



MINTH GROUP LIMITED

敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425



INTERIM REPORT 2012



MISSION & VISION

We create beauty in motion

STRATEGIC OBJECTIVE

Endeavoring to become a leader
in the global automobile parts industry

VALUES

Courtesy & Confidence
Care & Harmony
Practicality & Effectiveness
Innovation & Excellence

敏于思，實于行

INTELLIGENCE IS ACTIONAL

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Financial Statements

The Board

Executive directors

Chin Jong Hwa (*Chairman*)
Shi Jian Hui (*Chief Executive Officer*)
Zhao Feng
Kawaguchi Kiyoshi

Non-executive directors

Mikio Natsume
(resigned on 21 March 2012)
Yu Zheng
He Dong Han
Mu Wei Zhong
(redesignated from an executive Director
to a non-executive Director
on 21 March 2012)

Independent non-executive directors

Wang Ching
Zhang Li Ren
Wu Fred Fong

Company Secretary

Loke Yu

Registered Office

Cricket Square,
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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Postal Code 315800
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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138 Gloucester Road
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.
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Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
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183 Queen's Road East, Wanchai
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Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
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88 Queensway
Hong Kong

Legal Advisers to the Company

As to Hong Kong Law
Reed Smith Richards Butler
20/F, Alexandra House
18 Chater Road, Central
Hong Kong

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

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

Industry Overview

During the six months ended 30 June 2012 (“Review Period”), the China passenger vehicle market recorded a moderate growth, the production and sales of which were approximately 7,599,300 units and approximately 7,613,500 units respectively, representing a year-on-year increase of approximately 7.87% and approximately 7.08% respectively. Under the pressure of the slow-down of China’s overall economy, the OEMs’ capacity expansion, and the adoption of restriction policies on vehicle purchases by several cities, the domestic passenger vehicle market is now facing an increasingly fierce competition.

Globally, the United States (the “US”) market outperformed during the Review Period, while the Japanese market saw significant increase for months with the motivation of the government’s subsidies for energy-efficient vehicles, which means it is gradually recovering from the impact of the earthquake. The European vehicle market was profoundly affected by the European sovereign debt crisis where its sales remained weak. Among the emerging markets, Russia and India experienced a slower growth as compared to the previous rapid development, while the Brazilian vehicle market saw a steady demand.

Company Overview

Minth Group Limited (the “Company”) and its subsidiaries (the “Group”) are primarily engaged in the design, manufacture and sale of trims, decorative parts, body structural parts and other related auto parts. As the Group has established manufacturing bases in China, North America, Mexico and Thailand, with the support of the technical centres in Japan, North America and the sales network in Germany spanning across Europe, the Group is consolidating its presence in existing markets, proactively exploring and entering other emerging markets step by step, and serving the global market.

During the Review Period, the Group continued to improve the customer service and strengthen its customer relations management, securing more orders including those for global car models from customers. Thanks to the increase in the production of the major customers, the Group’s overall turnover recorded a decent results, among which its domestic turnover recorded an increase higher than that of the market. The turnover from overseas market and exports remained a healthy growth. Through centralized procurement, strengthened supplier management and optimized supply system, the cost of raw materials has been effectively reduced, hence the Group has maintained a decent gross profit margin.

Externally, the Group strengthened the cooperation within the industry as well as expanded and developed the domestic and overseas production bases, so as to meet the demand of worldwide delivery by the customers. Internally, the Group has optimized the organizational structure, enhanced the operating efficiency, strengthened the training and communication among its staff, as well as facilitated and improved the research and development (“R&D”) capabilities to address the globalization requirement of the Group.

Business and Operation Layout

During the Review Period, the domestic turnover of the Group was approximately RMB1,522,160,000, representing an increase of approximately 16.6% compared with approximately RMB1,305,926,000 in the same period last year. With the gradual increase of production capacity of the plants located in Thailand and Mexico as well as the export kept benefiting from the recovery of major overseas markets, the Group’s overseas turnover maintained a sustainable growth, with approximately RMB597,710,000, representing an increase of approximately RMB93,046,000 or approximately 18.4% as compared with approximately RMB504,664,000 in the same period last year.

During the Review Period, Japanese OEMs launched more new models to strengthen their competitiveness in the market. Benefiting from the good relationship with Japanese OEMs, sales to those customers have increased accordingly. The Group has continued to enhance its customer diversification strategy, improved its service to customers, strengthened the customer relations management, and appointed account directors for each of the major customers so as to address their requests promptly and effectively. The Group enlarged its overseas sales and influence during the Review Period and secured the new orders for BMW global platform vehicles, maintaining a healthy growing trend for the export business.

During the Review Period, the commencement of the Group’s new seat components production base and the ramp-up of its production capacity has ensured an ample supply of such products in the future. Meanwhile, the Group’s seat components business has penetrated into a non-Japanese OEM for the first time.

During the Review Period, the Group established a new production base in Thailand, further optimizing the layout of global production and expanding the competence on the product global delivery. The establishment and development of the production bases in the Northern China regions such as Zhengzhou and Beijing helped the Group provide just-in-time service to the customers and explore the potential customers and orders.

The Group's investment strategy was based on both its internal development target and the market trend and for the purpose of exploring and identifying the new business opportunities. As the changes in the market condition affected the Group's consideration on the long term commercial interests, the Group ceased to acquire 45% of the equity interest in Beijing KFTC Co., Ltd. (可附特(北京)有限責任公司). Please refer to the Company's announcement dated 3 February 2012 for details.

Research and Development

During the Review Period, the Group enriched and improved the technological reserve of new businesses including the parts of welfare vehicle, new energy vehicle and parts and explored and promoted the application of the new materials and skills. With the continuous investment in R&D, the Group further improved its capability of global concurrent design, while the research results in the electronic products and system integration products have gradually been adopted in manufacture. R&D is expected to be a competitive advantage which the Group could rely on.

The Group attached emphasis to its R&D team building, the strengthening of its human capital management model with dual career paths as well as the enhancement of its management and R&D team, lifting up and creating a core competitiveness for the R&D level. During the Review Period, the Group filed 103 patent applications for approval and 50 patent applications were authorized by the competent institutions.

Financial Review

	Six months ended 30 June 2012 RMB'000	Six months ended 30 June 2011 RMB'000
Turnover	2,119,870	1,810,590
Gross profit	738,330	649,003
Profit before tax	546,701	470,438
Income tax expense	(80,357)	(63,352)
Profit for the period attributable to:		
Owners of the Company	436,373	388,226
Non-controlling interests	29,971	18,860

Results

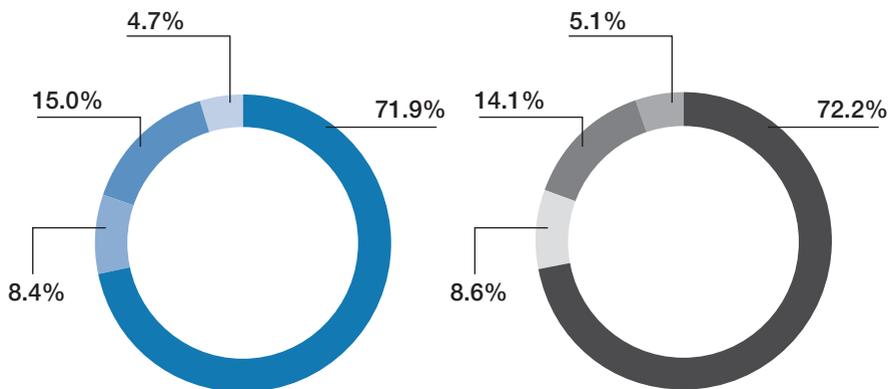
During the Review Period, the Group's turnover was approximately RMB2,119,870,000, representing an increase of approximately 17.1% from approximately RMB1,810,590,000 in the same period last year. It was mainly attributable to a benign growth in turnover both in the domestic and overseas markets achieved by the Group resulting from the Group's insightful layout for the domestic and overseas markets along with the timing that the Japanese vehicle market was restoring from the impact of the earthquake last year while the US vehicle market experienced recovery.

