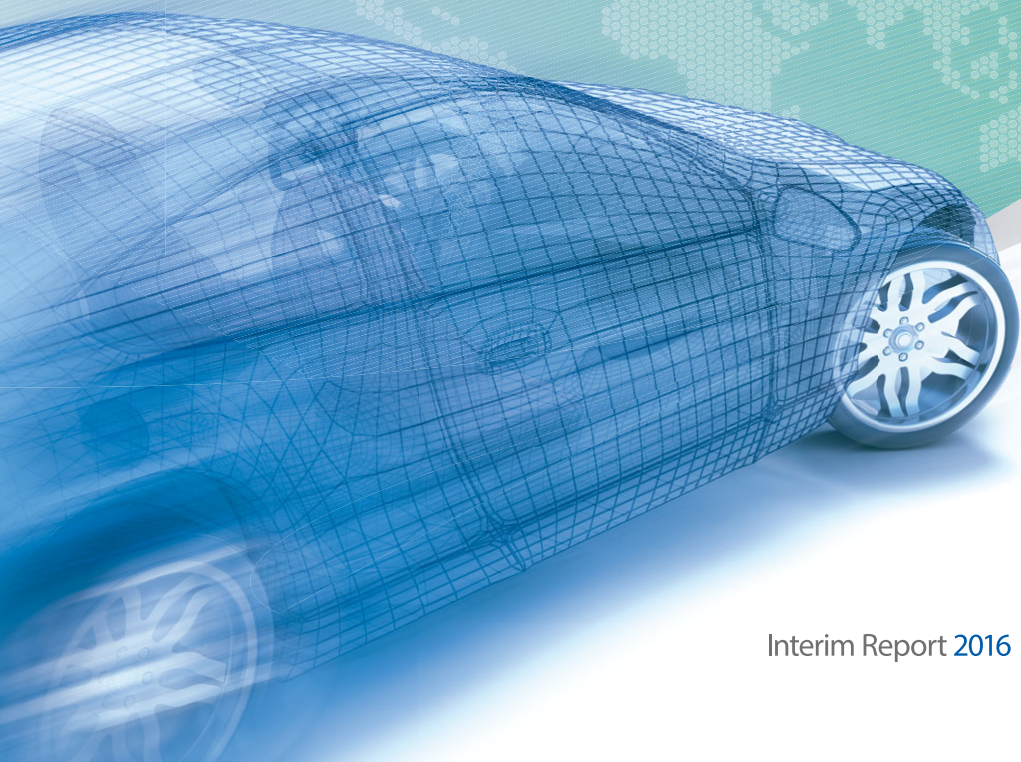




MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 425

LIGHTER
SMARTER
CLEANER



Interim Report 2016

CORE VALUES

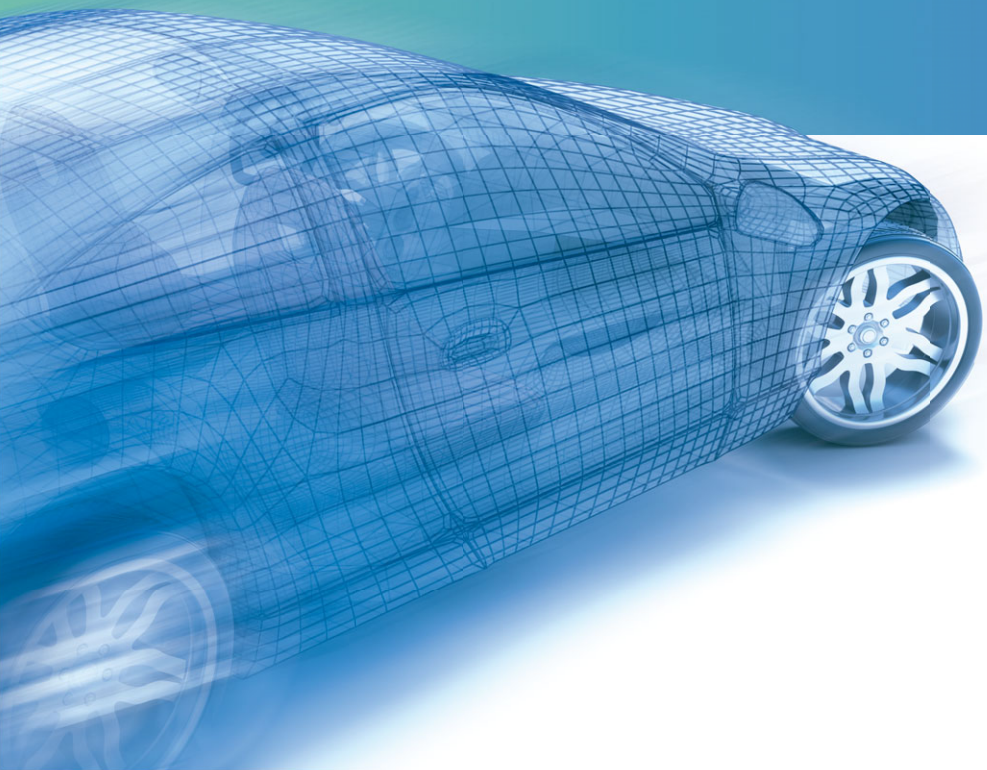
- Integrity
- Trust
- Teamwork
- Embrace change

STRATEGIC OBJECTIVE

Endeavoring to become a leader
in the global automobile parts industry

MISSION & VISION

We create beauty in motion



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The Board

Executive directors

Shi Jian Hui (*Chairman as redesignated on 26 May 2016 and Chief Executive Officer*)

Zhao Feng

Bao Jian Ya

Chin Chien Ya (*appointed on 26 May 2016*)

Huang Chiung Hui (*appointed on 26 May 2016*)

Non-executive director

Chin Jong Hwa (*redesignated from executive director and Chairman to non-executive director and Honorary Chairman on 26 May 2016*)

He Dong Han (*retired on 26 May 2016*)

Independent non-executive directors

Wang Ching

Zhang Liren (*resigned on 23 August 2016*)

Wu Fred Fong

Yu Zheng (*redesignated from non-executive director to independent non-executive director on 26 May 2016*)

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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Development Zone
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China
Tel: (86 574) 8680-1018
Fax: (86 574) 8680-1020
Website: www.minthgroup.com

Principal Place of Business in Hong Kong

Unit 1901, 19F FWD Financial Centre
308 Des Voeux Road Central
Sheung Wan, Hong Kong

Principal Bankers

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

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

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4/F, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
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
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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 2016 (the “Review Period”), the production and sales of China’s passenger vehicles were approximately 11,099,000 units and approximately 11,042,000 units, respectively, representing a year-on-year growth of approximately 7.5% and approximately 9.4%, respectively. The growth as compared to the same period in 2015 had increased, and the overall inventory index as compared to the same period in 2015 had also improved. The increase in sales of China’s passenger vehicles during the Review Period was mainly attributable to the sales of SUVs and sedans with emission of 1.6-liter or below, out of which the sales of SUVs achieved a rapid year-on-year growth of approximately 44.3%. The market share of Japanese-brand and Chinese-brand passenger vehicles both increased compared to the same period in 2015. The market share gain of Chinese brands was mainly driven by the sales increase of SUVs, while foreign brands in China have also begun launching a number of SUV models in an effort to participate in the intense competition.

During the Review Period, mature automotive markets achieved steady growth in the sales of passenger vehicles in general. Sales in the U.S. market grew by approximately 1.5% compared to the same period in 2015, representing a growth for six consecutive years. As for the Japanese market, the aggregate registered sales of passenger vehicles (excluding K-car) recorded a slight growth of approximately 1.4%. Sales in the EU market achieved a year-on-year growth of approximately 9.1%, mainly driven by European and Japanese brands. The automotive markets in Italy and Spain, in particular, showed double-digit growth during the Review Period. Sales in other emerging markets (except for India) remained weak due to political or economic reasons, and are unlikely to recover in the short term.

Company Overview

Minh Group Limited (the “Company”) together with its subsidiaries (collectively the “Group”) is primarily engaged in the design, manufacture and sales of trims, decorative parts, body structural parts, roof racks and other related auto parts. The manufacturing bases of the Group are mainly located in China, the U.S., Mexico, Thailand and Germany. With the support of the technical centers in China, Germany, North America and Japan, the Group is able to provide services for major auto markets across the globe, and meet the growing demand from its customers.

