

# MINTH 敏實集團

## MINTH GROUP LIMITED 敏實集團有限公司

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

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

#### HIGHLIGHTS

- Sales for the six months ended 30 June 2006 amounted to RMB449,321,000, an increase of 47.0% when compared with the corresponding period of 2005.
- Profit attributable to equity holders of the Company for the six months ended 30 June 2006 amounted to RMB126,490,000, an increase of 24.8% when compared with the corresponding period of 2005.
- Gross profit margin for the six months ended 30 June 2006 was 39.6%, a decrease of 1.1% when compared with the corresponding period of 2005.
- Earnings per share for the six months ended 30 June 2006 amounted to RMB0.152.

#### INTERIM RESULTS

The board of directors (the “Directors”) of Minth Group Limited (the “Company”) is pleased to announce the unaudited interim result of the company and its subsidiaries (the “Group”) for the six months ended 30 June 2006 (the “Review Period”), together with the comparative amounts for the corresponding period of 2005. The interim results and condensed interim financial statements have not been audited but have been reviewed by the Company’s audit committee.

#### CONDENSED CONSOLIDATED INCOME STATEMENTS

	NOTES	Six months ended 30 June	
		2006 (Unaudited) RMB'000	2005 (Audited) RMB'000
Turnover	2	449,321	305,709
Cost of goods sold		(271,359)	(181,224)
Gross profit		177,962	124,485
Other income		12,052	15,034
Distribution and selling expenses		(12,628)	(4,234)
Administrative expenses		(43,626)	(26,935)
Profit from operations		133,760	108,350
Interest on bank borrowings wholly repayable within five years		(1,679)	(2,922)
Share of profit of associates		7,521	4,202
Share of loss of jointly controlled entities		(967)	–
Profit before taxation	3	138,635	109,630
Taxation	4	(7,519)	(7,751)
Profit for the period		131,116	101,879
Attributable to:			
Equity holders of the Company		126,490	101,341
Minority interests		4,626	538
Dividends	5	28,212	114,915
Distribution		–	40,303
Earnings per share – basic	6	RMB0.152	RMB0.169

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<i>NOTES</i>	<b>At 30 June 2006</b> (Unaudited) <i>RMB'000</i>	<b>At 31 December 2005</b> (Audited) <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		528,909	459,318
Lease premium for land		52,340	47,365
Intangible assets		10,912	11,186
Goodwill		10,635	–
Investment in jointly controlled entities		11,030	8,071
Interest in associates		29,876	31,233
		<u>643,702</u>	<u>557,173</u>
<b>Current assets</b>			
Lease premium for land		1,256	1,096
Inventories	7	187,897	175,940
Trade and other receivables and prepayments	8	264,971	199,531
Amounts due from related companies		10,316	–
Pledged bank deposits		1,854	7,856
Bank balances and cash		282,318	465,540
		<u>748,612</u>	<u>849,963</u>
<b>Current liabilities</b>			
Trade and other payables	9	174,494	203,134
Taxation payable		4,577	956
Short-term bank loans		131,214	114,695
		<u>310,285</u>	<u>318,785</u>
<b>Net current assets</b>		<u>438,327</u>	<u>531,178</u>
<b>Total assets less current liabilities</b>		<u>1,082,029</u>	<u>1,088,351</u>
<b>Non-current liabilities</b>			
Long-term bank loans		–	115,557
<b>Net assets</b>		<u>1,082,029</u>	<u>972,794</u>
<b>Capital and reserves</b>			
Share capital		86,345	86,345
Reserves		955,624	861,280
<b>Equity attributable to equity holders of the Company</b>		<u>1,041,969</u>	<u>947,625</u>
Minority interests		40,060	25,169
<b>Total equity</b>		<u>1,082,029</u>	<u>972,794</u>

**NOTES**

**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICIES**

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

The accounting policies adopted are consistent with those set out in the annual financial statement for the year ended 31 December 2005.

**2. SEGMENT INFORMATION**

**Turnover analysis by product category**

<b>Product category</b>	<b>Six months ended 30 June 2006</b>		<b>Six months ended 30 June 2005</b>	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Trims	98,596	21.9	69,101	22.6
Decorative parts	111,596	24.8	63,243	20.7
Body structural parts	182,496	40.6	121,519	39.7
Others	56,757	12.7	51,933	17.0
<b>Total</b>	<u>449,445</u>	<u>100</u>	<u>305,796</u>	<u>100</u>
<i>Less: Sales tax</i>	(124)		(87)	
<b>Total turnover</b>	<u>449,321</u>		<u>305,709</u>	



## 7. INVENTORIES

	At 30 June 2006 <i>RMB'000</i>	At 31 December 2005 <i>RMB'000</i>
Raw materials	52,896	49,306
Work in progress	41,012	48,826
Finished goods	29,227	23,233
Moulds	64,762	54,575
	<u>187,897</u>	<u>175,940</u>