During the Review Period, the profit attributable to owners of the Company was approximately RMB436,373,000, representing an increase of approximately 12.4% from approximately RMB388,226,000 in the same period last year. It was mainly attributable to an increase in turnover and stringent cost control continuously adopted by the Group, resulting in an overall positive profitability for the Group.

Segment Revenue

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

Customer category	Six months ended 30 June 2012		Six months ended 30 June 2011	
	RMB'000	%	RMB'000	%
China	1,522,160	71.9	1,305,926	72.2
Asia Pacific	178,324	8.4	155,293	8.6
North America	319,023	15.0	256,171	14.1
Europe	100,363	4.7	93,200	5.1
Total turnover	2,119,870	100.0	1,810,590	100.0



Six months ended 30 June 2012

Six months ended 30 June 2011

71.9%	■	China	■	72.2%
8.4%	■	Asia Pacific	■	8.6%
15.0%	■	North America	■	14.1%
4.7%	■	Europe	■	5.1%

Gross Profit

During the Review Period, the Group's overall gross profit margin was approximately 34.8%, representing a decrease of approximately 1.0% from approximately 35.8% in the same period last year. It was mainly attributable to the fact that under the continuous pressure from the decline in product price, wage inflation and the appreciation of Renminbi, the Group offset the unfavorable impact through persistent efforts in continuous improvement in the manufacturing processes and technologies, a greater utilization rate of materials and implementation of a centralized procurement policy. In addition, the Group continued to enhance the efficiency of production and management, to maintain the overall gross profit margin at a decent level.

Investment Income

During the Review Period, the investment income of the Group was approximately RMB38,398,000, representing an increase of approximately RMB6,355,000 from approximately RMB32,043,000 in the same period in 2011. It was mainly due to an increase in the interest income from bank deposits, following an increase in the interest rate of bank deposits during the Review Period.

Other Income

During the Review Period, other income of the Group amounted to approximately RMB33,581,000, representing a decrease of approximately RMB26,737,000 as compared to approximately RMB60,318,000 in the same period in 2011. It was mainly attributable to a decrease in government subsidies.

Other Gains and Losses

During the Review Period, the Group's other gains and losses amounted to a profit of approximately RMB35,350,000, representing an increase of approximately RMB40,629,000 as compared to the loss of approximately RMB5,279,000 in the same period in 2011. It was mainly attributable to an increase in the gain from forward exchange contracts entered into by the Group in order to mitigate against the foreign currency risk, as well as an increase in the gain from financial products.

Distribution and Selling Expenses

During the Review Period, the Group's overall distribution and selling expenses amounted to approximately RMB56,370,000, representing a decrease of approximately RMB11,299,000 from approximately RMB67,669,000 in the same period in 2011, accounting for approximately 2.7% of the turnover of the Group. It was mainly attributable to the logistic integration policies actively adopted by the Group, which enhanced the logistic efficiency and further reduced the logistic expenses.

Administrative Expenses

During the Review Period, the administrative expenses of the Group amounted to approximately RMB158,774,000, representing an increase of approximately RMB18,191,000 from approximately RMB140,583,000 in the same period last year, accounting for approximately 7.5% of the Group's turnover, representing a decrease of approximately 0.3% as compared to approximately 7.8% in the same period in 2011. It was mainly due to the Group's stringent control over the administrative expenses against the backdrop of a growth of the Group's turnover, leading to the decrease of its proportion to the turnover.

Research Expenditures

During the Review Period, the research expenditures of the Group amounted to approximately RMB102,610,000, representing an increase of approximately RMB19,266,000 from approximately RMB83,344,000 in the same period last year, accounting for approximately 4.8% of the Group's turnover, representing an increase of approximately 0.2% from approximately 4.6% in the same period in 2011. It was mainly attributable to the Group's continuous increase in R&D expenditures in order to maintain its competitiveness in the market and sustainability through the promotion of technological innovations and the enhancement of R&D capabilities.

Share of Profits of Jointly Controlled Entities

During the Review Period, the Group's share of profits of jointly controlled entities was approximately RMB13,765,000 and remained at a similar level as approximately RMB14,751,000 in the same period in 2011.

Share of Profits of Associates

During the Review Period, the Group's share of profits of associates was approximately RMB15,621,000 and remained at a similar level as approximately RMB15,489,000 in the same period in 2011.

Income Tax Expense

During the Review Period, the Group's income tax expense was approximately RMB80,357,000, representing an increase of approximately RMB17,005,000 from approximately RMB63,352,000 in the same period in 2011.

During the Review Period, the effective tax rate was approximately 14.7%, representing an increase of approximately 1.2% from approximately 13.5% in the same period in 2011. It was mainly due to the fact that the statutory tax rate for certain subsidiaries increased gradually during the transition period, resulting in an increase of the effective tax rate.

Non-Controlling Interests

During the Review Period, the Group's profit attributable to non-controlling interests was approximately RMB29,971,000, representing an increase of approximately RMB11,111,000 compared to approximately RMB18,860,000 in the same period in 2011. It was mainly attributable to the increase in profit from the original joint venture and the preliminary profit phase of the two joint ventures newly incorporated last year.

Liquidity and Financial Resources

As of 30 June 2012, the Group's total cash and bank balances amounted to approximately RMB3,980,996,000, representing an increase of approximately RMB189,295,000 compared to approximately RMB3,791,701,000 as of 31 December 2011. As of 30 June 2012, the Group's low-cost borrowings amounted to approximately United States Dollars ("USD") 103,000,000, approximately Japanese Yen ("JPY") 2,211,911,000, approximately Hong Kong dollars ("HKD") 391,879,000, equivalent to approximately RMB651,442,000, approximately RMB176,174,000 and approximately RMB319,460,000 respectively, which was approximately RMB1,147,076,000 in total, representing an increase of loans of approximately RMB321,252,000 compared to approximately RMB825,824,000 as of 31 December 2011. The increase was mainly due to the borrowings the Group brought in, considering the exchange rate fluctuation, favorable interest rate and capital structure optimization.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB249,111,000, indicating a sound cash flow.

Receivables turnover days were approximately 73 days, remained at a similar level as approximately 73 days in the same period in 2011.

Payables turnover days were approximately 50 days, extending approximately 6 days from approximately 44 days in the same period in 2011. It was mainly due to the optimization to the procurement and supply channels, and that the payment term from suppliers has been extended as appropriate.