During the Review Period, the Group continued to strengthen the competitiveness of its aluminum products, and secured more orders from overseas markets and luxury brands, which laid a foundation for the rapid development of the Group. Leveraging on the competitiveness of its core products, the Group actively expanded its business areas horizontally, and has developed new and sustainable growth drivers through cooperation with parties equipped with technical advantages in the development of automotive electronics and new materials for automotive interiors, by way of joint-venture and other arrangements.

During the Review Period, the Group further completed and optimized its production management system, and continuously enhanced the lean manufacturing and innovative management of its plants to cope with the rapid growth of its global businesses. The Group further lowered its costs and increased its production efficiency by forming cross-functional teams for technological innovation, continuously investing in automatic production lines and implementing benchmark lines in lean manufacturing, which not only laid a foundation for the recovery of the Group's gross profit margin, but also strengthened its competitiveness. During the Review Period, the Group established and commenced operation of large-scale logistic distribution hubs in Europe and North America, in order to enhance its capability of quick response to the Group's major overseas customers. In addition, large-scale environmental protection facilities are being put into operation at various manufacturing bases of the Group in order to comply with the requirements of the environmental policies in China and ensure the sustainable development of the Group in the long run.

The Group enhanced its cooperation with the research and development ("R&D") organizations of its major customers, universities and colleges, research institutes and overseas professional groups to further develop and utilize external resources. Meanwhile, the Group actively optimized its global R&D structure, explored R&D systems suitable for the Group, improved and enhanced its professional R&D capability, strengthened its technical know-how, and established overseas and domestic intellectual property rights protection systems to protect its R&D achievements.

During the Review Period, the Group continued its efforts to optimize its risk management and internal control systems, and provided relevant training for its factory management teams, in order to raise the risk awareness of its management and promote risk management and internal control learning in a top-down mode. Meanwhile, the Group has been working on building a corporate risk management framework to further define and summarize its risk control structure and risk management system, so as to systematically implement risk management and internal control practices.

Business and Operation Layout

During the Review Period, the Group's revenue was approximately RMB4,196,097,000, representing an increase of approximately 22.3% compared with approximately RMB3,432,071,000 in the same period in 2015, which was mainly due to an increase in the output of the automobile market and the mass production of new products. The domestic revenue of the Group was approximately RMB2,486,220,000, representing an increase of approximately 24.4% compared with approximately RMB1,997,935,000 in the same period in 2015, which was mainly attributable to the improvement of production and sales of Japanese and Chinese OEMs, and the significant growth of over 40% in the production and sales of SUV models. The Group's overseas revenue was approximately RMB1,709,877,000, and grew by approximately 19.2% compared with approximately RMB1,434,136,000 in the same period in 2015, mainly due to the business growth of European and American customers.

During the Review Period, the Group continued to consolidate its new business share from Japanese and European OEMs. The favourable development momentum of its aluminum products helped the Group achieve breakthroughs in multiple products from more high-end brands. The Group entered the procurement system of aluminum products of Rolls-Royce for the first time, and continued to secure business from high-end brands such as Audi, Porsche, Jaguar, Cadillac, BMW, Mercedes-Benz, Infiniti, Acura and DS. Also for the first time, the Group achieved a breakthrough in the new business of roof racks with FAW Volkswagen. In addition, the Group horizontally promoted new materials like aluminum products and new techniques such as high gloss injection, which were firstly adopted by the European and American brands, among Japanese and Chinese OEM customers, ensuring its competitive edge in production process and technology. The Group will continue with its in-depth value-chain analysis for its core products, apply manufacturing techniques and capabilities to the design of product structure, and develop the economies of scale through the horizontal expansion across its existing global customer platform, to ensure its competitive edge in core products globally.

During the Review Period, the Group continued to expand its business across the globe. The Group continued to optimize the manufacturing layout and achieve a balanced development of production capacity in all major regions, expand production capacity and build automatic coating lines and world-leading door-frame roll forming lines with laser welding. The Group will also continue to facilitate the construction of the aluminum anodizing plant in Mexico and the expansion of the aluminum anodizing lines in Huai'an, while strengthening the construction of the production base of stainless steel trims in Ningbo. During the Review Period, the Group actively expanded into new business areas. On 24 February 2016, Cheerplan (China) Investments Co. Ltd. (展圖(中國)投資有限公司) ("Cheerplan (China)"), an indirect wholly-owned subsidiary of the Company, set up Ningbo Minth Automotive Electronic Technology Co., Ltd. in China to engage in the manufacture and sale of automotive electronics, which has a registered capital of US\$20,000,000. On 17 March 2016, Cheerplan (China) entered into a joint venture agreement with Haartz Corporation to establish a joint venture company in China to engage in the manufacture and sale of soft automotive interior trim materials and the provision of relevant technical services. Pursuant to the joint venture agreement, the joint venture company is owned as to 40% by Cheerplan (China), and 60% by Haartz Corporation and has a registered capital of US\$12,000,000 (contributed as to US\$4,800,000 by Cheerplan (China) and as to US\$7,200,000 by Haartz Corporation). On 24 March 2016, Cheerplan (China) entered into a joint venture agreement with Fujitsu Electronics (Shanghai) Co., Ltd. (富士通電子元器件(上海)有限公司) ("Fujitsu (Shanghai)") to establish a joint venture company in China to engage in the development and sale of automotive camera modules. Pursuant to the joint venture agreement, the joint venture company is owned as to 60% by Cheerplan (China), and 40% by Fujitsu (Shanghai) and has a registered capital of RMB5,200,000 (contributed as to RMB3,120,000 by Cheerplan (China) and as to RMB2,080,000 by Fujitsu (Shanghai)). On 16 August 2016, Jiaxing Sinoone Investment Co., Ltd. ("Jiaxing Sinoone"), an indirect wholly-owned subsidiary of the Company, entered into a joint venture agreement with Clean Wave Technologies Hong Kong, Ltd. ("Clean Wave (HK)") to establish a joint venture company in China to engage in the research and development, production, sale and after sale services of electric drive systems. Pursuant to the joint venture agreement, the joint venture company will be owned as to 51% by Jiaxing Sinoone and 49% by Clean Wave (HK) and will have a registered capital of US\$29,411,765 (contributed by each of the Group and Clean Wave (HK) pro rata to its equity interest in the joint venture company).

During the Review Period, the Group fully enhanced the awareness of safety, environmental protection and energy saving among its employees. The Group persistently carried out the campaign of "intensifying operational transformation and strengthening site management" with safety as the main theme, in a bid to gradually eliminate safety hazards; continued its internal supervision and inspection of environmental protection facilities, sorted out safety hazards comprehensively, and added and conducted technical upgrades on environmental protection projects; as well as comprehensively implemented the application of energy-saving technology and project transformations and continued to reduce its unit energy consumption, so as to maintain the Group's leadership in terms of cost and environmental protection.

Research and Development

During the Review Period, in response to the increasing demand in global concurrent design, the Group built a global R&D network by integrating global resources with domestic and overseas advanced technologies, and strengthened its communication and exchange with R&D organizations of its major customers. The Group has provided concurrent design validation and prototype development for the global platform vehicles of various OEMs and completed the product design. During the Review Period, as for the R&D for new products, the Group achieved breakthroughs in roof racks with lighting system and electric tailgates, and began prototype development. As for new technological breakthroughs, the Group made continuous improvement in surface treatment technologies such as chrome plating, aluminum anodizing and hard coating, further reinforcing the Group's competitive position for relevant products. Leveraging on its existing laboratories, the Group built three technical platforms of innovative experiments for welding, material and mechanics, and conducted a series of innovative technical research step by step, thus laying a solid foundation for the Group's technical improvement. During the Review Period, the Group procured 274 units of robotic arms for various automatic production lines, 20 of which were fully automatic production lines, indicating significant enhancement in the Group's integration capability and automation development capability.

The Group has placed great 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 39 patent applications for approval, and 44 patents were authorized by competent institutions.

Financial Review

	Six months ended 30 June 2016 RMB'000	Six months ended 30 June 2015 RMB'000
Revenue	4,196,097	3,432,071
Gross profit	1,443,299	1,038,554
Profit before tax	986,080	747,103
Income tax expense	(145,019)	(102,736)
Profit for the period attributable to:		
Owners of the Company	812,718	622,162
Non-controlling interests	28,343	22,205

Results

During the Review Period, the Group's revenue was approximately RMB4,196,097,000, representing an increase of approximately 22.3% from approximately RMB3,432,071,000 in the same period of 2015. The increase was mainly attributable to the growth in the production and sales volume of Japanese and Chinese OEMs in the Chinese market, the significant increase in the production and sales volume of SUV models, and the business growth from European and American customers.