## 8. TRADE AND OTHER RECEIVABLES

	At 30 June 2006 <i>RMB'000</i>	At 31 December 2005 <i>RMB'000</i>
Trade receivables	187,600	150,306
Bills receivables	27,512	22,468
	<u>215,112</u>	<u>172,774</u>
Prepayment for purchase of raw materials	20,224	19,499
Other receivables	29,635	7,258
	<u>264,971</u>	<u>199,531</u>

Payment terms with customers are mainly on credit. Invoices are normally payable from 60 days to 90 days from the time when the goods are verified and accepted by customers. The following is an aged analysis of trade receivables and bills receivables at the balance sheet date:

	At 30 June 2006 <i>RMB'000</i>	At 31 December 2005 <i>RMB'000</i>
<b>Age</b>		
0 – 90 days	203,258	167,228
91 – 180 days	10,569	2,138
Over 181 days	8,796	10,961
	<u>222,623</u>	<u>180,327</u>
Allowance for bad and doubtful debts	(7,511)	(7,553)
	<u>215,112</u>	<u>172,774</u>

## 9. TRADE AND OTHER PAYABLES

	At 30 June 2006 <i>RMB'000</i>	At 31 December 2005 <i>RMB'000</i>
Trade payables	107,654	81,642
Bills payables	11,720	31,147
	<u>119,374</u>	<u>112,789</u>
Payroll and welfare payables	14,761	14,569
Consideration payable of acquisition of property, plant and equipment	18,586	40,390
Other payables	21,773	35,386
	<u>174,494</u>	<u>203,134</u>

## DIVIDEND POLICY

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006.

## MANAGEMENT REVIEW

During the Review Period, the Group's turnover was approximately RMB449,321,000, representing an increase of approximately 47.0% and 20.5% as compared to the first and second halves of 2005 respectively. Profit attributable to shareholders was about RMB126,490,000, representing an increase of approximately 24.8% and 35.0% from the first and second halves of 2005 respectively.

In addition to continuing the consolidation and development of the trim business, the Group has also focused on high value-added decorative parts and body structural parts for passenger cars. During the Review Period, turnover from the three major products: trim, decorative parts and body structural parts, accounted for approximately 21.9%, 24.8% and 40.6% of the Group's total turnover, respectively, representing a decrease of approximately 0.7%, an increase of approximately 4.1% and an increase of approximately 0.9%, respectively, as compared to the first six months of 2005.

During the Review Period, the Group's turnover in the overseas market was RMB63,000,000, representing an increase of approximately 204.0% and 57.4%, as compared to the first and second halves in the year 2005 respectively.

During the Review Period, the Group's gross profit margin decreased by 1.1% to 39.6% as compared to the same period in 2005. The decrease was due to the decrease in passenger car prices. In order to maintain the current gross profit margin level, the Group has undertaken the following procedures: (i) tightening cost control through sourcing materials domestically; (ii) improving manufacturing skills to increase productivity and (iii) introducing new products.

During the Review Period, the Group has decided to set up seven joint ventures and an indirect wholly owned subsidiary in China, and an office in Detroit, USA as well. The Directors believe that such development will have a great significance in completing the Group's strategic layout, solidifying the Group's leading position in the Chinese market, and enhancing the development of oversea business. It will enhance the Group's ability in product design and manufacturing, thereby making the Group an integrated auto-part enterprise engaging in the design, manufacture and sale of exterior auto-parts.

#### **PURCHASE, SALE, OR REDEMPTION OF LISTED SHARES**

During the Review Period, the Company has not redeemed any of its listed shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares during the Review Period.

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

None of the Directors is aware of any information that would reasonably indicate that the Company was not at any time during the Review Period in compliance with the Code on Corporate Governance Practices as set out by the Stock Exchange of Hong Kong Limited in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchanging of Hong Kong Limited the ("Listing Rules").

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all Directors in the securities of the Company. Having made specific enquiry of all Directors, they had strictly complied with the Model Code during the review period.

#### **AUDIT COMMITTEE**

The Company has an audit committee consisting of three independent non-executive directors, Mr. Heng Kwo Seng (chairman of the audit committee), Mr. Wang Ching and Mr. Zhang Liren. The committee reviews the systems of internal controls throughout the Group and the completeness and accuracy of its financial statements and liaises on behalf of the Directors with external auditors. The committee members shall meet regularly with management and external auditors to review audit reports, if applicable, and the interim and annual financial statements, as the case may be, of the Group. It has reviewed the unaudited consolidated financial statements for the six months ended 30 June 2006, and recommended their adoption by the Board.

By Order of the Board  
**Minth Group Limited**  
**Liang Current Tien Tzu**  
*Company Secretary*

Hong Kong, 11 August 2006

*As at the date of this announcement, the executive Directors are Mr. Chin Jong Hwa, Mr. Shi Jian Hui, Mr. Mu Wei Zhong, Mr. Chin Jung Huang and Mr. Liang Current Tien Tzu; the non-executive Director is Mr. Shaw Sun Kan Gordon; and the independent non-executive Directors are Mr. Heng Kwo Seng, Dr. Wang Ching and Mr. Zhang Liren.*

"Please also refer to the published version of this announcement in South China Morning Post."