MINTH
敏實集團

MINTH GROUP LIMITED
敏 實 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 425)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

FINANCIAL HIGHLIGHTS

- Turnover increased by approximately 8.0% to approximately RMB1,017.21 million (2008 1H: approximately RMB942 million).
- Gross profit margin was approximately 38.4% during the Review Period (2008 1H: approximately 37.8%).
- Net profit attributable to owners of the Company increased by approximately 11.7% to approximately RMB266.76 million (2008 1H: approximately RMB238.91 million).
- Basic earnings per share increased to approximately RMB0.279 (2008 1H: approximately RMB0.250).

INTERIM RESULTS

The board (the "Board") of directors (the "Director") of Minth Group Limited (the "Company") is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 (the "Review Period") and the comparative figures for the six months ended 30 June 2008. The announced interim results and condensed financial statements are unaudited but reviewed by the audit committee (the "Audit Committee") of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

	NOTES	Six months ended 30 June **2009** **(unaudited)** ***RMB'000***	2008 (unaudited) *RMB'000*
Turnover		**1,017,205**	941,999
Cost of sales		**(626,090)**	(586,228)
Gross profit		**391,115**	355,771
Interest income		**17,670**	16,422
Other income		**10,855**	33,611
Other gains and losses	*4*	**5,043**	(32,471)
Distribution and selling expenses		**(23,873)**	(20,896)
Administrative expenses		**(66,747)**	(68,679)
Research expenditure		**(43,618)**	(31,252)
Interest on bank borrowings wholly repayable within five years		**(1,084)**	(3,025)
Share of profits (losses) of jointly controlled entities		**2,401**	(4,089)
Share of profits of associates		**16,480**	21,029
Profit before tax		**308,242**	266,421
Income tax expense	*5*	**(22,969)**	(23,135)
Profit for the period		**285,273**	243,286
Attributable to:			
Owners of the Company		**266,760**	238,912
Minority interests		**18,513**	4,374
		285,273	243,286
Earnings per share	*6*		
Basic		**RMB0.279**	RMB0.250
Diluted		**—**	RMB0.249

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Profit for the period	**285,273**	243,286
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**703**	(23,175)
Total comprehensive income for the period	**285,976**	220,111
Total comprehensive income attributable to:		
Owners of the Company	**266,965**	215,737
Minority interests	**19,011**	4,374
	285,976	220,111

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30 June 2009 (unaudited) RMB'000	31 December 2008 (audited) RMB'000
Non-current assets			
Property, plant and equipment		**975,686**	929,220
Prepaid lease payments		**177,547**	179,311
Goodwill		**15,276**	15,276
Other intangible assets		**23,026**	25,576
Interests in jointly controlled entities		**42,413**	49,140
Interests in associates		**93,891**	77,455
Loans to jointly controlled entities		**52,536**	68,539
Deferred tax assets		**11,393**	11,462
		1,391,768	1,355,979
Current assets			
Prepaid lease payments		**4,113**	3,926
Inventories		**316,173**	344,732
Loans to jointly controlled entities		**29,795**	32,453
Trade and other receivables	*7*	**576,515**	451,116
Tax recoverable		**3,180**	4,762
Derivative financial assets		**4,198**	—
Other financial assets		**90,876**	40,119
Pledged bank deposits		**44,796**	44,432
Bank balances and cash		**1,590,201**	1,429,601
		2,659,847	2,351,141
Current liabilities			
Trade and other payables	*8*	**346,874**	294,903
Tax liabilities		**20,532**	13,435
Borrowings		**159,481**	41,387
		526,887	349,725
Net current assets		**2,132,960**	2,001,416
Total assets less current liabilities		**3,524,728**	3,357,395

	30 June 2009 (unaudited) RMB'000	31 December 2008 (audited) RMB'000
Capital and reserves		
Share capital	**98,414**	98,414
Share premium and reserves	**3,318,132**	3,174,147
Equity attributable to owners of the Company	**3,416,546**	3,272,561
Minority interests	**95,009**	74,640
Total equity	**3,511,555**	3,347,201
Non-current liabilities		
Deferred tax liabilities	**13,173**	10,194
	13,173	10,194
Total equity and liabilities	**3,524,728**	3,357,395

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Accounting Standards ("HKASs"), amendments and the related Interpretations ("IFRICs") ("new and revised HKFRSs") issued by HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
Hong Kong Financial Reporting Standards ("HKFRS") 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements of HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except for the adoption of HKAS 23 (Revised 2007) Borrowing Costs.