During the Review Period, the profit attributable to owners of the Company was approximately RMB812,718,000, representing an increase of approximately 30.6% from approximately RMB622,162,000 in the same period of 2015. It was mainly attributable to the increase in revenue, together with the continuous emphasis on the control of costs and expenses, enabling the Group to maintain decent profitability in general.

Segment Revenue

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

Customer category	Six months ended 30 June 2016		Six months ended 30 June 2015	
	RMB'000	%	RMB'000	%
China	2,486,220	59.2	1,997,935	58.2
North America	1,074,182	25.6	887,787	25.9
Europe	368,060	8.8	313,107	9.1
Asia Pacific	267,635	6.4	233,242	6.8
Total revenue	4,196,097	100.0	3,432,071	100.0

Gross Profit

During the Review Period, the Group's overall gross profit margin was approximately 34.4%, representing an increase of approximately 4.1% from approximately 30.3% in the same period of 2015. It was mainly owing to the scale effect brought by the Group's revenue growth during the Review Period, the positive momentum of aluminum products which have high gross profit margin, and the favourable impact brought by RMB depreciation on the gross profit margin of exported products. In addition, the overall gross profit margin rose significantly as compared with the same period of 2015, as the Group continued to enhance its efficiency of both production and management by measures such as centralized procurement, lean manufacturing and the optimization of production layout.

Investment Income

During the Review Period, the investment income of the Group was approximately RMB43,723,000, representing a decrease of approximately RMB28,711,000 from approximately RMB72,434,000 in the same period of 2015. It was mainly due to a decrease in interest income.

Other Income

During the Review Period, other income of the Group was approximately RMB65,056,000, representing a decrease of approximately RMB6,256,000 from approximately RMB71,312,000 in the same period of 2015. 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 RMB71,575,000, representing a decrease of approximately RMB25,844,000 as compared to the net gain of approximately RMB97,419,000 in the same period of 2015. It was mainly due to the fact that available-for-sale investments, the disposal of which resulted in a gain of approximately RMB50,199,000 during the same period of 2015, were not disposed of during the Review Period; in addition, there was overall increase in both exchange gain and gains from forward exchange contracts.

Distribution and Selling Expenses

During the Review Period, the Group's distribution and selling expenses amounted to approximately RMB151,232,000, representing an increase of approximately RMB43,079,000 from approximately RMB108,153,000 in the same period of 2015. Such expenses accounted for approximately 3.6% of the revenue of the Group, representing an increase of approximately 0.4% from approximately 3.2% in the same period of 2015. It was mainly attributable to the additional expenses which were in line with the Group's revenue growth during the Review Period.

Administrative Expenses

During the Review Period, the administrative expenses of the Group amounted to approximately RMB303,764,000, representing an increase of approximately RMB37,512,000 from approximately RMB266,252,000 in the same period of 2015. Such expenses accounted for approximately 7.2% of the revenue of the Group, representing a decrease of approximately 0.6% from approximately 7.8% in the same period of 2015. It was mainly attributable to the stringent control of the administrative expenses by the Group despite its revenue growth, so that the proportion of such expenses to the revenue decreased.

Research Expenditures

During the Review Period, the research expenditures of the Group amounted to approximately RMB173,899,000, representing an increase of approximately RMB21,488,000 from approximately RMB152,411,000 in the same period of 2015. It was mainly attributable to an increase in labor costs arising from the Group's recruitment of high-level R&D personnel to enhance its R&D capabilities in order to maintain its market competitiveness and sustainable growth, as well as its continuous R&D investment.

Share of Profits of Joint Ventures

During the Review Period, the Group's share of profits of joint ventures was approximately RMB4,285,000, representing a decrease of approximately RMB2,350,000 from approximately RMB6,635,000 in the same period of 2015, which was mainly because a former joint venture was acquired by the Group and became a subsidiary during the Review Period.

Share of Profits of Associates

During the Review Period, the Group's share of profits of associates was approximately RMB16,887,000, representing a decrease of approximately RMB1,950,000 from RMB18,837,000 in the same period of 2015. It 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 RMB145,019,000, representing an increase of approximately RMB42,283,000 from approximately RMB102,736,000 in the same period of 2015.

During the Review Period, the effective tax rate was approximately 14.7%, representing an increase of approximately 0.9% from approximately 13.8% in the same period of 2015.

Profit Attributable to Non-Controlling Interests

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB28,343,000, representing an increase of approximately RMB6,138,000 from approximately RMB22,205,000 in the same period of 2015. It was mainly attributable to the revenue growth of certain non-wholly owned subsidiaries and the change in product structure.

Liquidity and Financial Resources

As of 30 June 2016, the Group's total bank balances and cash amounted to approximately RMB2,895,608,000, representing an increase of approximately RMB128,903,000 compared to approximately RMB2,766,705,000 as of 31 December 2015. As of 30 June 2016, the Group's low-cost borrowings amounted to approximately RMB1,424,646,000, among which the equivalent of approximately RMB658,012,000, approximately RMB302,000,000, approximately RMB154,412,000, approximately RMB138,612,000, approximately RMB83,261,000, approximately RMB57,297,000 and approximately RMB31,052,000 were denominated in US Dollar ("USD"), RMB, Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht ("THB"), Mexico Peso ("MXN") and Japanese Yen ("JPY") respectively, representing a decrease of approximately RMB533,318,000 as compared to approximately RMB1,957,964,000 as of 31 December 2015. The decrease was mainly due to the amount of borrowings that the Group repaid 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 RMB853,002,000, indicating a sound cash flow condition.

Trade receivables turnover days were approximately 77 days, increased by approximately 3 days from approximately 74 days for the same period in 2015.

Trade payables turnover days were approximately 49 days, shortened by approximately 1 day from approximately 50 days for the same period in 2015.

Inventory turnover days were approximately 60 days, shortened by approximately 3 days from approximately 63 days for the same period in 2015. It was mainly attributable to the strengthened inventory control by the Group which effectively enhanced the inventory control level that shortened the inventory turnover days.

The Group's current ratio increased from approximately 2.1 as of 31 December 2015 to approximately 2.3 as of 30 June 2016. As of 30 June 2016, the Group's gearing ratio was approximately 10.8% (31 December 2015: approximately 14.9%), which was a percentage based on the interest bearing borrowings divided by total assets.

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

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

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

Commitments

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	486,431	346,973

Interest Rate and Foreign Exchange Risks

As of 30 June 2016, the balance of the Group's bank borrowings was approximately RMB1,424,646,000, of which RMB302,000,000 was bearing at fixed interest rates, and approximately RMB1,122,646,000 was bearing at floating interest rates. These borrowings had no seasonality features. In addition, approximately RMB793,810,000 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 RMB543,758,000, approximately RMB138,612,000, approximately RMB80,388,000 and approximately RMB31,052,000 were denominated in USD, HKD, EUR and JPY respectively.

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 Chinese government.

As of 30 June 2016, the Company and certain subsidiaries had a bank balance of approximately RMB255,355,000 which was denominated in currencies other than the functional currencies, of which approximately RMB193,749,000 was denominated in USD, approximately RMB34,244,000 was denominated in EUR, approximately RMB23,960,000 was denominated in HKD, approximately RMB1,844,000 was denominated in JPY, approximately RMB1,530,000 was denominated in Canadian Dollar and the remainder of approximately RMB28,000 was denominated in other foreign currencies. As a result of the constant expansion of overseas sales and the vigorous fluctuation in currency markets, the management of the Group expressed more concern on the foreign exchange risk and would take the exchange rate expectations of relevant currencies into consideration when deciding the billing currency for relevant businesses, and also closely monitored the foreign exchange exposure and adjusted the control strategy.

Contingent Liabilities

As of 30 June 2016, the Group had no contingent liabilities (31 December 2015: Nil).

