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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 8.9% to approximately RMB3,432 million (the same period in 2014: approximately RMB3,151 million).
- Gross profit margin was approximately 30.3% (the same period in 2014: approximately 32.5%).
- Profit attributable to owners of the Company increased by approximately 10.7% to approximately RMB622 million (the same period in 2014: approximately RMB562 million).
- Basic earnings per share increased to approximately RMB0.565 (the same period in 2014: approximately RMB0.515).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Minth Group Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 (the "Review Period"), together with the comparative figures for the six months ended 30 June 2014 (the "same period in 2014") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

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

	NOTE	Six months ended 30 June **2015** **(unaudited)** ***RMB'000***	 2014 (audited) *RMB'000*
Profit for the period attributable to:			
Owners of the Company		**622,162**	562,254
Non-controlling interests		**22,205**	24,806
		644,367	587,060
Total comprehensive income for the period attributable to:			
Owners of the Company		**610,588**	574,258
Non-controlling interests		**21,355**	27,649
		631,943	601,907
Earnings per share	*7*		
Basic		**RMB0.565**	RMB0.515
Diluted		**RMB0.560**	RMB0.511

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

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

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

3. SEGMENT INFORMATION

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

For the six months ended 30 June 2015 (unaudited)

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

For the six months ended 30 June 2014 (audited)

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

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

4. INCOME TAX EXPENSE

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

5. PROFIT FOR THE PERIOD

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

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

6. DIVIDENDS

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

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

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

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	(unaudited)	(audited)
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**622,162**	562,254
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,102,024**	1,092,466
Effect of dilutive share options	**9,838**	7,990
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,111,862**	1,100,456

Certain outstanding share options of the Company had not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2015 (unaudited) and 2014 (audited) because the exercise prices of these Company's share options were higher than the average market prices of the Company's shares during the six months ended 30 June 2015 (unaudited) and 2014 (audited).

8. TRADE AND OTHER RECEIVABLES

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

The Group normally grants a credit period of 60 days to 90 days to customers effective from the date when the goods are delivered and accepted by customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on invoice date at the end of the reporting period, which approximated the respective revenue recognition date:

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

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

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

9. TRADE AND OTHER PAYABLES

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

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

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

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

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

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

COMPANY OVERVIEW

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

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

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

Business and Operation Layout

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

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

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

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

Research and Development

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

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

FINANCIAL REVIEW

RESULTS

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

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

GROSS PROFIT

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

INVESTMENT INCOME

During the Review Period, the investment income of the Group was approximately RMB72,434,000, representing an increase of approximately RMB9,319,000 from approximately RMB63,115,000 in the same period in 2014. It was mainly due to an increase in interest income.

OTHER INCOME

During the Review Period, other income of the Group amounted to approximately RMB71,312,000, representing a decrease of approximately RMB28,224,000 from approximately RMB99,536,000 in the same period in 2014. It was mainly attributable to a decrease in government subsidies.

OTHER GAINS AND LOSSES

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

DISTRIBUTION AND SELLING EXPENSES

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

ADMINISTRATIVE EXPENSES

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

RESEARCH EXPENDITURES

During the Review Period, the research expenditures of the Group amounted to approximately RMB152,411,000, representing an increase of approximately RMB11,974,000 from approximately RMB140,437,000 in the same period in 2014. It was mainly attributable to an increase in labor costs arising from the Group's introduction of high-level R&D personnel to enhance its R&D capabilities in order to maintain its market competitiveness and sustainability, as well as the expenses from continuous investment in research.

SHARE OF PROFITS OF JOINT VENTURES

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

SHARE OF PROFITS OF ASSOCIATES

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

INCOME TAX EXPENSE

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

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

PROFITS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

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

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2015, the Group's total cash and bank balances amounted to approximately RMB3,153,642,000, representing a decrease of approximately RMB440,567,000 compared to approximately RMB3,594,209,000 as of 31 December 2014. As of 30 June 2015, the Group's low-cost borrowings amounted to approximately RMB2,946,183,000, among which the equivalent of approximately RMB2,246,752,000, approximately RMB272,837,000, approximately RMB252,472,000, approximately RMB109,643,000 and approximately RMB64,479,000 were denominated in US Dollar ("USD"), Hong Kong Dollar ("HKD"), Euro ("EUR"), Japanese Yen ("JPY") and Thai Baht ("THB") respectively, representing an increase of approximately RMB237,698,000 as compared to approximately RMB2,708,485,000 as of 31 December 2014. The increase was mainly due to the borrowings that the Group brought in after considering the consolidated gains from exchange rates, interest rates and capital.

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB294,770,000, indicating a sound cash flow condition.

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

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

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

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

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

The Group's capital demands had no particular seasonality features.