HKAS 23 (Revised 2007) Borrowing Costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option available under the previous version of the standard to recognise all borrowing costs as expenses immediately and requires borrowing costs to be capitalised as part of the cost of a qualifying asset. The revised accounting policy has been applied prospectively and does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised 2007) had no impact on the reported results or financial position of the Group.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised in 2008)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[3]

1 *Effective for annual periods beginning on or after 1 July 2009*

2 *Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate*

3 *Effective for transfers on or after 1 July 2009*

4 *Effective for annual periods beginning on or after 1 January 2010.*

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's board of directors, the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

For the six months ended 30 June 2009

	People's Republic of China ("PRC")	North America	Europe	Asia Pacific	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
External sales	890,070	46,364	25,619	55,152	1,017,205
Segment profit	337,500	20,084	12,456	21,010	391,050
Interest income					17,670
Other unallocated income					10,855
Unallocated expenses					(129,130)
Interest on bank borrowings wholly repayable within five years					(1,084)
Share of profits of jointly controlled entities					2,401
Share of profits of associates					16,480
Profit before tax					308,242
Income tax expense					(22,969)
Profit for the period					285,273

For the six months ended 30 June 2008

	PRC	North America	Europe	Asia Pacific	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
External sales	765,652	65,841	28,609	81,897	941,999
Segment profit	289,936	24,121	11,904	29,810	355,771
Interest income					16,422
Other unallocated income					33,611
Unallocated expenses					(153,298)
Interest on bank borrowings wholly repayable within five years					(3,025)
Share of losses of jointly controlled entities					(4,089)
Share of profits of associates					21,029
Profit before tax					266,421
Income tax expense					(23,135)
Profit for the period					243,286

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

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
(Loss) gain on disposal of property, plant and equipment	**(161)**	245
Net foreign exchange gain (loss)	**900**	(43,543)
Change in fair value of derivative financial assets	**4,085**	—
Change in fair value of financial assets designated as at FVTPL	**1,783**	10,827
Discount on acquisition of a subsidiary	**1,720**	—
Allowance for bad and doubtful debts	**(65)**	—
Others	**(3,219)**	—
Total	**5,043**	(32,471)

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Current tax:		
Hong Kong	**2**	—
PRC Enterprise Income Tax	**22,563**	25,455
Other jurisdictions	**160**	—
	22,725	25,455
Over provision in prior years:		
PRC Enterprise Income Tax	**(2,804)**	(241)
Deferred tax		
Current period	**3,048**	(2,079)
	22,969	23,135

Hong Kong Profits Tax is recognised based on annual income tax rate of 16.5% for the periods under review.

The PRC enterprise income tax and taxation arising in other jurisdictions are recognised based on management's best estimate of annual income tax rate expected for each subsidiaries for the full financial year.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries of the Group are still entitled to exemption from PRC income tax for two years starting from their first profit making year, followed by a 50% reduction for the next three years ("Tax Holidays") under a 5-year transitional provision starting from 1 January 2008. Therefore, the tax holidays will expire in 2012.

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.

6. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**266,760**	238,912
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**954,540**	954,524
Effect of dilutive share options	**—**	3,849
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**—**	958,373

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2008 has been adjusted for the share options exercised on 12 March 2008.

The outstanding share options do not have a dilutive effect to the Company's earnings per share because the exercise price of the Company's share options were higher than the average market price during the six months ended 30 June 2009.

