888
	337,114	284,666

The average credit period on purchases of goods is 45 days to 90 days. The Group has financial risk management policies in place to ensure that all payables will be settled within the credit timeframe.

The following is an aged analysis of trade payables and bills payable at the balance sheet date:

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Age		
0–90 days	**235,245**	163,763
91–180 days	**4,639**	554
181–365 days	**381**	267
1–2 years	**273**	907
Over 2 years	**100**	74
	240,638	165,565

The Group's trade payables which are not denominated in the functional currencies of the respective group entities are as follows:

Original currency	**USD** RMB'000	**JPY** RMB'000	**EURO** RMB'000
At 30 June 2008	**14,044**	**4,704**	**57**
At 31 December 2007	6,735	5,380	6,027

19. BORROWINGS

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Bank loans	**418,463**	117,099
Secured	**397,501**	6,812
Unsecured	**20,962**	110,287
	418,463	117,099
Fixed-rate bank loans	**—**	6,812
Variable-rate bank loans	**418,463**	110,287
	418,463	117,099
Carrying amount repayable:		
On demand or within one year	**384,167**	117,099
Over one year	**34,296**	—

The Group's variable-rate bank loans carry interest at LIBOR. The interest rate is repriced on daily and monthly basis for the amount of approximately RMB363,206,000 and RMB34,295,000 respectively. While for the remainder of approximately RMB20,962,000, the interest rate is repriced every three months.

The range of effective interest rates on the Group's bank loans are as follows:

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Effective interest rate:		
Fixed-rate bank loans	**—**	6.00%
Variable-rate bank loans	**1.0% to 7.8%**	1.0% to 7.8%

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	USD RMB'000	JPY RMB'000
At 30 June 2008	**418,463**	**—**
At 31 December 2007	98,482	18,617

During the period, the Group obtained new loans in the amount of RMB425,542,000. The loans bear interest at market rates and will be repayable in 2008 or 2009. The proceeds were used to provide additional working capital for the Group.

20. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	At 30 June 2008 (Unaudited) '000	At 31 December 2007 (Audited) '000	**At 30 June 2008 (Unaudited) HK$'000**	At 31 December 2007 (Audited) HK$'000
Ordinary shares of HK$0.1 each				
Authorised				
At beginning and end of period	**5,000,000**	5,000,000	**500,000**	500,000

	Number of shares		Share capital	
	At 30 June 2008 (Unaudited) '000	At 31 December 2007 (Audited) '000	**At 30 June 2008 (Unaudited) RMB'000**	At 31 December 2007 (Audited) RMB'000
Issued and fully paid				
At beginning of period	**954,500**	830,000	**98,410**	86,345
Issued of shares by private placement under general mandate	**—**	124,500	**—**	12,065
Share Options were exercised	**40**	—	**4**	—
At end of period	**954,540**	954,500	**98,414**	98,410

On 12 March 2008, 40,000 share options were exercised by an eligible employee.

21. ACQUISITION OF ASSETS, AND ASSUMPTION OF LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 30 April 2008, the Group acquired 100% of the issued share capital of Talentlink Development Ltd and its subsidiary ("Talentlink") and Magic Figure Investments Ltd and its subsidiaries ("Magic Figure") for a total consideration of RMB25,917,000 from third parties. These acquisitions were regarded as acquisition of assets and assuming liabilities since no business acquired.

The net assets acquired in the transactions, are as follows:

	Carrying amount Talentlink	**Carrying amount Magic Figure**	**Toal**
	RMB'000	RMB'000	RMB'000
Net assets acquired:			
Property, plant and equipment	—	2,086	2,086
Prepaid lease payments	—	41,768	41,768
Trade and other receivables	2,309	51,474	53,783
Bank balances and cash	53,495	2,637	56,132
Trade and other payables	(52,091)	(75,761)	(127,852)
	3,713	22,204	25,917
Total consideration satisfied by:			
Cash			25,917
Net cash inflow arising on acquisition:			
Cash consideration paid			(25,917)
Bank balances and cash acquired			56,132
			30,215

22. OPERATING LEASES

The Group as lessee

At the balance sheet date, the Group had commitments to make the following future minimum lease payments in respect of buildings rented under non-cancellable operating leases which fall due as follows:

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Within one year	**1,850**	1,023
In the second to fifth year inclusive	**1,944**	—
	3,794	1,023

Operating lease payments represent rentals payable by the Group for certain of its properties. The leases terms are negotiated from 1 to 5 years and rentals are fixed for the terms.

The Group as lessor

The Group rents out a part of its buildings under operating lease. Property rental income earned during the period was RMB2,136,000 (2007: RMB1,268,000).