Inventories turnover days were approximately 55 days, representing a decrease of 4 days as compared with approximately 59 days in the same period in 2011. It was mainly due to the strengthened inventories control by the Group which effectively enhanced the inventory control level so as to shorten the inventories turnover days.

During the Review Period, the Group's current ratio decreased to 3.0 from 4.1 in the same period in 2011. As at 30 June 2012, the Group's gearing ratio increased to 13.5% from 8.4% in the same period in 2011.

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

The Group's borrowing requirements have no particular seasonality features.

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

Commitments

As of 30 June 2012, the Group had the following commitments:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Capital expenditure contracted for but not provided in the financial statements in respect of:		
acquisition of property, plant and equipment	249,980	107,488

Interest Rate and Foreign Exchange Risks

As of 30 June 2012, the Group's bank borrowing balance was approximately RMB1,147,076,000, of which approximately RMB651,442,000 was denominated in USD, approximately RMB176,174,000 was denominated in JPY and approximately RMB319,460,000 was denominated in HKD, which were at floating interest rates. These borrowings had no seasonality and would become due within one year.

Most of the Group's sales and procurements are denominated in RMB. For sales in foreign currencies, they are denominated primarily in USD. In order to offset the impact that foreign exchange fluctuation would otherwise have on the operating profit, the Group has arranged to enter into forward exchange contracts of USD against RMB for sales in USD.

The Group's cash and cash equivalents are mainly denominated in RMB, HKD, USD, Euro ("EUR"), Thai Baht ("THB"), JPY and Mexican Peso ("MXN"). Remittance of funds out of the PRC is subject to the foreign exchange control restrictions imposed by the PRC government.

As of 30 June 2012, the Company and certain subsidiaries had bank balance of approximately RMB314,106,000 which was denominated in currencies other than the functional currencies, of which approximately RMB250,864,000 was denominated in USD, approximately RMB8,899,000 was denominated in HKD, approximately RMB7,090,000 was denominated in JPY, approximately RMB26,249,000 was denominated in EUR, approximately RMB20,924,000 was denominated in THB and remaining approximately RMB80,000 was denominated in other foreign currencies.

Contingent Liabilities

As of 30 June 2012, the Group had no contingent liabilities (2011: Nil).

Mortgaged Assets

As of 30 June 2012, the Group had borrowings of approximately JPY442,829,000 (equivalent to approximately RMB35,270,000) by mortgaging bank deposits of approximately USD5,574,000 (2011: the Group had borrowings of approximately JPY439,421,000 by mortgaging bank deposits of approximately USD5,663,000). The currency for repayment of these borrowings is JPY.

Capital Expenditure

Capital expenditure includes the acquisition of properties, plant and equipment, the increase in construction in progress and the new addition of land use rights. During the Review Period, the Group's capital expenditure amounted to approximately RMB275,447,000 (the same period in 2011: approximately RMB215,540,000). The increase in capital expenditure was attributable to the Group's expansion of the production capacity and the expansion of production facilities and land bank.

Placing and Subscription

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

Substantial Acquisitions and Disposals

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

Employees

As of 30 June 2012, the Group had a total of 6,747 employees. The total number of employees increased by 276 compared to that as at 31 December 2011. The employees' skills were enhanced through training and communication, and the employees' efficiency was enhanced with the help of automation and optimized equipment, alleviating the pressure from wage inflation.

During the Review Period, the Group adopted competitive remuneration packages to raise the competitiveness of its human capital, in particular of the overseas employees, further accelerating the progress of globalization. Meanwhile, the introduction of leadership and team cooperation training further built up a globalized management team of high capacity and coordination. The Group continued to dedicate to employee assistance program and promote the core values and corporate cultural management work on an ongoing basis, to raise the sense of belongings and loyalty of the employees and to build up a sustainable human resources platform for the Group.

Directors

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

Executive Directors

Chin Jong Hwa (*Chairman*)

Shi Jian Hui (*Chief Executive Officer*)

Zhao Feng

Kawaguchi Kiyoshi

Non-executive Directors

Mikio Natsume (resigned on 21 March 2012)

Yu Zheng

He Dong Han

Mu Wei Zhong (redesignated from an executive Director to a non-executive Director on 21 March 2012)

Independent non-executive Directors

Wang Ching

Zhang Li Ren

Wu Fred Fong

Share Option Schemes

A share option scheme (the “Share Option Scheme”) was originally adopted by the Company for a period of 10 years pursuant to a written resolution of all the then shareholders of the Company on 13 November 2005. Such Share Option Scheme was subsequently terminated on 22 May 2012 and a new share option scheme (the “New Share Option Scheme”) with substantively similar terms to the Share Option Scheme was adopted on the same day at the annual general meeting of the Company for a further 10 years.

New Share Option Scheme

The adoption of the New Share Option Scheme was approved by the Company in the annual general meeting held on 22 May 2012. Please refer to the circular and the announcement of the Company dated 20 April 2012 and 22 May 2012 respectively for details of the New Share Option Scheme. The New Share Option Scheme aimed at granting share options to those qualified persons who have contributed or will contribute to the Group as a reward or incentive. On 31 May 2012, a group of grantees (the “Grantees”) as defined in the New Share Option Scheme, were granted a total of 2,690,000 Share Options as approved by the Board, allowing the Grantees to exercise those Share Options from the period between 30 May 2013 and 30 May 2017. The exercise price per share complied with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (“Listing Rules”) and was determined in accordance with the average closing price of the share of the Company quoted on the daily quotation sheet published by the Stock Exchange for the five business days immediately before the date the Share Options were granted. The Directors of the Company considered that the grant of such Share Options has no material and adverse effect to the financial condition of the Group.

The purpose of the Share Option Scheme and the New Share Option Scheme (together, the “Share Option Schemes”) is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. 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 New Share Option Scheme.

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

The total number of Shares which may be allotted and issued upon exercise of all options granted under the Share Option Scheme must not in aggregate exceed 10% of the Shares of the Company in issue on 1 December 2005, the date of listing of the Shares on the Stock Exchange.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% (“General Scheme Limit”) of the Shares of the Company in issue on 22 May 2012, the date when the Company adopted the New Share Option Scheme. The Company may renew the General Scheme Limit with shareholders’ approval provided that each such renewal may not exceed 10% of the Shares of 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 Schemes 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 Schemes 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 (“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 HKD1.00 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Schemes 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 Schemes 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.