7. TRADE AND OTHER RECEIVABLES

	30 June 2009 *RMB'000*	31 December 2008 *RMB'000*
Trade receivables		
— associates	**12,758**	13,504
— jointly controlled entities	**3,834**	15,090
— connected parties	**33,446**	9,874
— third parties	**466,346**	357,072
Less: allowance for doubtful debts	**(24,206)**	(25,398)
	492,178	370,142
Bill receivables	**19,989**	17,862
	512,167	388,004
Other receivables		
— associates	**5**	570
— jointly controlled entities	**1,702**	669
— third parties	**17,203**	15,145
	18,910	16,384
Less: allowance for doubtful debts	**(154)**	(154)
	530,923	404,234
Prepayments	**45,592**	46,882
Total trade and other receivables	**576,515**	451,116

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

	30 June 2009 *RMB'000*	31 December 2008 *RMB'000*
Age		
0–90 days	**495,194**	359,954
91–180 days	**13,388**	16,224
181–365 days	**3,327**	7,610
1–2 years	**258**	4,216
	512,167	388,004

8. TRADE AND OTHER PAYABLES

	30 June 2009 *RMB'000*	31 December 2008 *RMB'000*
Trade payables		
— associates	**4,247**	4,349
— jointly controlled entities	**15,368**	16,038
— connected parties	**25,810**	22,679
— third parties	**186,418**	133,762
	231,843	176,828
Payroll and welfare payables	**23,819**	27,008
Advance from customers	**9,563**	9,475
Consideration payable for acquisition of property, plant and equipment	**20,289**	20,644
Dividend payable to minority owners of subsidiaries	**—**	1,372
Technology support service fees payable	**14,346**	22,489
Consideration payable for acquisition of a subsidiary	**7,459**	—
Others	**39,555**	37,087
	346,874	294,903

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

	30 June 2009 *RMB'000*	31 December 2008 *RMB'000*
Age		
0 to 90 days	**224,692**	169,708
91 to 180 days	**1,391**	5,407
181 to 365 days	**1,530**	179
1–2 years	**3,745**	917
Over 2 years	**485**	617
	231,843	176,828

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (for the six months ended 30 June 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the design, manufacture, and sale of trim, decorative parts and body structural parts for passenger cars in the PRC, North America and Thailand as well as export to global markets including Europe and the Asia Pacific region. Despite the general market growth rate slowing down in light of the market environment, the Group still maintained a healthy growth and stable development.

During the Review Period, the sales volume of passenger cars in China reached approximately 4,534,000 units, representing an increase of approximately 25.6% as compared with the same period in 2008. Apart from the sales volume of mini-van which has minor impact on the Group's turnover, the sales volume of traditional passenger vehicles reached approximately 3,493,300 units during the Review Period, representing an increase of approximately 14.92% as compared with the same period in 2008. Moreover, during the Review Period, according to the China Association of Automobile Manufacturers, the sales value of China's automobile parts industry was approximately 541.4 billion, representing an increase of approximately 6.56 % as compared with the same period in 2008. Generally speaking, despite the turmoil of the global markets starting from the second half of 2008, a positive upward trend could be expected. China's domestic automobile market is, in particular, driven by the recovery of the Chinese economy as well as stimulus package for automobile consumption by the Chinese government. Recovery of the auto industry is already apparent during the Review Period. China has overtaken the United States as the world's largest auto market in new vehicle sales for six consecutive months this year.

RESULTS

During the Review Period, the Group's turnover was approximately RMB1,017,205,000, representing an increase of approximately 8.0% as compared with approximately RMB941,999,000 in the same period of 2008. Net profit attributable to owners of the Company was approximately RMB266,760,000, representing an increase of approximately 11.7% from approximately RMB238,912,000 in the same period of 2008.

Business Layout

During the Review Period, the Group's turnover from domestic market was approximately RMB890,070,000, increased by approximately RMB124,418,000 or approximately 16.2% as compared with the same period in 2008. In the meantime, according to the China Association of Automobile Manufacturers, the sales value of China's automobile parts industry was approximately 541.4 billion, representing an increase of approximately 6.56 % as compared with the same period in 2008. Turnover from overseas market was approximately RMB127,135,000, which has decreased by approximately RMB49,212,000 or approximately 27.9% as compared with the same period in 2008. Generally speaking, the Group's turnover during the Review Period was approximately RMB1,017,205,000, which has increased by approximately RMB75,206,000 or approximately 8.0% as compared with approximately RMB941,999,000 of the same period in 2008.