Mortgaged Assets

As of 30 June 2016, the Group had borrowings of RMB300,000,000 secured by bank deposits of RMB310,000,000. The borrowings are to be settled in RMB (31 December 2015: the Group had borrowings of approximately USD35,000,000 (equivalent to approximately RMB227,276,000) and RMB882,700,000 secured by bank deposits of approximately RMB1,015,000,000. The borrowings were to be settled in USD and RMB respectively). The Group pledged freehold lands and buildings with a net book value of approximately RMB16,914,000 (31 December 2015: approximately RMB16,495,000) 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 RMB574,592,000 (the same period in 2015: approximately RMB530,381,000). The increase in capital expenditure was attributable to the Group's capacity expansion and the increase of production facilities 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 2016, the Group had a total of 11,960 employees, increased by 623 compared to 31 December 2015. The increase was mainly arising from the business growth, acquisition of joint ventures and investment in quality enhancement. During the Review Period, in order to implement its business strategies, the Group planned and established new organizational departments, including Automotive Electronics Business Unit and Intelligent Equipment Business Unit. The Group also actively recruited technical personnel for intelligent equipment business and proactively built the Group's employer brand by entering into cooperation agreements with various colleges and universities and tertiary institutions, laying a foundation for its talent pool. In the intense competition for talents, the Group maintained its sound talent strategy, proactively built the teams for R&D and international projects, as well as accelerated the development of talents to accommodate the requirements of industrial upgrade of the Group and Industry 4.0. The Group is active in planning the establishment of corporate university in order to sustainably provide talents in various fields for the Group and ensure that the Group can maintain its advantages in terms of talent supply in face of the increasingly complicated economic environment.

During the Review Period, the Group further promoted and practiced its core values in its global presence, integrating and managing the Group's corporate culture. To accommodate the sustainable development of the Group's key business, various competitive incentive programs were developed and implemented, which effectively motivated relevant staff. Meanwhile, the Group designed and offered tailor-made retention programs and stable household programs in different regions to attract and retain staff. To satisfy the needs of the Group's global management, the Group established unified data platform and staff record system (人員報表系統) worldwide, implemented the Peoplesoft project, as well as renewed and upgraded its prevailing global remuneration policy. The Group will continue to improve the staff welfare and services and tailor-made competitive remuneration and welfare plans.

Based on the theory of holistic health development, the Group has been paying attention to the staff's "health condition, positive attitude, emergency relief and family reunion", additionally funded the medical pension and provided diversified channels to encourage its staff in organizing group activities. Various activities were organised across China for the benefit of the staff's physical, mental and holistic health, including Couple's Camp and Children's Camp for Character Building. The Group also helped with the schooling of staff's children and provided emergency relief to its staff.

Directors

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

Executive directors

Shi Jian Hui (*Chairman as redesignated on 26 May 2016 and Chief Executive Officer*)

Zhao Feng

Bao Jian Ya

Chin Chien Ya (*appointed on 26 May 2016*)

Huang Chiung Hui (*appointed on 26 May 2016*)

Non-executive director

Chin Jong Hwa (*redesignated from executive director and Chairman to non-executive director and Honorary Chairman on 26 May 2016*)

He Dong Han (*retired on 26 May 2016*)

Independent non-executive directors

Wang Ching

Zhang Liren (*resigned on 23 August 2016*)

Wu Fred Fong

Yu Zheng (*redesignated from non-executive director to independent non-executive director on 26 May 2016*)

Share Option Scheme

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

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

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

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

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

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

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

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

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

Management Discussion and Analysis

As at the date of this report, the number of Share Options that could still be granted under the Share Option Scheme was 69,432,500 Share Options, representing 6.18% of the 1,123,557,500 Shares in issue by the Company as at 23 August 2016, being the date of this report. Details are as follows:

Number of Share Options (Note 1)									Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Name and category of participants	Outstanding as at 1 January 2016	Granted during the Review Period	Exercised during the Review Period	Cancelled/ Lapsed during the Review Period	Outstanding as at 30 June 2016	Date of grant (Note 5)	Exercise period (Note 6)	Exercise price of the Share Options (HKD) (Note 7)	
Directors, chief executives, and substantial Shareholders and their respective associates									
Mr. Shi Jian Hui	2,000,000	-	-	-	2,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	300,000	-	-	-	300,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	700,000	-	-	-	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Zhao Feng	1,000,000	-	-	-	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	250,000	-	-	-	250,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	700,000	-	-	-	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Bao Jian Ya	1,000,000	-	-	-	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	350,000	-	-	-	350,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	700,000	-	-	-	700,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Huang Chiung Hui (Note 2)	1,000,000	-	-	-	1,000,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. He Dong Han (Note 3)	1,000,000	-	-	-	1,000,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	N/A
	200,000	-	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A

Management Discussion and Analysis

Number of Share Options (Note 1)

Name and category of participants	Outstanding as at 1 January 2016	Granted during the Review Period	Exercised during the Review Period	Cancelled/ Lapsed during the Review Period	Outstanding as at 30 June 2016	Date of grant (Note 5)	Exercise period (Note 6)	Exercise price of the Share Options (HKD) (Note 7)	Weighted average closing price of Shares immediately before the date(s) on which Share Options were exercised (HKD)
Mr. Wu Fred Fong	200,000	-	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Dr. Wang Ching	200,000	-	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Zhang Liren	200,000	-	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Ms. Yu Zheng	200,000	-	-	-	200,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Mr. Bau Hsin Hong (Note 4)	360,000	-	-	-	360,000	16-1-2014	1-6-2014 to 31-5-2019	15.84	N/A
	180,000	-	-	-	180,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	N/A
Subtotal	10,530,000	-	-	-	10,530,000				
Other Participants	12,014,000	-	10,249,000	-	1,765,000	10-6-2011	1-2-2012 to 12-11-2016	10.89	19.19
	332,000	-	332,000	-	-	31-5-2012	30-5-2013 to 30-5-2017	9.13	20.51
	10,081,000	-	1,809,000	606,500	7,665,500	16-1-2014	1-6-2014 to 31-5-2019	15.84	21.59
	21,600,000	-	2,194,000	889,000	18,517,000	25-3-2015	1-1-2016 to 31-12-2020	14.08	19.96
Subtotal	44,027,000	-	14,584,000	1,495,500	27,947,500				
Total	54,557,000	-	14,584,000	1,495,500	38,477,500				

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

Note 2: Appointed as an executive Director on 26 May 2016.

Note 3: Retired from office as a non-executive Director on 26 May 2016.

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

Note 5: The closing price of the Shares immediately before the date on which the Share Options were granted pursuant to the 2005 Share Option Scheme on 10 June 2011, i.e. on 9 June 2011 was HKD11.02, and pursuant to the Share Option Scheme on (i) 31 May 2012, i.e. on 30 May 2012 was HKD9.14, (ii) 16 January 2014, i.e. on 15 January 2014 was HKD16.00, (iii) 25 March 2015, i.e. on 24 March 2015 was HKD14.02.

Note 6: The option period for the Share Options granted on 10 June 2011 is for five years five months and two days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 February 2012; (ii) up to a further 30% of the Share Options granted on or after 1 February 2013; and (iii) all of the remaining Share Options granted on or after 1 February 2014. The option period for the Share Options granted on 31 May 2012 is for four years eleven months and thirty days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 30 May 2013; (ii) up to a further 30% of the Share Options granted on or after 30 May 2014; and (iii) all of the remaining Share Options granted on or after 30 May 2015. The option period for the Share Options granted on 16 January 2014 is for five years four months and fifteen days. If the grantees' period of service within the Company is or more than one year as of 1 June 2014, the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 June 2014; (ii) up to a further 30% of the Share Options granted on or after 1 June 2015; and (iii) all of the remaining Share Options granted on or after 1 June 2016. If the grantees' period of service within the Company is less than one year as of 1 June 2014, the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 June 2015; (ii) up to a further 30% of the Share Options granted on or after 1 June 2016; and (iii) all of the remaining Share Options granted on or after 1 June 2017. The option period for the Share Options granted on 25 March 2015 is for five years nine months and six days and the vesting periods of such Share Options are as follows: (i) up to 30% of the Share Options granted on or after 1 January 2016; (ii) up to a further 30% of the Share Options granted on or after 1 January 2017; and (iii) all of the remaining Share Options granted on or after 1 January 2018.

Note 7: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

During the Review Period, 14,584,000 Share Options were exercised by the grantees of the Share Option Schemes and 1,495,500 Share Options lapsed due to the resignation of the relevant grantees. For the fair value of the Share Options granted, please refer to note 20 to the condensed consolidated financial statements.

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

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

Outlook and Strategies

While the global conventional automotive industry is experiencing modest and stable growth, new energy vehicles and intelligent vehicles are exhibiting huge growth potential. “Energy – saving, intelligent interaction and security sharing” will be the automotive industry’s principle direction of development and focus of competition. In China, sales of new energy vehicles during the Review Period increased by 126.9% year-on-year to 0.17 million units, making China the fastest growing market in the world. More gratifying is that some of the core technologies in China’s electric vehicle industry has entered the development stage where they possess independent intellectual property rights. For automotive intelligence, Chinese brands and several internet-based enterprises in China have launched their own concepts or products and are rapidly putting these concepts or products into mass production.