Management Discussion and Analysis

As at 30 June 2012 and pursuant to the Share Option Scheme and the New Share Option Scheme, the total number of Share Options the Company granted to the employees including the Directors and their connected persons amounted to 80,600,000 Share Options and 2,690,000 Share Options, respectively. As at the date of this report, the number of Share Options that could still be granted under the New Share Option Scheme was 105,014,500 Share Options, representing 9.75% of the 1,077,121,000 Shares of the Company in issue as at 21 August 2012, being the date of this report. Details are as follows:

Name and status of participants	Number of Shares (Note 1)					Date of Grant (Note 2)	Exercise Period (Note 3)	Exercise price per share (HKD) (Note 4)
	Outstanding at 1 January 2012	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at 30 June 2012			
Directors, chief executives, and substantial shareholders and their respective connected persons								
Mr. Shi Jian Hui	400,000	—	—	—	400,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
	400,000	—	—	—	400,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
	600,000	—	—	—	600,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	600,000	—	—	—	600,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	800,000	—	—	—	800,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Mr. Zhao Feng	300,000	—	—	—	300,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
	300,000	—	—	—	300,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
	300,000	—	—	—	300,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	300,000	—	—	—	300,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	400,000	—	—	—	400,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Mr. Kawaguchi Kiyoshi	150,000	—	—	—	150,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	150,000	—	—	—	150,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	200,000	—	—	—	200,000	10-6-2011	1-2-2014 to 12-11-2016	10.89

Name and status of participants	Number of Shares (Note 1)					Date of Grant (Note 2)	Exercise Period (Note 3)	Exercise price per share (HKD) (Note 4)
	Outstanding at 1 January 2012	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at 30 June 2012			
Mr. He Dong Han	300,000	—	—	—	300,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	300,000	—	—	—	300,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	400,000	—	—	—	400,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Mr. Mu Wei Zhong	300,000	—	—	—	300,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
	300,000	—	—	—	300,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
	300,000	—	—	—	300,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	300,000	—	—	—	300,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	400,000	—	—	—	400,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Ms. Zhu Chun Ya (Note 5)	225,000	—	—	—	225,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
	225,000	—	—	—	225,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
Subtotal	7,950,000	—	—	—	7,950,000			
Other Participants	2,354,000	—	237,000	20,000	2,097,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
	6,974,000	—	237,000	20,000	6,717,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
	10,050,000	—	—	819,000	9,231,000	10-6-2011	1-2-2012 to 12-11-2016	10.89
	10,050,000	—	—	819,000	9,231,000	10-6-2011	1-2-2013 to 12-11-2016	10.89
	13,400,000	—	—	1,092,000	12,308,000	10-6-2011	1-2-2014 to 12-11-2016	10.89
Other Participants (New Share Option Scheme)	—	807,000	—	—	807,000	31-5-2012	30-5-2013 to 30-5-2017	9.13
	—	807,000	—	—	807,000	31-5-2012	30-5-2014 to 30-5-2017	9.13
	—	1,076,000	—	—	1,076,000	31-5-2012	30-5-2015 to 30-5-2017	9.13
Subtotal	42,828,000	2,690,000	474,000	2,770,000	42,274,000			
Total	50,778,000	2,690,000	474,000	2,770,000	50,224,000			

Note 1: Numbers of shares in the Company over which options granted either under the Share Option Scheme or under New Share Option Scheme are exercisable.

Note 2: The closing price of the Share immediately before the date on which the Share Options were granted pursuant to the Share Option Scheme on (i) 4 July 2008, i.e. on 3 July 2008 was HKD5.05, (ii) 10 June 2011, i.e. on 9 June 2011 was HKD11.02, and pursuant to the New Share Option Scheme on 31 May 2012, i.e. on 30 May 2012 was HKD9.14.

Note 3: The option period for the Share Options granted on 4 July 2008 is for five years four months and eight days and such Share Options vested in tranches beginning on 1 February 2010 as to 50%, and the remainder vesting on 1 February 2011. The option period for the Share Options granted on 10 June 2011 is for five years five months and two days and such Share Options vested in tranches beginning on 1 February 2012 as up to 30%, up to a further 30% vesting on 1 February 2013, and the remainder vesting on 1 February 2014. The option period for the Share Options granted on 31 May 2012 is for four years eleven months and thirty days and such Share Options will vest in tranches beginning on 30 May 2013 as up to 30%, up to a further 30% vesting on 30 May 2014, and the remainder vesting on 30 May 2015.

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

Note 5: Spouse of Mr. Zhao Feng, and an advisor of the Group.

During the Review Period, the Grantees who are not Directors have exercised 474,000 Share Options, and 2,770,000 Share Options lapsed due to the resignations of the Grantees who are not Directors.

Save as disclosed above, no option was granted, exercised, cancelled or lapsed during the six months ended 30 June 2012.

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

Outlook and Strategies

Given China's macroeconomic environment, the growth rate of China's vehicle market has declined where it sees a structural adjustment for both the industry and products. However, the vehicle sales and vehicle population remained a steady upward trend. Although the policy of restrictions imposed on the purchase of vehicles in some cities have brought certain negative effects, large rooms still exist regarding the nation-wide market in a long-term and the market will also see an increasing demand for vehicle upgrade.

With the sluggish market affected by the European sovereign debt crisis, the European vehicle market still has a long way to go before its full recovery, while the demand in the US vehicle market is rising gradually. Although there is a lag for the emerging markets, they are expected to continue to grow.

The Group captures the market development trend, actively promotes the application of new materials and new technologies and the development of new products, enhancing the R&D capacities of system integration products, devotes in the R&D and production of rubber and aluminum products, explores more product areas. Meanwhile, the Group also strives for more orders in the global platform and develops and broadens overseas production bases, strengthens the global supplying competence, as well as steadily increases the Group's global market shares and influence.

The Group will establish its presence in the sales market of the existing products, progressively promote the business of welfare vehicle and relevant parts, keep track on the preliminary stage and reserve of R&D of the new energy vehicle and relevant parts as well as pay close attention to the aftermarket development. Capitalizing on the opportunity of adjustments of both consumption and industry structure, the Group aggressively seeks yet prudently assesses suitable investment opportunities to consolidate and enhance the market share and influence of the Group.

The Group will, through enhancing its R&D capacities and build up an internationalized team providing products and services that are beyond the expectation of the customers, to satisfy the increasing growth and sophisticated demand of Chinese and global consumers. The Group will grow into an industry leader of global vehicle parts to achieve greater value for the Shareholders and the society.

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (the same period last year: nil).

Substantial Shareholders

As at 30 June 2012, 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 maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (“the SFO”), were as follows:

Name of Substantial Shareholder	Capacity	Long/Short position	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wei Ching Lien (“Ms. Wei”)	Interest of spouse	Long position	436,664,000 (Note 2)	40.54%
Linkfair Investments Limited (“Linkfair”)	Beneficial owner	Long position	436,664,000 (Note 3)	40.54%
The Capital Group Companies, Inc.	Interest of controlled corporations	Long position	86,706,000 (Note 4)	8.05%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	80,296,000 (Note 5)	7.45%
Capital Research and Management Company	Investment manager	Long position	64,822,000	6.02%
JPMorgan Chase & Co.	Beneficial owner	Long position	12,670	0.00%
	Investment manager	Long position	15,524,000	1.44%
	Custodian corporation/ approved lending agent	Long position	48,596,000 (Note 6)	4.51%

- Note 1: The percentage of the Company's issued share capital of 1,077,121,000 Shares as at 30 June 2012.
- Note 2: As at 30 June 2012, Linkfair was beneficially interested in 436,664,000 Shares. Linkfair was wholly-owned by Mr. Chin Jong Hwa ("Mr. Chin") and he was therefore deemed to be interested in the entire 436,664,000 Shares held by Linkfair. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei was deemed to be interested in the 436,664,000 Shares in which Mr. Chin was deemed to be interested.
- Note 3: As at 30 June 2012, Linkfair, a company wholly-owned by Mr. Chin, was beneficially interested in 436,664,000 Shares.
- Note 4: As at 30 June 2012, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, The Capital Group Companies, Inc. has 100% control over Capital Group International Inc., an entity which is deemed by the SFO to be interested in 86,706,000 Shares in aggregate that are directly held by the 4 entities 100% controlled by it, namely, Capital International S.A.R.L. (23,884,000 Shares), Capital International Limited (5,874,000 Shares), Capital International, Inc. (48,658,000 Shares) and Capital Guardian Trust Company (8,290,000 Shares).
- Note 5: As at 30 June 2012, 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 6: As at 30 June 2012, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by JPMorgan Chase & Co.