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Within one year	**2,662**	1,023
In the second to fifth year inclusive	**1,454**	—
	4,116	1,023

23. COMMITMENTS

	At 30 June 2008 (Unaudited) RMB'000	At 31 December 2007 (Audited) RMB'000
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	**97,070**	13,713
Capital injection to associates, authorised but not contracted for:	**9,603**	19,722

24. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 13 November 2005 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 13 November 2015. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 30 June 2008, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 20,760,000 (2007: 20,800,000), representing 2.2% (2007: 2.2%) of the shares of the Company in issue at balance sheet date.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per option. In respect of the share options granted in 2007, 50% of the total granted options may be exercised after the end of the first twelve months and the remaining 50% of options may be exercised after the end of the twenty-four months from the date of acceptance of the options. The exercise price is HK$6.31 which was determined as the closing price of the shares of the Company on the daily quotations of the Stock Exchange on the date of grant of the options.

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Exercise period	Exercise price HK$	Fair value at grant date HK$
2007A	01/02/07	01/02/07 to 31/01/08	01/02/08 to 12/11/10	6.31	0.97
2007B	01/02/07	01/02/07 to 31/01/09	01/02/09 to 12/11/10	6.31	1.26

The following table discloses movements of the Company's share options held by employees during the period:

Option type	Outstanding at 01/01/08	Granted during period	Exercised during period	Forfeited during period	Expired during period	Outstanding at 30/6/08
2007A	10,400,000	—	40,000	—	—	10,360,000
2007B	10,400,000	—	—	75,000	—	10,325,000
	20,800,000	—	40,000	75,000	—	20, 685,000

The Group recognised the total expense of approximately RMB4,785,000 for the six months ended 30 June 2008 (2007: RMB6,080,000) in relation to share options granted by the Company.

25. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

The Group has the following significant transactions with related/ connected parties during the Review Period:

Relationship with related/connected party	Nature of transactions	Six months ended 30 June 2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Jointly controlled entities, in which the Company has 50% equity interest	Sales of finished goods	**6,951**	7,400
	Sales of raw materials	**730**	—
	Purchase of raw materials	**7,436**	—
	Proceeds from disposal of property, plant and equipment received	**310**	—
	Property rentals received	**495**	520
	Testing services income received	**11**	—
	Interest income received	**87**	—
	Purchase of finished goods	**8,427**	—
	Property rentals paid	**5**	—
Associates, in which the Company has 49% equity interest	Sales of finished goods	**1,671**	—
	Sales of raw materials	**209**	—
	Purchase of raw materials	**7,945**	—
	Proceeds from disposal of property, plant and equipment received	**997**	—
	Purchase of finished goods	**373**	—
	Property rentals received	**3**	—
A jointly controlled entity, in which the Company has 49.82% equity interest (2007: 48%)	Sales of finished goods	**2,151**	—
	Sales of raw materials	**73**	—
	Interest income received	**1,139**	—

Relationship with related/connected party	Nature of transactions	Six months ended 30 June 2008 (Unaudited) RMB'000	2007 (Unaudited) RMB'000
Associates, in which the Company has 48% equity interest	Sales of finished goods	**33,358**	41,055
	Sales of raw materials	**6,198**	—
	Purchase of raw materials	**11,135**	4,819
	Acquisition of equipments	**19**	—
	Property rentals received	**1,021**	508
	Testing services income received	**14**	—
	Technology support services fees received	**441**	512
	Technology support services fees paid	**46**	—
Associates, in which the Company has 40% equity interest	Purchase of raw materials	**11,783**	—
Minority owners having significant influence over subsidiaries	Sales of finished goods	**65,503**	17,915
	Purchase of raw materials	**59,653**	12,674
	Purchase of moulds	**8,733**	—
	Technology support services fees paid	**7,142**	2,335
	Purchase of intangible assets	**3,955**	—
	Property rentals paid	**248**	—
Companies in which Mr. Chin has joint control	Property rentals received	**45**	54

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

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.

26. MORTGAGED ASSETS

As of 30 June 2008, the Group had borrowed approximately USD57,952,000, translated to approximately RMB379,501,000 by mortgaging a fixed deposit of RMB35,600,000 with maturity of one year and a structured deposit of approximately RMB576,452,000. This loan is to be settled in US dollars. (2007: Nil).

27. EVENTS AFTER THE BALANCE SHEET DATE

On 4 July 2008 and pursuant to the Share Option Scheme, the Board of Directors of the Company approved the grant of 20,800,000 share options to Participants (as defined in such Share Option Scheme). Such Participants are entitled to exercise the options in the period commencing 1 February 2010 and ending 12 November 2013. The price per share payable by the Participants upon the exercise of such options was determined in accordance with the Listing Rules and represents the average closing price of the shares of the Company for the five trading days preceding the date of grant of such options. The Directors do not expect any material adverse impact on the group's financials as a result of the grant of such options.