On a global level, enterprises led by Tesla, BMW and Google have been sparing no efforts to implement their own strategies in energy saving and environmental protection and intelligence. Automobile manufacturers will source car parts and components that can reduce the weight of vehicles while being compliant with the automobile safety standards. As time passes, automobile manufacturers will be motivated to use more aluminum and high-strength steel in their manufacturing process as well as to carry out research and development on new materials to improve fuel burning efficiency. Increasingly, new intelligent technologies will extend their application to power-control, brake-control and other different automobile components. Such applications can help reduce traffic accidents, relieve traffic congestion and further improve the mobility of people. The intensified competition in the field of intelligence has fuelled participation from and competition among various companies in the automotive, Internet and electronic industries. Competition from emerging technology companies has brought improvements to software and technology and stimulated more innovation in the automotive industry. At the same time such competition has presented more challenges and opened the door to a period of revolutionary reform in the automotive industry.

In order to ensure its safe and steady development, the Group will continue to follow a balanced and scale-based strategy. The Group will continue to boost economies of scale in production, consolidate traditional product segments towards progressive concentration and improve the global supply chain management for the purpose of reducing overall

production costs. The Group will continue to strengthen its global information management platform to meet the delivery management requirements of the global platform vehicle orders and customers' demands on the full traceability of product logistics and quality. The Group is also committed to the R&D of new products and the expansion of its product range. Under the accelerating development trend in the automotive industry in terms of intelligence and automation, the Group intends to continue its expansion into automotive electronics, intelligence and core parts of new energy vehicles while maintaining and integrating its own characteristics. The Group will keep abreast of changing market demands and link up the technologies of electronic information and production, aiming to provide automotive cameras and 3D holographic systems for the rising self-driving sector. The Group expects to apply the automatic and scale production management model by integrating visual products and the existing automobile exterior decorative parts and utilizing stringent quality control and unique R&D capability, to offer reliable product solutions to its customers and obtain development opportunities for the Group as well.

The Group will continue to seize the restructuring opportunities in the global automotive industry, actively seek industrial cooperation, identify development opportunities and suitable investment targets, further develop its domestic and overseas production bases, enhance its global development and supply capability, expand applications of new materials and enrich its product portfolio to meet customers' growing demand. The Group will also continuously explore and apply new environment-friendly and energy-saving technologies to maintain its leading advantage in the industry. Meanwhile, the Group remains committed to its sustainable development strategies to become a role model for environment-friendly and energy-saving enterprises in the automotive parts industry.

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (the same period in 2015: Nil).

Substantial Shareholders

As at 30 June 2016, the interests or short positions of every person, other than the Directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register of substantial Shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”), were as follows:

Number of Substantial Shareholder	Capacity	Long/Short Position	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wei Ching Lien (“Ms. Wei”)	Interest of spouse	Long position	443,072,000 (Note 2)	39.50%
Minh Holdings Limited (formerly Linkfair Investments Limited) (“Minh Holdings”)	Beneficial owner	Long position	443,072,000 (Note 3)	39.50%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	77,424,000 (Note 4)	6.90%
Matthews International Capital Management, LLC	Investment manager	Long position	76,211,000	6.79%
JPMorgan Chase & Co.	Beneficial owner	Long position	370,670	0.03%
		Short position	194,000	0.02%
	Investment manager	Long position	12,638,000	1.13%
		Custodian corporation/ approved lending agent	Long position	54,225,113 (Note 5)
The Capital Group Companies, Inc.	Interest of controlled corporations	Long position	56,484,270 (Note 6)	5.04%

Note 1: The percentage of the Company's issued share capital is based on the 1,121,754,500 Shares issued as at 30 June 2016.

Other Information

- Note 2: As at 30 June 2016, Minth Holdings was beneficially interested in 443,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin Jong Hwa ("Mr. Chin") and he is therefore deemed to be interested in the entire 443,072,000 Shares held by Minth Holdings. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei is deemed to be interested in the 443,072,000 Shares in which Mr. Chin is deemed to be interested.
- Note 3: As at 30 June 2016, Minth Holdings, a company wholly-owned by Mr. Chin, was beneficially interested in 443,072,000 Shares.
- Note 4: As at 30 June 2016, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.
- Note 5: As at 30 June 2016, 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. Among these Shares, the interest in 8,000 Shares (long position) and 144,000 Shares (short position) were held through cash settled unlisted derivatives.
- Note 6: As at 30 June 2016, according to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by The Capital Group Companies, Inc.

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 2016, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would otherwise have to be notified to the Company and the Stock Exchange pursuant to Division 7 and Division 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), were as follows:

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Chin Jong Hwa	Company	Long position	Interest of controlled corporation	443,072,000 (Note 2)	39.50%
Shi Jian Hui ("Mr. Shi")	Company	Long position	Beneficial owner	3,400,000 (Note 3)	0.30%
Zhao Feng ("Mr. Zhao")	Company	Long position	Beneficial owner Interest of spouse	2,354,000 100,000 (Note 4)	0.21% 0.01%
Bao Jian Ya ("Ms. Bao")	Company	Long position	Beneficial owner	2,170,000 (Note 5)	0.19%
Huang Chiung Hui ("Ms. Huang")	Company	Long position	Beneficial owner Interest of spouse	1,000,000 530,000 (Note 6)	0.09% 0.05%
He Dong Han ("Mr. He")	Company	Long position	Beneficial owner	1,200,000 (Note 7)	0.11%
Wu Fred Fong ("Mr. Wu")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%

Other Information

Name of Director	Company/ Name of Associated Corporation	Long/Short Position	Capacity	Total Number of Ordinary Shares	Percentage of the Company's Issued Share Capital (Note 1)
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%
Zhang Liren ("Mr. Zhang")	Company	Long position	Beneficial owner	200,000 (Note 8)	0.02%
Yu Zheng ("Ms. Zheng")	Company	Long position	Beneficial owner Interest of spouse	200,000 200,000 (Note 9)	0.02% 0.02%

Note 1: The percentage of the Company's issued share capital is based on the 1,121,754,500 Shares issued as at 30 June 2016.

Note 2: As at 30 June 2016, Minth Holdings was beneficially interested in 443,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 443,072,000 Shares held by Minth Holdings.

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

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

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

Other Information

Note 6: These figures represent (i) 1,000,000 Share Options granted to Ms. Huang under the Share Option Scheme that are exercisable and (ii) 530,000 Shares Options granted to Mr. Bau Hsin Hong (“Mr. Bau”) under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Ms. Huang will own 1,000,000 Shares. Since Ms. Huang is the spouse of Mr. Bau, she is also deemed to be interested in the aforesaid Shares in which Mr. Bau is interested. Ms. Huang was appointed as an executive Director on 26 May 2016.

Note 7: This figure represents the aggregated number of 1,000,000 Share Options and 200,000 Share Options granted to Mr. He under the 2005 Share Option Scheme and the Share Option Scheme respectively that are exercisable. Upon exercise of the Share Options, Mr. He will own an aggregate of 1,200,000 Shares. Mr. He retired from office as a non-executive Director on 26 May 2016.

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

Note 9: These figures represent (i) 200,000 Share Options granted to Ms. Zheng under the Share Option Scheme that are exercisable and (ii) 200,000 Shares held by Mr. Wei Wei (“Mr. Wei”). Upon exercise of the Share Options, Ms. Zheng will own 200,000 Shares. Since Ms. Zheng is the spouse of Mr. Wei, she is also deemed to be interested in the aforesaid Shares in which Mr. Wei is interested.

Note 10: Details of the interests of the Directors and chief executives in the Share Options (being regarded as unlisted physically settled equity derivatives) are set out in the section headed “Share Option Scheme” in this report.

Other than as disclosed above, as at 30 June 2016, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Purchase, Sale or Redemption of the Listed Securities of the Company

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company’s listed securities during the Review Period.

Compliance with the Corporate Governance Code and the Model Code

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

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

Material Litigation and Arbitration

Save for the petition 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 announcements 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. On 27 June 2016, the SFC indicated that it intended to amend its Petition in the court proceedings to add further particulars. A formal court order granting leave to the SFC to make the amendments and setting out further directions has yet to be made. The trial dates for the court proceedings have not yet been fixed. The Directors of the Company are of the opinion that the SFC petition does not have any significant impact on the condensed consolidated financial statements of the Group during the Review Period.

Audit Committee

During the Review Period, the Company had 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 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. Members of the Committee will meet regularly with the management and external auditor to review the audit reports as well as the interim and annual financial reports of the Group. The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the Review Period and this interim report, and recommended their adoption by the Board.