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

As at 30 June 2012, 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 Issuers ("Model Code") set out in Appendix 10 of the 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	436,664,000 (Note 2)	40.54%
Shi Jian Hui	Company	Long position	Beneficial owner	3,032,000 (Note 3)	0.28%
Zhao Feng	Company	Long position	Beneficial owner Interest of spouse	1,704,000 500,000 (Note 4)	0.16% 0.05%
Kawaguchi Kiyoshi	Company	Long position	Beneficial owner	500,000 (Note 5)	0.05%
He Dong Han	Company	Long position	Beneficial owner	1,000,000 (Note 5)	0.09%
Mu Wei Zhong	Company	Long position	Beneficial owner	1,712,000 (Note 6)	0.16%

Note 1: The percentage of the Company's issued share capital is based on the 1,077,121,000 Shares issued as at 30 June 2012.

Note 2: As at 30 June 2012, Linkfair is beneficially interested in 436,664,000 Shares. Linkfair is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 436,664,000 Shares held by Linkfair.

Note 3: This figure represents the aggregate number of 232,000 Shares held by Mr. Shi and 2,800,000 Shares Options granted to Mr. Shi under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Shi will acquire an aggregate of 3,032,000 Shares.

Note 4: These figures represent the aggregate number of (i) 104,000 Shares held by and 1,600,000 Shares Options granted to Mr. Zhao under the Share Option Scheme and (ii) 50,000 Shares held by and 450,000 Share Options granted to Ms. Zhu under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Zhao will acquire an aggregate of 1,704,000 Shares and Ms. Zhu will acquire an aggregate of 500,000 Shares. Since Mr. Zhao is the spouse of Ms. Zhu, he is deemed to be interested in the foresaid Shares in which Ms. Zhu is interested.

Note 5: These figures represent the aggregate number of Share Options granted to Mr. Kawaguchi and Mr. He under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Kawaguchi and Mr. He will acquire 500,000 Shares and 1,000,000 Shares, respectively.

Note 6: This figure represents the aggregate number of 112,000 Shares held by Mr. Mu and 1,600,000 Shares Options granted to Mr. Mu under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Mu will acquire an aggregate of 1,712,000 Shares.

Other than as disclosed above, as at 30 June 2012, none of the Directors, chief executive 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

During the Review Period, in accordance with the rules and terms of the Share Option Scheme, the Grantees of the Share Option Scheme of the Company exercised 474,000 Share Options, and 2,770,000 Share Options lapsed due to the resignations of the Grantees.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2012.

Compliance with the Corporate Governance Code and the Model Code

During the Review Period, none of the Directors is aware of any information that would reasonably indicate that the Company did not comply with the Code on Corporate Governance Practices set out in the former Appendix 14 of the Listing Rules effective prior to 1 April 2012, and the new Corporate Governance Code set out in the revised Appendix 14 of the Listing Rules, effective since 1 April 2012 throughout the corresponding effective periods.

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code for securities transactions by all Directors. Having made specific enquiry to all Directors, the Directors confirmed to the Company that all Directors have complied with the Model Code and the standards stipulated under such code during the Review Period.

Audit Committee

The Company has an Audit Committee consisting three independent non-executive Directors, namely Mr. Wu Fred Fong (chairman of the Audit Committee), Dr. Wang Ching and Mr. Zhang Liren. The Audit Committee reviews the Group's systems of internal control, the completeness and accuracy of the Group's financial statements and liaises on behalf of the Directors with external auditor. The Audit Committee members meet regularly with the management and external auditor to review the audit reports as well as the interim and annual financial statements of the Group. The Audit Committee has reviewed the unaudited condensed consolidated financial statements and this interim report for the six months ended 30 June 2012, and recommended their adoption by the Board.

By Order of the Board

Minth Group Limited

Chin Jong Hwa

Chairman

Hong Kong, 21 August 2012

To the Board of Directors of Minth Group Limited

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 32 to 62, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

21 August 2012

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2012

	NOTES	Six months ended 30 June	
		2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Turnover		2,119,870	1,810,590
Cost of sales		(1,381,540)	(1,161,587)
Gross profit		738,330	649,003
Investment income	4	38,398	32,043
Other income	5	33,581	60,318
Other gains and losses	6	35,350	(5,279)
Distribution and selling expenses		(56,370)	(67,669)
Administrative expenses		(158,774)	(140,583)
Research expenditures		(102,610)	(83,344)
Interest on bank borrowings wholly repayable within five years		(10,590)	(4,291)
Share of profits of jointly controlled entities		13,765	14,751
Share of profits of associates		15,621	15,489
Profit before tax		546,701	470,438
Income tax expense	7	(80,357)	(63,352)
Profit for the period	8	466,344	407,086
Other comprehensive income			
Exchange differences arising on translation of foreign operations		1,502	(5,556)
Fair value (loss) gain on available-for-sale financial assets		(4,932)	15,646
Income tax relating to fair value change of available-for-sale financial assets		616	(1,957)
Other comprehensive (expense) income for the period (net of tax)		(2,814)	8,133
Total comprehensive income for the period		463,530	415,219

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2012

	NOTE	Six months ended 30 June	
		2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Profit for the period attributable to:			
Owners of the Company		436,373	388,226
Non-controlling interests		29,971	18,860
		466,344	407,086
Total comprehensive income for the period attributable to:			
Owners of the Company		433,657	397,045
Non-controlling interests		29,873	18,174
		463,530	415,219
Earnings per share	10		
Basic		RMB0.405	RMB0.361
Diluted		RMB0.403	RMB0.359

Condensed Consolidated Statement of Financial Position

at 30 June 2012

	NOTES	At 30 June 2012 (unaudited) RMB'000	At 31 December 2011 (audited) RMB'000
Non-current assets			
Property, plant and equipment	11	1,592,056	1,440,536
Prepaid lease payments		431,836	405,935
Goodwill		15,276	15,276
Other intangible assets	12	29,075	32,527
Interests in jointly controlled entities		90,860	76,919
Interests in associates		133,982	107,958
Available-for-sale investments	13	152,550	157,481
Loans receivables	14	–	15,520
Deferred tax assets		38,731	39,225
		2,484,366	2,291,377
Current assets			
Prepaid lease payments		8,842	8,253
Inventories		575,550	515,353
Loans receivables	14	35,017	38,873
Trade and other receivables	15	1,362,507	1,134,866
Derivative financial assets	16	11,163	14,993
Pledged bank deposits		38,535	37,477
Bank balances and cash		3,980,996	3,791,701
		6,012,610	5,541,516
Current liabilities			
Trade and other payables	17	774,710	656,695
Tax liabilities		57,593	75,832
Borrowings	18	1,147,076	825,824
Derivative financial liabilities	16	8,678	1,103
		1,988,057	1,559,454
Net current assets		4,024,553	3,982,062
Total assets less current liabilities		6,508,919	6,273,439