During the Review Period, the Group had integrated its purchase, sales and research and development ("R&D") resources, focusing on both the maintenance and growth of turnover and the control and avoidance of risks. In the context of global industrial reform, the Group, on one hand, enhanced and consolidated its existing domestic and overseas network by methods including establishing a wholly-owned trading company in China and ramming down the foundation of its overseas investment thus realizing stop-loss for its investment in North America. On the other hand, the Group had reviewed the relationships with its partners and acquired the remaining 50% equity interests in Constant Gain International Limited ("Constant Gain"), a jointly controlled entity of the Group immediately prior to the acquisition, which hold 100% interest in 嘉興敏凱汽車零部件有限公司 from the other equity holder at a discounted consideration when the joint venture partner was in insolvency.

Furthermore, the Group has actively involved itself in various opportunities of investment and partnership domestically and in such emerging markets overseas.

RESEARCH AND DEVELOPMENT

During the Review Period, the Group continued to invest in R&D in order to maintain its core competence. There are 126 new projects currently under development, and during the Review Period, the Group filed 8 patent applications which were being processed for approval, and was awarded 18 patents by the relevant authority during the Review Period, the majority of which are invention patents. In the meantime, in compliance with the Governments' encouraging policies, the Group focused on the development of projects in the areas of light auto body weight and system integration. Moreover, the Group has further improved its global R&D network thus further consolidating its strategic partnership with international original equipment manufacturer ("OEM") customers.

FINANCIAL REVIEW

During the Review Period, the Group achieved favorable performance in terms of both turnover and net profit attributable to owners of the Company.

During the Review Period, the Group's turnover was approximately RMB1,017,205,000, representing an increase of approximately 8.0% from approximately RMB941,999,000 in the same period of 2008. This was attributable to the Group's seizure of the opportunities from the recovery of the Chinese automobile market while strictly controlling risks in overseas markets at the same time.

During the Review Period, the Group's profit attributable to owners of the Company was approximately RMB266,760,000, representing an increase of approximately 11.7% from approximately RMB238,912,000 in the same period of 2008. This was mainly attributable to the Group's focus on cost and expense control while achieving a moderate turnover growth to maintain a good profitability.

COST CONTROL

The Group put great emphasis on cost control while rapidly developing its business. During the Review Period, the gross profit margin of the Group was approximately 38.4%, representing an increase of approximately 0.6% from approximately 37.8% in the same period of 2008. This was mainly due to the Group's increased focus on internal management and control and reduced costs by methods including pursuing localization of raw materials and centralized procurement, improving manufacturing process technologies and material utilization rate. All these efforts helped the Group in maintaining an overall decent level of gross profit margin.

INTEREST INCOME

During the Review Period, the interest income of the Group was approximately RMB17,670,000, representing an increase of approximately RMB1,248,000 from approximately RMB16,422,000 in the corresponding period of 2008. This was mainly due to the increase in the Group's bank balances and cash compared with the same period in 2008. Furthermore, the Group improved its cash management, thus offsetting the adverse impact of the reduction of interest rate.

OTHER INCOME

During the Review Period, other income of the Group amounted to approximately RMB10,855,000, which has decreased by approximately RMB22,756,000 as compared to approximately RMB33,611,000 in the same period of 2008. This was mainly attributable to a decrease in government subsidies in 2009 amounting to approximately RMB24,235,000.

OTHER GAINS AND LOSSES

During the Review Period, other gains and losses amounted to approximately RMB5,043,000 (gains), representing an increase of net gains of approximately RMB37,514,000 compared to approximately RMB32,471,000 net losses in the same period of 2008. This was primarily due to much less fluctuation of RMB exchange rate against United States dollar ("USD") during the Review Period compared to the same period in 2008. In addition, the Group had strengthened its control of foreign exchange risks so that acquired a net gain of approximately RMB900,000 accruing from the foreign exchange (for the six months ended 30 June 2008: approximately RMB43,543,000 (loss)) during the Review Period.