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

COMMITMENTS

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

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2015, the balance of the Group's bank borrowings was approximately RMB2,946,183,000, all of which was at floating interest rates. These borrowings had no seasonality features. In addition, approximately RMB2,720,955,000 of the said borrowings was denominated in currencies other than the functional currencies of the Group's related entities, of which the equivalent of approximately RMB2,155,049,000, approximately RMB272,837,000, approximately RMB183,426,000 and approximately RMB109,643,000 were denominated in USD, HKD, EUR and JPY respectively.

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

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

As of 30 June 2015, the Company and certain subsidiaries had a bank balance of approximately RMB586,671,000 which was denominated in currencies other than the functional currencies, of which approximately RMB332,963,000 was denominated in HKD, approximately RMB111,440,000 was denominated in USD, approximately RMB109,414,000 was denominated in EUR, approximately RMB32,836,000 was denominated in JPY and the remainder of approximately RMB18,000 was denominated in other foreign currencies. In order to mitigate the foreign exchange risk, the Group has delegated a team responsible for the planning of related work.

CONTINGENT LIABILITIES

As of 30 June 2015, the Group had no contingent liabilities (31 December 2014: Nil).

MORTGAGED ASSETS

As of 30 June 2015, the Group had borrowings of approximately USD213,310,000 (equivalent to approximately RMB1,304,095,000) and HKD199,500,000 (equivalent to approximately RMB157,327,000) secured by bank deposits of approximately RMB1,422,000,000. The borrowings are to be settled in USD and HKD respectively (31 December 2014: the Group had borrowings of approximately USD156,440,000 (equivalent to approximately RMB957,257,000), HKD199,500,000 (equivalent to approximately RMB157,379,000) and JPY30,000,000 (equivalent to approximately RMB1,541,000) secured by bank deposits of approximately RMB1,193,105,000 and freehold lands with a net book value of approximately RMB19,086,000). The Group has also pledged freehold lands and buildings with a net book value of approximately RMB17,694,000 (31 December 2014: approximately RMB18,586,000) to secure general banking facilities granted to the Group.

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Period, the Group's capital expenditure amounted to approximately RMB530,381,000 (the same period in 2014: approximately RMB636,104,000). The decrease in capital expenditure was attributable to the Group's reduction in investment in the land reserves during the Review Period.

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

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

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

SHARE OPTION SCHEME

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

On 25 March 2015, the Board of the Company granted share options (the "Share Options") to a group of eligible participants (the "Grantees") to subscribe for up to 26,000,000 shares of the Company, allowing the Grantees to exercise such Share Options starting from 1 January 2016 to 31 December 2020 (both days inclusive). The price per share paid by the Grantees upon exercising the Share Options was determined pursuant to the Listing Rules and with reference to the closing price as stated in the daily quotation sheet of the Stock Exchange on 25 March 2015 (i.e. the date of grant). The Directors considered that the grant of such Share Options would not lead to any material adverse impact on the financial conditions of the Group. Further details of the grant of Share Options mentioned above are set out in the Company's announcement dated 25 March 2015.

OUTLOOK AND STRATEGIES

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

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

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

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

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

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

During the Review Period, 9,139,500 Share Options were exercised by the Grantees under the Company's Share Option Scheme pursuant to the rules and terms of the Share Option Scheme and 386,500 Share Options lapsed due to the resignations of the Grantees.

Save as disclosed herein, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the Review Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

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

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

MATERIAL LITIGATION AND ARBITRATION

Save for the petition served by the Securities and Futures Commission ("SFC") to the Company on 11 April 2014, details of which were set out in the Company's announcement dated 14 April 2014, 29 May 2014 and 9 July 2014, the Group is not engaged in any litigation or arbitration of material importance during the Review Period. As at 30 June 2015, certain court hearings had taken place in the High Court for the purpose of progressing matters relating to the case. The High Court has directed that the case be set down for a 25 day trial but, as at 30 June 2015, no trial dates had yet been fixed. The Directors of the Company are of the opinion that the SFC petition does not have any significant impact on the consolidated financial statements of the Group during the Review Period.

AUDIT COMMITTEE

The Company has an Audit Committee consisting of three independent non-executive Directors, namely Mr. Wu Fred Fong (chairman of the Audit Committee), Dr. Wang Ching and Mr. Zhang Liren. The Audit Committee reviews the Group's systems of internal control, the completeness and accuracy of the Group's financial statements and liaises on behalf of the Directors with the external auditor. The members of the Committee meet regularly with the management and external auditor to review the audit reports as well as the interim and annual financial reports of the Group. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended 30 June 2015 and this interim results announcement, and recommended their adoption by the Board.

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

Hong Kong, 21 August 2015

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