Condensed Consolidated Statement of Financial Position

at 30 June 2012

	NOTE	At 30 June 2012 (unaudited) RMB'000	At 31 December 2011 (audited) RMB'000
Capital and reserves			
Share capital	19	109,177	109,139
Share premium and reserves		6,202,394	5,978,086
Equity attributable to owners of the Company		6,311,571	6,087,225
Non-controlling interests		170,858	155,248
Total equity		6,482,429	6,242,473
Non-current liabilities			
Deferred tax liabilities		26,490	30,966
Total equity and liabilities		6,508,919	6,273,439

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2012

	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 2011 (audited)	108,904	3,040,032	276,199	28,772	100,065	11,159	12,304	(43,758)	11,334	1,976,265	5,521,276	111,717	5,632,993
Profit for the period	-	-	-	-	-	-	-	-	-	388,226	388,226	18,860	407,086
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(4,870)	-	-	-	(4,870)	(686)	(5,556)
Fair value gain on available-for-sale financial assets	-	-	-	-	-	-	15,646	-	-	-	15,646	-	15,646
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	(1,957)	-	-	-	(1,957)	-	(1,957)
Total comprehensive income for the period	-	-	-	-	-	-	13,689	(4,870)	-	388,226	397,045	18,174	415,219
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	4,518	-	4,518	-	4,518
Transfer to reserve fund	-	-	-	-	1,673	-	-	-	-	(1,673)	-	-	-
Transfer to other reserve for share options forfeited after the vesting date	-	-	-	57	-	-	-	-	(57)	-	-	-	-
Dividends recognised as distribution (note 9)	-	-	-	-	-	-	-	-	-	(238,583)	(238,583)	-	(238,583)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	32,537	32,537
Exercise of share options	186	11,354	-	-	-	-	-	-	(1,641)	-	9,899	-	9,899
At 30 June 2011 (unaudited)	109,090	3,051,386	276,199	28,829	101,738	11,159	25,983	(48,628)	14,154	2,124,235	5,694,155	162,428	5,856,583
At 1 January 2012 (audited)	109,139	3,054,408	276,199	28,829	116,222	11,159	(1,834)	(65,936)	50,196	2,508,843	6,087,225	155,248	6,242,473
Profit for the period	-	-	-	-	-	-	-	-	-	436,373	436,373	29,971	466,344
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	1,600	-	-	1,600	(98)	1,502
Fair value gain on available-for-sale financial assets	-	-	-	-	-	-	(4,932)	-	-	-	(4,932)	-	(4,932)
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	616	-	-	-	616	-	616
Total comprehensive income for the period	-	-	-	-	-	-	(4,316)	1,600	-	436,373	433,657	29,873	463,530
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	18,964	-	18,964	-	18,964
Acquisition of equity interest from non-controlling shareholders	-	-	-	7,696	-	-	-	-	-	-	7,696	(23,004)	(15,308)
Transfer to reserve fund	-	-	-	-	1,186	1,961	-	-	-	(3,147)	-	-	-
Transfer to other reserve for share options forfeited after the vesting date	-	-	-	30	-	-	-	-	(30)	-	-	-	-
Dividends recognised as distribution (note 9)	-	-	-	-	-	-	-	-	-	(238,027)	(238,027)	-	(238,027)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	15,730	15,730
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,989)	(6,989)
Exercise of share options	38	2,373	-	-	-	-	-	-	(355)	-	2,056	-	2,056
At 30 June 2012 (unaudited)	109,177	3,056,781	276,199	36,555	117,408	13,120	(6,150)	(64,336)	68,775	2,704,042	6,311,571	170,858	6,482,429

for the six months ended 30 June 2012

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.

As stipulated by the relevant laws and regulations for foreign investment enterprise in the Mainland 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.

On 16 April 2012, the Group acquired the remaining 35% equity interest in Jiaxing Minth Hashimoto Automotive Parts Co., Ltd. (嘉興敏橋汽車零部件有限公司) (“Jiaxing Minth Hashimoto”), a subsidiary of the Group, from the non-controlling shareholder with a consideration of JPY200,000,000 (equivalent to approximately RMB15,308,000), and since then Jiaxing Minth Hashimoto became a wholly owned subsidiary of the Company. The amounts recorded in other reserve of RMB7,696,000 during the period ended 30 June 2012 represented the difference between the net carrying amount of the respective equity interests in Jiaxing Minth Hashimoto at the date of acquisition and the consideration paid.

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 2012

	Six months ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Net cash from operating activities	249,111	256,401
Investing activities		
Interest received	33,174	28,427
Dividends received from associates	19,332	–
Dividends received from available-for-sale investments	5,102	3,740
Proceeds on redemption of other financial assets and derivative financial instruments	2,782,509	1,637,702
Repayment from jointly controlled entities	15,194	12,943
Repayment from associates	4,011	–
Proceeds on disposal of property, plant and equipment	13,962	7,811
Refund of deposit paid for acquisition of land use rights	20,000	21,097
Release of pledged bank deposits	1,922	11,302
New pledged bank deposits placed	(2,980)	(20,877)
Purchases of property, plant and equipment	(244,413)	(120,138)
Investment in other financial assets and derivative financial instruments	(2,730,017)	(1,631,133)
Prepaid rentals for lease premium for land	(31,034)	(95,402)
Purchases of other intangible assets	(3,020)	(19,705)
Addition of loan receivables	–	(11,658)
Net cash used in investing activities	(116,258)	(175,891)

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2012

	Six months ended 30 June	
	2012 (unaudited) RMB'000	2011 (unaudited) RMB'000
Financing activities		
Additional investment in an associate	(10,403)	–
Acquisition of equity interest from non-controlling shareholders	(15,308)	–
Repayment of borrowings	(969,542)	(1,066,515)
Dividends paid to owners of the Company	(238,027)	(238,583)
Dividends paid to non-controlling interests	(6,989)	(11,091)
Interest paid	(10,590)	(4,291)
New borrowings raised	1,291,854	1,258,674
Capital contributions from non-controlling shareholders	15,730	32,537
Proceeds from exercise of share options	2,056	9,899
Net cash from financing (used in) activities	58,781	(19,370)
Net increase in cash and cash equivalents	191,634	61,140
Cash and cash equivalents at beginning of the period	3,791,701	3,158,225
Effect of foreign exchange rate changes	(2,339)	(2,596)
Cash and cash equivalents at the end of the period, represented by		
Bank balances and cash	3,980,996	3,216,769

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

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 (“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 revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 (the “reporting period” or “period”) are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

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:

- Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets
- Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The application of the above 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 disclosures set out in these condensed consolidated financial statements.

for the six months ended 30 June 2012

3. Segment Information

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

For the six months ended 30 June 2012 (unaudited)

	PRC RMB'000	Asia Pacific RMB'000	North America RMB'000	Europe RMB'000	Consolidated RMB'000
Turnover					
External sales	1,522,160	178,324	319,023	100,363	2,119,870
Segment profit	514,673	56,328	129,408	30,723	731,132
Investment income					38,398
Other unallocated income					76,129
Unallocated expenses					(317,754)
Interest on bank borrowings wholly repayable within five years					(10,590)
Share of profits of jointly controlled entities					13,765
Share of profits of associates					15,621
Profit before tax					546,701
Income tax expense					(80,357)
Profit for the period					466,344

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

For the six months ended 30 June 2011 (unaudited)

	PRC	Asia Pacific	North America	Europe	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover					
External sales	1,305,926	155,293	256,171	93,200	1,810,590
Segment profit	471,273	54,560	83,059	41,313	650,205
Investment income					32,043
Other unallocated income					53,837
Unallocated expenses					(291,596)
Interest on bank borrowings wholly repayable within five years					(4,291)
Share of profits of jointly controlled entities					14,751
Share of profits of associates					15,489
Profit before tax					470,438
Income tax expense					(63,352)
Profit for the period					407,086

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

for the six months ended 30 June 2012

Information about major customers:

Details of the customers accounting for 10% or more of total turnover are as follows:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Customer A	280,203	278,524

The customer above is located in PRC.