DISTRIBUTION AND SELLING EXPENSES

During the Review Period, the Group's overall distribution and selling expenses amounted to approximately RMB23,873,000, representing an increase of approximately RMB2,977,000 from approximately RMB20,896,000 in the same period of 2008. The proportion of distribution and selling expenses to the Group's turnover was approximately 2.3%, which remained at similar level as compared to approximately 2.2% in the same period of 2008.

ADMINISTRATIVE EXPENSES

During the Review Period, administrative expenses amounted to approximately RMB66,747,000, representing a decrease of approximately RMB1,932,000 from approximately RMB68,679,000 in the same period of 2008. The proportion of administrative expenses to the Group's total turnover was approximately 6.6%, representing a decrease of approximately 0.7% as compared to approximately 7.3% in the corresponding period of 2008. This was mainly due to the Group's stringent control of administrative expenses so that the proportion of overall administrative expenses to turnover was maintained at a fairly low level.

RESEARCH EXPENDITURE

During the Review Period, research expenditure of the Group amounted to approximately RMB43,618,000, representing an increase of approximately 39.6% from approximately RMB31,252,000 in the same period of 2008. This was mainly attributable to the Group's increase in R&D expenditure so as to enhance its competitiveness and to sustain development through emphasis on technical innovations and enhancement of R&D capabilities.

SHARE OF PROFITS OF JOINTLY CONTROLLED ENTITIES

During the Review Period, the Group's share of profits of jointly controlled entities was approximately RMB2,401,000, which has increased by approximately RMB6,490,000 compared to approximately RMB4,089,000 losses in the same period of 2008. This was mainly due to the fact that the Group's jointly controlled entity in North America started to break even during the Review Period which resulted in an increase of share of profit amounting to approximately RMB5,991,000.

SHARE OF PROFITS OF ASSOCIATES

During the Review Period, the Group's share of profits of associates was approximately RMB16,480,000, representing a decrease by approximately RMB4,549,000 compared to approximately RMB21,029,000 in the same period of 2008. This was mainly due to a slight decline in turnover of the Company's two associates in the same period in 2008. Besides, increased effective tax rates of the two associates also accounted for the decline in share of profits.

TAXATION

During the Review Period, the Group's taxation was approximately RMB22,969,000, which remained at similar level as compared to approximately RMB23,135,000 in the same period of 2008.

During the Review Period, the Group's effective tax rate was approximately 7.5%, representing a decrease of approximately 1.2% from approximately 8.7% in the same period in 2008. This was mainly due to an increase of profit in certain the Group's major subsidiaries in China which are still in tax exemption period compared with the same period in 2008. It is also jointly contributed by the Group's multiple tax benefits resulting from its compliance with the national industry support policies for encouragement of R&D activities.

MINORITY INTERESTS

During the Review Period, the Group's net profits attributable to minority interests were approximately RMB18,513,000, representing an increase of approximately RMB14,139,000 compared to approximately RMB4,374,000 in the same period of 2008. This was mainly due to the maturity of a fixed dividend payout agreement between the Group and a minority shareholder in one of its non-wholly owned subsidiaries on 31 December 2008. From 2009, profit will be distributed according to shareholders' respective share-holding percentages which resulted in a higher net profit attributable to minority interests compared with the lower amount as in the dividend payment agreement.

LIQUIDITY AND FINANCIAL SITUATION

As at 30 June 2009, the Group's bank balances and cash totalled approximately RMB1,590,201,000, representing an increase of approximately RMB160,600,000 compared to approximately RMB1,429,601,000 as at 31 December 2008. As at 30 June 2009, the Group's low-cost borrowing amounted to approximately USD21,237,000 and approximately Japanese yen ("JPY") 202,354,000 (equivalent to approximately RMB145,090,000 and approximately RMB14,391,000 respectively, RMB159,481,000 in total), constituting an increase of approximately RMB118,094,000 compared to approximately RMB41,387,000 at 31 December 2008, which was mainly due to the borrowings the Group brought in after considering the overall gains of capital, interest rate and exchange rate.