Updates on Biographical Details of Directors under Rule 13.51B(1) of the Listing Rules

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

Mr. Chin Jong Hwa

- redesignated from executive Director and Chairman to non-executive Director and Honorary Chairman on 26 May 2016

Mr. Shi Jian Hui

- redesignated as Chairman on 26 May 2016
- remuneration has been adjusted from RMB1,529,000 to RMB2,193,000 per annum with effect from May 2016

Mr. Zhao Feng

- remuneration has been adjusted from RMB1,309,000 to RMB1,936,000 per annum with effect from May 2016

Ms. Bao Jian Ya

- remuneration has been adjusted from RMB1,176,000 to RMB1,810,000 per annum with effect from May 2016

Ms. Yu Zheng

- redesignated from non-executive Director to independent non-executive Director on 26 May 2016
- appointed as chairman of Remuneration Committee and member of Audit Committee and Nomination Committee on 23 August 2016

By Order of the Board
Minth Group Limited
Shi Jian Hui
Chairman

Hong Kong, 23 August 2016

Report on Review of Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the condensed consolidated financial statements of Minth Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 36 to 74, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 August 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Revenue		4,196,097	3,432,071
Cost of sales		(2,752,798)	(2,393,517)
Gross profit		1,443,299	1,038,554
Investment income	4	43,723	72,434
Other income	5	65,056	71,312
Other gains and losses	6	71,575	97,419
Distribution and selling expenses		(151,232)	(108,153)
Administrative expenses		(303,764)	(266,252)
Research expenditures		(173,899)	(152,411)
Interest on bank borrowings wholly repayable within five years		(29,850)	(31,272)
Share of profits of joint ventures		4,285	6,635
Share of profits of associates		16,887	18,837
Profit before tax		986,080	747,103
Income tax expense	7	(145,019)	(102,736)
Profit for the period	8	841,061	644,367
Other comprehensive expense:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(11,812)	(18,708)
Fair value (loss) gain on available-for-sale investments		(16,294)	57,592
Reclassification adjustments for cumulative gain included in revaluation reserve upon disposal of available-for-sale investments		–	(50,199)
Income tax relating to items that may be reclassified to profit or loss		2,444	(1,109)
Other comprehensive expense for the period (net of tax)		(25,662)	(12,424)
Total comprehensive income for the period		815,399	631,943

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Note	Six months ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Profit for the period attributable to:			
Owners of the Company		812,718	622,162
Non-controlling interests		28,343	22,205
		841,061	644,367
Total comprehensive income for the period attributable to:			
Owners of the Company		785,808	610,588
Non-controlling interests		29,591	21,355
		815,399	631,943
Earnings per share	10		
Basic		RMB0.731	RMB0.565
Diluted		RMB0.724	RMB0.560

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Notes	At 30 June 2016 (unaudited) RMB'000	At 31 December 2015 (audited) RMB'000
Non-current assets			
Property, plant and equipment	11	4,515,442	4,175,383
Prepaid lease payments		620,712	624,238
Goodwill		83,228	46,407
Other intangible assets		34,909	39,398
Interests in joint ventures		32,742	73,986
Interests in associates		122,880	105,993
Available-for-sale investments	12	80,098	96,392
Deferred tax assets		110,466	111,949
		5,600,477	5,273,746
Current assets			
Prepaid lease payments		15,143	15,537
Inventories		1,270,012	1,196,022
Property under development	15	290,815	207,863
Loans receivable	13	16,072	6,269
Trade and other receivables	14	2,704,252	2,577,428
Derivative financial assets	16	27,689	4,909
Pledged bank deposits		350,672	1,107,438
Bank balances and cash		2,895,608	2,766,705
		7,570,263	7,882,171
Current liabilities			
Trade and other payables	17	1,730,584	1,589,760
Tax liabilities		72,932	92,672
Borrowings	18	1,424,646	1,957,964
Derivative financial liabilities	16	7,828	28,069
		3,235,990	3,668,465
Net current assets		4,334,273	4,213,706
Total assets less current liabilities		9,934,750	9,487,452

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	Note	At 30 June 2016 (unaudited) RMB'000	At 31 December 2015 (audited) RMB'000
Capital and reserves			
Share capital	19	113,232	111,570
Share premium and reserves		9,505,057	9,080,667
Equity attributable to owners of the Company		9,618,289	9,192,237
Non-controlling interests		239,270	214,179
Total equity		9,857,559	9,406,416
Non-current liabilities			
Deferred tax liabilities		55,536	59,211
Retirement benefit obligations		21,655	21,825
		77,191	81,036
		9,934,750	9,487,452

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	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 2015 (audited)	110,801	3,215,066	276,199	41,459	143,082	13,120	49,470	(104,268)	102,679	4,440,724	8,288,552	256,919	8,545,471
Profit for the period	-	-	-	-	-	-	-	-	-	622,162	622,162	22,205	644,367
Other comprehensive income for the period	-	-	-	-	-	-	6,284	(17,858)	-	-	(11,574)	(850)	(12,424)
Total comprehensive income for the period	-	-	-	-	-	-	6,284	(17,858)	-	622,162	610,588	21,355	631,943
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	20,783	-	20,783	-	20,783
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(13,132)	(13,132)
Transfer to reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to other reserve for share options forfeited after the vesting date	-	-	-	265	-	-	-	-	(265)	-	-	-	-
Dividends recognised as distribution	-	-	-	-	-	-	-	-	-	(450,607)	(450,607)	-	(450,607)
Exercise of share options	722	103,661	-	-	-	-	-	-	(25,191)	-	79,192	-	79,192
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(42,827)	(42,827)
At 30 June 2015 (unaudited)	111,523	3,318,747	276,199	41,724	143,082	13,120	55,754	(122,126)	98,206	4,612,279	8,548,508	222,315	8,770,823
At 1 January 2016 (audited)	111,570	3,324,905	276,199	42,210	352,428	13,120	33,380	(140,622)	126,262	5,052,785	9,192,237	214,179	9,406,416
Profit for the period	-	-	-	-	-	-	-	-	-	812,718	812,718	28,343	841,061
Other comprehensive income (expense) for the period	-	-	-	-	-	-	(13,850)	(13,060)	-	-	(26,910)	1,248	(25,662)
Total comprehensive income for the period	-	-	-	-	-	-	(13,850)	(13,060)	-	812,718	785,808	29,591	815,399
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	-	13,977	-	13,977	-	13,977
Dividend declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Transfer to reserve fund	-	-	-	-	1,066	-	-	-	-	(1,066)	-	-	-
Transfer to other reserve for share options forfeited after the vesting date	-	-	-	1,927	-	-	-	-	(1,927)	-	-	-	-
Dividends recognised as distribution (note 9)	-	-	-	-	-	-	-	-	-	(520,452)	(520,452)	-	(520,452)
Exercise of share options	1,662	186,357	-	-	-	-	-	-	(41,300)	-	146,719	-	146,719
At 30 June 2016 (unaudited)	113,232	3,511,262	276,199	44,137	353,494	13,120	19,530	(153,682)	97,012	5,343,985	9,618,289	239,270	9,857,559

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

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

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

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

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
NET CASH FROM OPERATING ACTIVITIES	853,002	294,770
NET CASH FROM (USED IN) INVESTING ACTIVITIES:		
Proceeds on redemption of other financial assets and derivative financial instruments	8,470,310	6,015,387
Investment in other financial assets and derivative financial instruments	(8,435,726)	(5,983,034)
Interest received	39,092	69,759
Proceeds from reduction in capital in an associate	–	10,703
Dividend received from an associate	–	11,432
Dividend received from the available-for-sale investments	4,631	–
Proceeds on disposal of available-for-sale investments	–	89,746
Proceeds on disposal of property, plant and equipment	15,671	9,296
Proceeds on disposal of other intangible assets	5,213	–
New pledged bank deposits placed	(11,305)	(747,397)
Release of pledged bank deposits	768,071	482,690
Repayment from a third party	–	13,406
Purchases of property, plant and equipment	(525,720)	(530,381)
Acquisition of a subsidiary (note 24)	(50,906)	–
Loans to a joint venture	(9,462)	–
Purchases of other intangible assets	(8,549)	(6,161)
Disposal of a subsidiary	–	(10,058)
	261,320	(574,612)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
NET CASH USED IN FINANCING ACTIVITIES:		
Repayment of borrowings	(1,319,783)	(1,098,162)
Dividends paid to owners of the Company	(520,452)	(450,607)
Dividends paid to non-controlling shareholders	(4,500)	(5,757)
Interest paid	(28,410)	(32,287)
New borrowings raised	757,341	1,352,857
Proceeds from exercise of share options	146,719	79,192
	(969,085)	(154,764)
Net increase (decrease) in cash and cash equivalents	145,237	(434,606)
Cash and cash equivalents at 1 January	2,766,705	3,594,209
Effect of foreign exchange rate changes	(16,334)	(5,961)
Cash and cash equivalents at 30 June, represented by		
Bank balances and cash	2,895,608	3,153,642