4. Investment Income

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Interest on bank deposits	32,606	27,207
Interest on loan receivables	690	1,095
Dividends from listed equity securities	5,102	3,741
Total investment income	38,398	32,043

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

5. Other Income

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Government grants (note)	11,964	25,012
Service and consultation income	6,405	21,473
Sales of scrap and raw materials	10,127	8,298
Property rental income	2,420	2,181
Others	2,665	3,354
Total	33,581	60,318

Note: The amounts represent the incentive subsidies granted by the PRC local government authorities to the group entities for incentive of the group entities with good performance in quality control or involving in hi-tech know-how industry and product development activities. 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	
	2012 RMB'000	2011 RMB'000
Loss on disposal of property, plant and equipment	(70)	(417)
Net foreign exchange gain (losses)	3,792	(3,825)
Gain (loss) on change in fair value of derivative financial assets	8,187	(2,149)
Changes in fair value of financial assets designated as at FVTPL	30,639	(90)
Impairment loss (recognised) reversed for bad and doubtful debts	(7,198)	1,202
Total	35,350	(5,279)

for the six months ended 30 June 2012

7. Income Tax Expense

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Current tax:		
PRC Enterprise Income Tax	77,953	55,274
Other jurisdictions	–	255
Withholding income tax paid	7,130	–
	85,083	55,529
Over-provision in prior years:		
PRC Enterprise Income Tax	(1,362)	(110)
Deferred tax		
Current period	(3,364)	7,933
	80,357	63,352

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group are still 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.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

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

- (1) The tax exemption and 50% deduction from foreign enterprise income tax for the foreign investment enterprises is still applicable until the end of the five-year transitional period in 2012 under the EIT Law.
- (2) Those entities that previously enjoyed tax incentive rate at 15% would increase their applicable tax rate progressively to 25% over a five-year transitional period.
- (3) Those entities which are located in specific provinces of western China and engaged in specific encouraged industries still enjoy a preferential tax rate of 15% under EIT Law.
- (4) Those entities which are qualified as “Hi-New Tech Enterprises” would enjoy a preferential tax rate of 15% under EIT Law and 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 the 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.

for the six months ended 30 June 2012

8. Profit for the Period

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

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Depreciation of property, plant and equipment	74,079	60,925
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditures)	3,417	5,194
Total depreciation and amortisation	77,496	66,119
Cost of inventories recognised	1,381,540	1,161,587
Write-down of inventories	2,502	249

9. Dividends

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Dividends recognised as distribution during the period: 2011 Final – HK\$0.271 (2010: final dividend HK\$0.266) per share	238,027	238,583

On 12 June 2012, a dividend of HK\$0.271 per share (2011: HK\$0.266 per share) was paid to shareholders as the final dividend for 2011.

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

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

10. Earnings Per Share

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

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	436,373	388,226
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,076,896	1,075,001
Effect of dilutive share options	4,603	7,447
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,081,499	1,082,448

Certain outstanding share options of the Company have not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2012 and 30 June 2011 because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during both periods.

for the six months ended 30 June 2012

11. Property, Plant and Equipment

During the period, the Group spent approximately RMB238,560,000 (RMB119,774,000 for the six months ended 30 June 2011) on the construction of the manufacturing plant and acquisitions of plant and machinery in the PRC, Thailand and Mexico, in order to upgrade its manufacturing capabilities.

12. Other Intangible Assets

During the period, the Group spent approximately RMB3,020,000 (RMB19,705,000 for the six months ended 30 June 2011) on additions to technical know-how in order to upgrade its manufacturing capabilities.

13. Available-for-Sale Investments

Available-for-sale investments comprise:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Listed investments:		
– Equity securities listed in PRC	152,550	157,481

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

14. Loans Receivables

	Maturity date	Effective interest rate	Carrying amount	
			At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Fixed-rate loan receivables from a jointly controlled entity	31 August 2012 (note a)	the United States Prime Rate-0.5%	26,678	26,762
Variable-rate loan receivables from a jointly controlled entity	five business days following written notice (note b)	the United States Prime Rate-0.5%	412	15,520
Fixed-rate loan receivables from an associate	2 June 2013 (note c)	3.36%-3.37%	7,927	12,111
			35,017	54,393
Analysed as				
Current			35,017	38,873
Non-current			-	15,520
			35,017	54,393

Notes:

- Included in the amount is the amount of interest receivables of approximately RMB366,000 (31 December 2011: RMB551,000).
- Included in the amount is the amount of interest receivables of approximately RMB412,000 (31 December 2011: RMB398,000).
- Included in the amount is the amount of interest receivables of approximately RMB282,000 (31 December 2011: RMB270,000).

for the six months ended 30 June 2012

15. Trade and Other Receivables

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Trade receivables		
– associates	17,877	9,985
– jointly controlled entities	43,789	28,844
– non-controlling interests of subsidiaries	26,475	35,365
– third parties	941,073	806,929
Less: allowance for doubtful debts	(13,063)	(6,142)
	1,016,151	874,981
Bill receivables	63,948	30,801
	1,080,099	905,782
Other receivables	35,614	41,491
Less: allowance for doubtful debts	(293)	(289)
	1,115,420	946,984
Prepayments	201,706	103,527
Value-added tax recoverable	20,147	19,789
Refundable guarantee deposit for acquisition of land use rights	20,000	40,000
Dividend receivable from an associate	–	19,332
Dividend receivable from a jointly controlled entity	5,234	5,234
Total trade and other receivables	1,362,507	1,134,866

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

The Group normally grants a credit period of 60 days to 90 days to customers effective from the date when the goods are delivered and accepted by customers. The following is an aged analysis of trade receivables and bill receivables net of allowance for doubtful debts at 30 June 2012 (the "reporting date"):

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Age		
0 – 90 days	1,030,411	875,705
91 – 180 days	37,022	22,979
181 – 365 days	12,008	6,635
Over 1 year	658	463
	1,080,099	905,782

16. Derivative Financial Assets/Derivative Financial Liabilities

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Derivative financial assets		
Foreign exchange forward contracts (a)	6,132	12,894
Structured option contracts (b)	5,031	2,099
	11,163	14,993
Derivative financial liabilities		
Foreign exchange forward contracts (a)	7,009	346
Interest rate swaps (c)	1,669	757
	8,678	1,103

for the six months ended 30 June 2012

(a) Foreign exchange forward contracts

At 30 June 2012, the Group had a number of outstanding foreign exchange forward contracts. Derivative financial assets of RMB6,132,000 (31 December 2011: RMB12,894,000) and derivative financial liabilities of RMB7,009,000 (31 December 2011: RMB346,000) have been recognised in accordance with the fair value of the above foreign exchange forward contracts, respectively. These amounts are based on market prices quoted by the counterparty financial institutions at the reporting date.