During the Review Period, the net cash inflow from the Group's operating activities was approximately RMB264,070,000, which was in a sound status.

Receivables turnover days were approximately 68 days, an increase of 8 days as compared with 60 days as at 31 December 2008, mainly due to a substantial increase in the balance of trade receivables as at 30 June 2009. Thanks to the recovery of the Chinese automobile market in 2009, a substantial increase in sales was witnessed for the last two months of the six months ended 30 June 2009 whereby the Group's receivables turnover days are within normal range. Generally speaking, receivables turnover days were maintained at a decent level.

Payables turnover days were approximately 50 days, an extension of 7 days as compared with 43 days as at 31 December 2008. This was mainly due to the Group's strategy in reorganizing its supplier system, adopting the centralized payment approach, thus extending the average payables turnover days.

Inventories turnover days were approximately 60 days, which remained at a similar level as 59 days in 2008.

As at 30 June 2009, the Group's current ratio was 5.0, which decreased from 6.7 in 2008. As at 30 June 2009, the Group's gearing ratio increased from 1.1% in 2008 to 3.9%.

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

The Group's borrowing requirements have no particular seasonality.

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

CAPITAL COMMITMENTS

As of 30 June 2009, the Group had the following commitments:

	RMB'000
Capital commitments	**78,234**

Capital commitments refer to capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements.

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 30 June 2009, the Group's bank loan balance was approximately RMB159,481,000, with the equivalent of approximately RMB145,090,000 denominated in USD and the remaining equivalent of approximately RMB14,391,000 denominated in JPY, all at floating interest rates. The aforesaid borrowings had no seasonality and would mature within one year.

Most of the Group's sales and procurements are denominated in RMB. With the expansion of the Group's overseas operations, the management of the Group is closely monitoring the foreign currency risk.

All cash and cash equivalents of the Group are denominated in RMB, USD, Hong Kong dollars ("HKD"), Euros, Thai Bahts and JPY. Remittance of funds out of the PRC is subject to the foreign exchange control restrictions imposed by the PRC government.

As of 30 June 2009, the Company and some of its subsidiaries have bank balances of approximately RMB133,557,000 settled in foreign currencies, amongst which approximately RMB130,035,000 denominated in USD, approximately RMB2,667,000 denominated in Euro, and the remaining approximately RMB855,000 denominated in JPY, HKD and Canadian dollars.

CONTINGENT LIABILITIES

As of 30 June 2009, the Group had no contingent liabilities (2008: Nil).

MORTGAGED ASSETS

As of 30 June 2009, the Group had borrowed approximately USD5,000,000 (equivalent to approximately RMB34,160,000) by mortgaging a fixed deposit of approximately RMB42,600,000 (2008: approximately RMB42,600,000) with maturity period of one year. This loan is denominated in USD.

CAPITAL EXPENDITURE

During the Review Period, the Group's capital expenditure including investment in property, plant and equipment, construction in progress and land use rights amounted to approximately RMB75,862,000 (for the six months ended 30 June 2008: approximately RMB143,994,000). These capital expenditures were attributable to the increase of the production capacity and the expansion of facilities by the Company's subsidiaries.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

As of 30 June 2009, the Group had a total number of 3,402 employees, a decrease of 90 employees compared to that as of 31 December 2008. This was mainly due to the Group's optimization of its human resources.

During the Review Period, pursuant to its continuing stable human resources administration policy, the Group continued to provide employees with competitive remuneration and social benefits. Meanwhile, during the Review Period, an organizational restructure was conducted systematically by the Group. New posts such as Chief Operating Officer, Chief Marketing Officer, Chief Human Resources Officer were established and relevant persons appointed, all with clear functional responsibilities. Apart from that, the headquarter operations were transformed from the previous operations with six functional centres to the current combination of three functional centres and three regional sub-headquarters, all with clear functional responsibilities. The setting up of various regional management centres was to cope with the challenges of numerous subsidiaries and decentralized geographic locations. All these efforts are expected to strengthen the collaboration among all functional departments, all subsidiaries, associates and jointly controlled entities with the Company's headquarter. Through such reallocation of resources, the Group expects to achieve an integrated and standardized management by consolidating resources, optimizing internal risk control system as well as improving internal operational efficiency.