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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 2016 (unaudited)

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

For the six months ended 30 June 2015 (unaudited)

	PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
SEGMENT REVENUE					
External sales	1,997,935	887,787	313,107	233,242	3,432,071
Segment profit	569,606	269,534	118,877	77,375	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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. Investment Income

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Interest on bank deposits	39,092	69,479
Interest on loans receivable	–	280
Dividends from listed equity securities	4,631	2,675
Total investment income	43,723	72,434

5. Other Income

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Government grants (note)	36,288	45,515
Service and consultation income	790	42
Sales of scrap and raw materials	16,490	12,383
Property rental income	2,931	4,253
Others	8,557	9,119
Total	65,056	71,312

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

6. Other Gains and Losses

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Net foreign exchange gain (loss)	1,011	(6,649)
Gain on change in fair value of derivative financial assets	61,474	41,084
Gain on fair value changes of financial assets designated as fair value through profit or loss	16,583	21,874
Impairment loss recognised on trade and other receivables	(10,400)	(3,162)
Gain on acquisition of a subsidiary (note 24)	18,076	–
Loss on deregistration of an associate	–	(142)
Loss on disposal of property, plant and equipment	(711)	(1,379)
Impairment loss on property, plant and equipment	(10,237)	(4,406)
Impairment loss on long-term investment in a joint venture	(4,221)	–
Gain recycled from equity on disposal of listed available-for-sale investments	–	50,199
Total	71,575	97,419

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

7. Income Tax Expense

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Current tax:		
Hong Kong	–	–
PRC Enterprise Income Tax	186,349	130,905
	186,349	130,905
Over provision in prior years:		
PRC Enterprise Income Tax	(38,344)	(25,350)
Deferred tax:		
Current period charge	(2,986)	(2,819)
	145,019	102,736

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

According to the Enterprise Income Tax Law of People's Republic of China, which issued in the year 2007, and the Caishui [2011] No. 58 ("Circular 58"), certain of the group entities located in the PRC have been entitled to the following tax concession under the EIT Law:

- (1) Those entities which are located in specific provinces of western China and engaged in specific encouraged industries enjoy a preferential tax rate of 15% under EIT Law.
- (2) Those entities which are qualified as "Hi-New Tech Enterprises" ("HNTE") would enjoy a preferential tax rate of 15% under EIT Law and the qualification of HNTE is subject to every 3-year renewal.

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

8. Profit for the Period

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

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Depreciation of property, plant and equipment	193,639	144,640
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditures)	8,314	6,717
Total depreciation and amortisation	201,953	151,357
Cost of inventories recognised	2,752,798	2,393,517
Write-off and write-down of inventories	14,592	2,985

9. Dividends

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Dividends recognised as distribution during the period: 2015 Final – HK\$0.548 (2014: final dividend HK\$0.516) per share	520,452	450,607

On 14 June 2016, a dividend of HK\$0.548 per share (2015: HK\$0.516 per share) was paid to shareholders as the final dividend for 2015.

The directors of the Company have determined that no dividend will be paid in respect of the interim period (2015 interim period: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	812,718	622,162
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,112,436	1,102,024
Effect of dilutive share options	10,217	9,838
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,122,653	1,111,862

All of the outstanding share options of the Company as of 30 June 2016 have been included in the computation of the diluted earnings per share because the exercise prices of these Company's share options were lower than the average market prices of the Company's shares during the six months ended 30 June 2016 while certain outstanding share options of the Company as of 30 June 2015 has 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

11. Movements in Property, Plant and Equipment

During the current interim period, the Group spent approximately RMB553,593,000 (RMB555,013,000 for the six months ended 30 June 2015) on the construction of the manufacturing plant and acquisitions of plant and machinery in the PRC, Thailand, Germany and Mexico, in order to upgrade its manufacturing capabilities. Property, plant and equipment amounting to RMB26,693,000 (RMB88,094,000 for the six months ended 30 June 2015) was disposed of and RMB10,237,000 impairment loss had been recognised (RMB4,406,000 for the six months ended 30 June 2015 have been impaired).

12. Available-For-Sale Investments

Available-for-sale investments comprise:

	At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Listed investments:		
– Equity securities listed in the PRC	80,098	96,392

13. Loans Receivable

	Maturity dates	Effective interest rate	Carrying amount	
			At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Fixed-rate loans receivable from a joint venture reported as current assets	18 August 2016 & 31 December 2016	1.36% & 1.5%	16,072	6,269

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

14. Trade and Other Receivables

	At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Trade receivables		
– associates	24,103	6,442
– joint ventures	18,673	25,762
– non-controlling shareholders of subsidiaries	1,181	544
– third parties	1,963,741	1,944,786
Less: allowance for doubtful debts	(9,727)	(8,546)
	1,997,971	1,968,988
Bill receivables	93,025	98,127
	2,090,996	2,067,115
Other receivables		
– associates	6,869	–
– third parties	145,806	94,727
Less: allowance for doubtful debts	(12,528)	(9,863)
	140,147	84,864
Prepayments	300,194	212,045
Prepaid expense	11,605	17,104
Value-added tax recoverable	126,310	127,020
Refundable guarantee deposits	30,000	30,000
Dividend receivables from a joint venture	5,000	39,280
Total trade and other receivables	2,704,252	2,577,428

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Age		
0–90 days	1,900,234	1,905,273
91–180 days	77,415	55,025
181–365 days	16,397	1,540
1–2 years	3,925	7,150
	1,997,971	1,968,988

Bill receivables held by the Group as at 30 June 2016 will mature within 6 months (31 December 2015: within 6 months).

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

15. Property Under Development

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

16. Derivative Financial Assets/Derivative Financial Liabilities

	At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Derivative financial assets		
Foreign exchange forward contracts (note a)	27,689	1,037
Cross currency swap contracts (note b)	–	3,872
	27,689	4,909
Derivative financial liabilities		
Foreign exchange forward contracts (note a)	5,460	24,736
Structural option contracts (note c)	–	3,333
Cross currency swap contracts (note b)	1,779	–
Interest rate swap contracts (note d)	589	–
	7,828	28,069

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

Notes:

a. Foreign exchange forward contracts

At 30 June 2016, the Group had a number of outstanding foreign exchange forward contracts. Derivative financial assets of RMB27,689,000 (31 December 2015: RMB1,037,000) and derivative financial liabilities of RMB5,460,000 (31 December 2015: RMB24,736,000) have been recognised in accordance with the fair value of the above foreign exchange forward contracts, respectively.

b. Cross currency swap contracts

At 30 June 2016, the Group had a number of cross currency swaps. Derivative financial assets of nil (31 December 2015: RMB3,872,000) and derivative financial liabilities of RMB1,779,000 (31 December 2015: nil) have been recognised in accordance with the fair value of the above cross currency swaps.

c. Structural option contracts

At 30 June 2016, the Group had no outstanding structural option contract. No derivative financial assets or liabilities (31 December 2015: RMB3,333,000) have been recognised at 30 June 2016.

d. Interest rate swap contracts

At 30 June 2016, the Group had a number of interest rate swaps. Derivative financial liabilities of RMB589,000 (31 December 2015: nil) has been recognised in accordance with the fair value of the above interest rate swaps.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

17. Trade and Other Payables

	At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Trade payables		
– associates	18,428	790
– joint ventures	17,725	18,144
– non-controlling shareholders of subsidiaries	3,075	2,571
– third parties	832,365	830,359
	871,593	851,864
Other payables		
– associates	71	135
– joint ventures	–	12,525
– non-controlling shareholders of subsidiaries	24,587	22,813
	24,658	35,473
Payroll and welfare payables	182,559	237,040
Advance from customers	250,128	58,806
Consideration payable for acquisition of property, plant and equipment	99,188	120,187
Technology support service fees payable	620	135
Freight and utilities payable	52,772	47,336
Value-added tax payable	38,346	39,896
Interest payable	8,241	6,801
Rental payable	3,407	1,900
Deposits received	572	9,271
Others	198,500	181,051
	1,730,584	1,589,760