(b) Structured option contracts

At 30 June 2012, the Group had a number of outstanding structured option contracts. Derivative financial assets of RMB5,031,000 (31 December 2011: derivative financial assets of RMB2,099,000) have been recognised. The fair value of the Group's structured option contracts is based on market prices quoted by the counterparty financial institutions at the reporting date.

(c) Interest rate swaps

At 30 June 2012, the Group had a number of outstanding interest rate swaps. Derivative financial liabilities of RMB1,669,000 (31 December 2011: RMB757,000) have been recognised in accordance with the fair value of the above interest rate swaps. These fair values of above interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

17. Trade and Other Payables

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Trade payables		
– associates	37,400	3,925
– jointly controlled entities	27,281	11,961
– non-controlling interests of subsidiaries	14,045	25,298
– third parties	428,986	342,070
	507,712	383,254
Bill payables	1,436	–
	509,148	383,254
Payroll and welfare payables	67,064	70,182
Advance from customers	29,358	19,906
Consideration payable for acquisition of property, plant and equipment	36,149	42,002
Technology support service fees payable	17,945	34,157
Freight and utilities payable	30,283	26,491
Marketing and administration services fees payable to a jointly controlled entity	15,770	14,000
Others	68,993	66,703
	774,710	656,695

for the six months ended 30 June 2012

The following is an aged analysis of trade payables presented based on the date when the goods are received and accepted by the Group, at the reporting date:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Age		
0 – 90 days	478,970	373,568
91 – 180 days	24,548	5,623
181 – 365 days	2,513	1,942
1 – 2 years	1,218	563
Over 2 years	1,899	1,558
	509,148	383,254

18. Borrowings

During the period, the Group obtained new bank loans amounting to approximately RMB1,291,854,000 (RMB1,258,674,000 for the six months ended 30 June 2011). The loans bear interest at variable market rates and are repayable within one year. Repayments of bank loans amounting to approximately RMB969,542,000 (RMB1,066,515,000 for the six months ended 30 June 2011) were made in line with the relevant repayment terms. The proceeds were used to provide additional working capital for the Group.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

19. Share Capital

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2011, 30 June 2011, 31 December 2011 and 30 June 2012	5,000,000	500,000

	Number of shares '000	Share capital RMB'000
Issued and fully paid:		
As at 1 January 2011	1,073,850	108,904
Exercise of share options	2,201	186
As at 30 June 2011	1,076,051	109,090
As at 1 January 2012	1,076,647	109,139
Exercise of share options	474	38
At 30 June 2012	1,077,121	109,177

for the six months ended 30 June 2012

20. Share-Based Payment Transactions

The Company adopted a share option scheme (the “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 Scheme was 10 years. The 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 “New Scheme”).

In the period, share options were granted under the New Scheme on 31 May 2012. The fair values of the options determined at the date of grant using the Binomial model was HK\$7,104,000 (equivalent to RMB5,796,000). The vesting period of the share options are as follows: 30% from 31 May 2012 to 30 May 2013, 30% from 31 May 2012 to 30 May 2014 and 40% from 31 May 2012 to 30 May 2015.

The closing price of the Company’s shares immediately before 31 May 2012, the date of grant, was HK\$9.14.

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

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 2012	50,778,000
Granted during the period	2,690,000
Exercised during the period	(474,000)
Forfeited during the period	(2,770,000)
Outstanding as at 30 June 2012	50,224,000
Outstanding as at 1 January 2011	14,650,000
Granted during the period	39,000,000
Exercised during the period	(2,201,000)
Forfeited during the period	(75,000)
Outstanding as at 30 June 2011	51,374,000

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$9.08.

for the six months ended 30 June 2012

The following assumptions were used to calculate the fair value of share options:

	Option type		
	2012A	2012B	2012C
Grant date share price	HK\$9.10	HK\$9.10	HK\$9.10
Exercise price	HK\$9.13	HK\$9.13	HK\$9.13
Expected volatility	48%	48%	48%
Expected life	1 year	2 years	3 years
Risk-free rate	0.49%	0.49%	0.49%
Expected dividend yield	2.71%	2.71%	2.71%
Early exercise multiple	1.5	1.5	1.5

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

The Group recognised the total expenses of RMB18,964,000 for the six months ended 30 June 2012 (RMB4,518,000 for the six months ended 30 June 2011) in relation to share options granted by the Company.

21. Commitments

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Capital expenditure contracted for but not provided in the financial statements in respect of: acquisition of property, plant and equipment	249,980	107,488

Notes to the Condensed Consolidated Financial Statements

for the six months ended 30 June 2012

22. Related Party Transactions and Connected Transactions

Save as disclosed in note 14, note 15 and note 17, the Group has the following significant transactions with related/connected parties during the period:

Relationship with related/ connected party	Nature of transactions	Six months ended 30 June	
		2012 RMB'000	2011 RMB'000
Jointly controlled entity, in which the Group has a 49% equity interest	Sales of finished goods	8,675	11,216
	Sales of moulds	157	3,197
	Sales of raw materials	720	32
	Purchase of finished goods	46,882	36,649
	Purchases of raw materials	30,980	43,304
	Property rentals income	1,143	1,101
Jointly controlled entity, in which the Group has a 49.82% equity interest	Sales of finished goods	46,449	49,216
	Interest income	538	978
	Consulting service income	4,864	5,913
	Sales of moulds	-	2,637
	Property rentals expense	3,594	2,800
Associates, in which the Group has a 48% and 49% equity interest	Sales of finished goods	32,904	34,964
	Sales of raw materials	4,086	2,871
	Sales of moulds	1,615	1,329
	Purchase of raw materials	22,869	13,151
	Property rentals income	668	647
	Technology support services charges	174	133
	Interest income	152	117
	Purchase of finished goods	12,755	224
Non-controlling interests of subsidiaries	Purchase of moulds & fixed assets	19,701	-
	Sales of finished goods	106,630	68,781
	Purchase of raw materials	45,208	38,927
	Technology support services charges	6,579	9,599
	Purchase of intangible assets	223	3,516

for the six months ended 30 June 2012

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

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

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Short-term benefits	3,769	3,127
Post-employment benefits	10	14
Share-based payments	4,562	1,090
	8,341	4,231

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

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for the six months ended 30 June 2012

23. Other Matters

In March 2011, the Group entered into an agreement with independent third parties, Korea Fuel-Tech Corporation and Mr. Chung Koo Lee to conditionally acquire a total of 45% equity interest in Beijing KFTC Co., Ltd. for a total consideration of RMB130,050,000. On 3 February 2012, the parties mutually agreed to terminate the share purchase agreements. All rights and obligations under the agreements ceased with effect from the same day.