SHARE OPTION SCHEME

A share option scheme was adopted pursuant to a written resolution of all the then shareholders of the Company on 13 November 2005 (the "Share Option Scheme"). During the Review Period, 1,455,000 share options have been lapsed, and no share options have been granted or exercised. As of 30 June

2009, 40,000 share options which have been granted to the grantees other than the Directors have been exercised and 3,950,000 share options lapsed due to resignations of persons who were not Directors since the adoption of the Share Option Scheme.

Since the adoption of the Share Option Scheme to the date of this announcement, 640,000 Share options have been exercised by non-Directors.

Other than pursuant to the Share Option Scheme as disclosed above, no share options were granted, exercised, cancelled or lapsed as at the date of this announcement since adoption.

OUTLOOK & STRATEGY

Despite the turmoil of the global economy, from the recovery of the Chinese passenger vehicle market in the first half of 2009, the Group held a positive view towards the future prospects of the auto parts industry. Towards the end of the Review Period, most of the Group's key customers experienced recovery in line with the market trend after drastic efforts of cost reduction during the market downturn. In the meantime, the market structure change was also triggered by the change in customers' consumption behavior as well as the impact of Chinese government's stimulus packages. Therefore, by virtue of the Group's insight of the market and the Chinese government policy as well as good customer relations, the Group is expected to pick up its growth pace in the near future, seize better market opportunities and gain more market share in the Chinese market as well as the global markets.

Moreover, the Groups's focus on organizational restructuring will also help to improve its operational efficiency so as to synchronize with the Group's efforts in business development and strategic planning.

With the market updates and future projections as a guideline, the Group worked out its flexible market strategy with more emphasis on the long-term partnership with its customers. Besides, in conformity with the market demand and the Chinese government's support policies, the Group initiated research and development in the trend of energy saving and light weight in the passenger vehicle industry. With continual focus on the Chinese market, the Group will endeavour to explore both mature markets and potential emerging markets overseas.

By virtue of continuous technical innovation and process improvement, high-quality product launch, seamless supplier service and excellent management efficiency, combined with its prudential, down-to-earth attitude and global insight and strategy, the Group will continue to maintain and further consolidate its leading position in the industry and will play a more significant role in the overseas markets.

PURCHASE, SALE, OR REDEMPTION OF LISTED SHARES

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

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

None of the Directors is aware of any information that would reasonably indicate that the Company was not, at any time during the Review Period in compliant with the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuers contained in Appendix 10 of the Listing Rules ("Model Code"). Having made specific enquiry of all Directors, the Company has been informed that they had strictly complied with the Model Code during the Review Period.

AUDIT COMMITTEE

The Company has an Audit Committee consisting three independent non-executive Directors, Mr. Wu Fred Fong (chairman of the Audit Committee), Dr. Wang Ching and Mr. Zhang Liren. The Audit Committee reviews the systems of internal control, the completeness and accuracy of the financial statements and liaises on behalf of the Directors with external auditors. The Audit Committee members meet regularly with the Company's management and external auditors to review audit reports as well as the interim and annual financial statements, as the case may be, of the Group. The Audit Committee has reviewed this interim results announcement and the unaudited condensed consolidated financial statements for the six months ended 30 June 2009, and recommended their adoption by the Board.

By order of the Board
Minth Group Limited
Chin Jong Hwa
Chairman

Hong Kong, 25 August 2009

As the date of this announcement, the Board of Directors comprises Mr. Chin Jong Hwa, Mr. Shi Jian Hui, Mr. Mu Wei Zhong, and Mr. Zhao Feng, being executive Directors, Mr. Mikio Natsume, Mr. Tokio Kurita, and Ms. Zheng Yu being non-executive Directors, Mr. Wu Fred Fong, Dr. Wang Ching and Mr. Zhang Liren being independent non-executive Directors.