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

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

	At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Age		
0–90 days	844,955	794,826
91–180 days	17,603	26,109
181–365 days	4,678	19,523
1–2 years	3,315	9,425
Over 2 years	1,042	1,981
	871,593	851,864

18. Borrowings

	At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Carrying amount repayable		
Within one year	1,424,646	1,957,964

During the current interim period, the Group obtained new borrowings amounting to RMB757,341,000 (RMB1,352,857,000 for the six months ended 30 June 2015). The loans bear interest at variable market rates. The proceeds were used to provide additional working capital for the Group. Repayments of borrowings amounting to RMB1,319,783,000 (RMB1,098,162,000 for the six months ended 30 June 2015) were made during the current interim period in line with the relevant repayment terms.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

19. Share Capital

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2015, 30 June 2015, 31 December 2015 and 30 June 2016	5,000,000	500,000

	Number of shares '000	Share capital RMB'000
Issued and fully paid:		
As at 1 January 2015 (audited)	1,097,447	110,801
Exercise of share options	9,140	722
At 30 June 2015 (unaudited)	1,106,587	111,523
As at 1 January 2016 (audited)	1,107,171	111,570
Exercise of share options	14,584	1,662
At 30 June 2016 (unaudited)	1,121,755	113,232

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20. Share-Based Payment Transactions

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

For the six months ended 30 June 2016, no new share options were granted.

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

	Number of share options
Outstanding as at 1 January 2015 (audited)	39,137,000
Granted during the period	26,000,000
Exercised during the period	(9,139,500)
Forfeited during the period	(386,500)
Outstanding as at 30 June 2015 (unaudited)	55,611,000
Outstanding as at 1 January 2016 (audited)	54,557,000
Exercised during the period	(14,584,000)
Forfeited during the period	(1,495,500)
Outstanding as at 30 June 2016 (unaudited)	38,477,500

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

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

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

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to other reserve.

During the six months ended 30 June 2016, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$19.64 (six months ended 30 June 2015: HK\$17.16).

The Group recognised the total expenses of RMB14,889,000 for the six months ended 30 June 2016 (RMB20,783,000 for the six months ended 30 June 2015) in relation to share options granted by the Company.

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21. Commitments

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

	At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	486,431	346,973

22. Related Party Transactions and Connected Transactions

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

Relationship with related/connected party	Nature of transactions	Six months ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Joint venture, in which the Group has a 49% equity interest (Note)	Sales of finished goods	–	12,727
	Purchase of finished goods	–	50,763
	Purchases of raw materials	–	12,440
	Purchase of moulds	–	1,500
	Property rental income	–	1,646
	Utilities income	–	4,826
	Technology support services charges	–	121

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Relationship with related/connected party	Nature of transactions	Six months ended 30 June	
		2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Joint venture, in which the Group has a 50% equity interest	Sales of finished goods	16,235	1,296
	Sales of raw materials	1,584	5,105
	Purchases of raw materials	11,914	14,635
	Purchase of semi-finished/finished goods	1,374	181
	Purchase of fixed assets	1,033	36
	Property rental income	223	1,635
	Proceeds from disposal of property, plant and equipment	857	–
Associates, in which the Group has a 49% and 30% and 35% equity interests	Sales of finished goods	15,168	15,244
	Sales of raw materials	4,304	2,524
	Sales of moulds	13,262	41
	Purchase of raw materials	2,117	794
	Purchase of finished goods	2,480	3,092
	Purchase of moulds & fixed assets	13,203	–
	Property rentals income	1,150	1,150
	Other operation income	–	392
	Proceeds from disposal of property, plant and equipment	5,396	–
Non-controlling interests of subsidiaries (*)	Sales of finished goods	19,433	11,639
	Purchase of raw materials	3,041	11,385
	Technology support services charges	3,672	11,210

Note: The joint venture was acquired by the Group during the current interim period. Please refer to Note 24 for detailed information on the acquisition.

Notes to the Condensed Consolidated Financial Statements

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

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

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

	Six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Short-term benefits	7,489	6,013
Post-employment benefits	18	18
Share-based payments	2,962	4,108
	10,469	10,139

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

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23. Fair Value Measurements of Financial Instruments

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

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

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

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Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
	30 June 2016 (unaudited)	31 December 2015 (audited)		
1) Available-for-sale investments	Listed equity securities in A shares listed on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB80,098,000	Listed equity securities in A shares listed on the Shanghai stock exchange: – Automobile manufacturing industry – Assets – RMB96,392,000	Level 1	Quoted bid prices in an active market.
2) Foreign currency forward contracts classified as derivative financial assets and liabilities	Assets – RMB27,689,000 Liabilities – RMB5,460,000	Assets – RMB1,037,000 Liabilities – RMB24,736,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
	30 June 2016 (unaudited)	31 December 2015 (audited)		
3) Currency swap derivative contracts classified as derivative financial assets or liabilities	Liabilities – RMB1,779,000	Assets – RMB3,872,000	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.
4) Interest rate swap derivative contracts classified as derivative financial liabilities	Liabilities – RMB589,000	Nil	Level 2	Discounted cash flow. Future cash flows are estimated based on applicable yield curves derived from quoted interest rates, contracted interest rates on each maturity date and forward exchange rate and contracted forward rate at the end of the final maturity date, discounted at a rate that reflects the credit risk of various counterparties.

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Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)
	30 June 2016 (unaudited)	31 December 2015 (audited)		
5) Structural option contracts classified as derivative financial liabilities	Nil	Liabilities – RMB3,333,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward exchange rates as determined by the actual exchange rates on each maturity date, discounted at a rate that reflects the credit risk of various counterparties.

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

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24. Acquisition of a Subsidiary (Audited)

Jiaxing Dura Minth Automotive Parts Co., Ltd (“Jiaxing Dura”) was previously a joint venture of the Group, of which 51% equity interest was owned by Dura Automotive Handels and Beteiligungs GmbH (“Dura”) and 49% equity interest was owned by the Group. On 23 December 2015, the Group entered into a sale and purchase agreement with Dura, pursuant to which Dura had agreed to sell and the Group had agreed to purchase 51% equity interests of Jiaxing Dura at the consideration of RMB56,415,000 after Jiaxing Dura making distribution to its shareholders the undistributed profits for the four financial years from 2011 to 2014. The acquisition was completed on 28 January 2016. Upon completion, Jiaxing Dura becomes a wholly-owned subsidiary of the Group.

The acquisition had been accounted for as business combination using the acquisition accounting.

Consideration transferred

	RMB'000
Cash paid	56,415

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Analysis of assets and liabilities recognised on the date of acquisition

	RMB'000
Non-current assets	
Property, plant and equipment	48,872
Intangible assets	454
Current assets	
Inventories	19,761
Trade and other receivables	43,935
Bank balances and cash	5,509
Current liabilities	
Trade and other payables	(42,677)
Tax payables	(2,057)
Net assets disposed of	73,797

Goodwill arising from the acquisition

	RMB'000
Consideration transferred	56,415
Add: fair value of previously held equity interest	54,203
Less: recognised amount of identifiable net assets acquired	(73,797)
Goodwill arising on acquisition	36,821

Goodwill arose on the acquisition of Jiaxing Dura is mainly attributable to the synergies expected to be achieved from integrating Jiaxing Dura into the Group's existing business operations.

None of the goodwill arising on this acquisition was expected to be deductible for tax purpose.

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Net cash outflow on the acquisition

	RMB'000
Consideration paid in cash	(56,415)
Less: cash and cash equivalent balances acquired	5,509
	(50,906)

Impact of the acquisition on the results of the Group

Included in the profit for the period is RMB3,011,000 attributable to the additional business generated by Jiaxing Dura. Revenue for the period includes RMB65,268,000 generated by Jiaxing Dura.

25. Significant Event

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

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

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

The directors of the Company are of the opinion that Magic Figure and Talentlink HK have been subsidiaries of the Company since completion of the Acquisition and that the SFC petition does not have any significant impact on the condensed consolidated financial statements of the Group for the interim period ended 30 June 2016.

The first three directions hearings in connection with the SFC petition took place on 9 July 2014, 31 October 2014 and 11 February 2015, respectively. On 27 June 2016, the SFC indicated that it intended to amend its petition in the court proceedings to add further particulars. A formal court order granting leave to the SFC to make the amendments and setting out further directions has yet to be made. The trial dates for the court proceedings have not yet been fixed. The Company does not know when the court will deal with the substantive claims in this matter.