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)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

- Turnover rose by approximately 8.8% to approximately RMB3,889.4 million (2010: approximately RMB3,575.6 million).
- Gross profit rose by approximately 4.2% to approximately RMB1,362.6 million (2010: approximately RMB1,307.4 million).
- Profit attributable to owners of the Company decreased by approximately 2.9% to approximately RMB787.3 million (2010: approximately RMB811.2million).
- Basic earnings per share decreased to approximately RMB0.732 (2010: approximately RMB0.780).
- Proposed final dividend amounted to HKD0.271 per share (2010: HKD0.266).
- Capital expenditure increased by approximately 19.7% to approximately RMB458.4 million (2010: approximately RMB382.8 million).
- Consolidated net asset value rose by approximately 10.8% to approximately RMB6,242.5 million (2010: approximately RMB5,633.0 million).

The board (the "Board") of directors (the "Directors") of Minth Group Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 ("Review Year"), together with the comparative figures for the year ended 31 December 2010 which have been reviewed by the audit committee of the Company ("Audit Committee") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	**2011** *RMB'000*	2010 *RMB'000*
Turnover	*3*	**3,889,405**	3,575,594
Cost of sales		**(2,526,801)**	(2,268,156)
Gross profit		**1,362,604**	1,307,438
Investment income		**73,712**	39,451
Other income		**133,239**	84,096
Other gains and losses		**6,382**	30,546
Distribution and selling expenses		**(130,942)**	(132,117)
Administrative expenses		**(310,262)**	(232,865)
Research expenditure		**(209,377)**	(182,845)
Interest on borrowings wholly repayable within five years		**(15,673)**	(7,069)
Share of profits of jointly controlled entities		**18,938**	19,535
Share of profits of associates		**34,320**	46,229
Profit before tax		**962,941**	972,399
Income tax expense	*4*	**(136,011)**	(122,690)
Profit for the year		**826,930**	849,709
Other comprehensive income			
Exchange differences arising on translation		**(24,162)**	(18,581)
Fair value (loss) gain on available-for-sale financial assets		**(16,157)**	15,390
Cumulative gain reclassified on disposal of available-for-sale financial assets		**–**	(1,330)
Income tax relating to fair value change of available-for-sale financial assets		**2,019**	(1,756)
Other comprehensive expense for the year (net of tax)		**(38,300)**	(6,277)
Total comprehensive income for the year		**788,630**	843,432

	NOTE	2011 RMB'000	2010 RMB'000
Profit for the year attributable to:			
Owners of the Company		**787,318**	811,172
Non-controlling interests		**39,612**	38,537
		826,930	849,709
Total comprehensive income attributable to:			
Owners of the Company		**751,002**	804,069
Non-controlling interests		**37,628**	39,363
		788,630	843,432
Earnings per share	*6*		
Basic		**RMB0.732**	RMB0.780
Diluted		**RMB0.727**	RMB0.772

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

	NOTES	**2011** **RMB'000**	2010 RMB'000
Non-current assets			
Property, plant and equipment		**1,440,536**	1,213,320
Prepaid lease payments		**405,935**	306,686
Goodwill		**15,276**	15,276
Other intangible assets		**32,527**	19,659
Interests in jointly controlled entities		**76,919**	59,577
Interests in associates		**107,958**	110,954
Available-for-sale investments		**157,481**	173,638
Loan receivables		**15,520**	29,693
Deferred tax assets		**39,225**	33,523
		2,291,377	1,962,326
Current assets			
Prepaid lease payments		**8,253**	6,708
Inventories	*7*	**515,353**	452,594
Loan receivables		**38,873**	30,715
Trade and other receivables	*8*	**1,134,866**	1,011,807
Derivative financial assets		**14,993**	15,999
Pledged bank deposits		**37,477**	62,463
Bank balances and cash		**3,791,701**	3,158,225
		5,541,516	4,738,511
Current liabilities			
Trade and other payables	*9*	**656,695**	572,844
Tax liabilities		**75,832**	65,300
Borrowings		**825,824**	407,450
Derivative financial liabilities		**1,103**	–
		1,559,454	1,045,594
Net current assets		**3,982,062**	3,692,917
Total assets less current liabilities		**6,273,439**	5,655,243

	2011	2010
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**109,139**	108,904
Share premium and reserves	**5,978,086**	5,412,372
Equity attributable to owners of the Company	**6,087,225**	5,521,276
Non-controlling interests	**155,248**	111,717
Total equity	**6,242,473**	5,632,993
Non-current liabilities		
Deferred tax liabilities	**30,966**	22,250
	6,273,439	5,655,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL, CORPORATE REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated under the Company Law of the Cayman Islands on 22 June 2005 and registered as an exempted company with limited liability. Its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 December 2005. The Company acts as an investment holding company with its subsidiaries (the "Group") engaged in the design, develop, manufacture, process and sales of automobile body parts and moulds.

In the opinion of the Directors, the immediate and ultimate holding company is Linkfair Investments Limited, a company incorporated in the British Virgin Islands on 7 January 2005, with limited liability.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS"), Amendments and Interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Repayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the new and revised HKFRSs has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2015 and that the application of the new Standard will affect the classification and measurement of the Group's available-for-sale investments and may affect the classification and the measurement of the Group's other financial assets.

HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 and HKAS 28 are new or revised standards on consolidation, joint arrangements and disclosures which were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The Directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios including scenarios where an investor may control an investee with less than majority of voting rights. Overall, the application of HKFRS 10 requires extensive use of judgement. The Directors are assessing the impact of the application of HKFRS 10 might have on the results and financial position of the Group. Such impact will be disclosed in future consolidated financial statements of the Group upon completion of the assessments.

The directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on goods or services delivered or provided by different geographic location.

Segment revenues and results

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

For the year ended 31 December 2011

	The People's Republic of China ("PRC") *RMB'000*	North America *RMB'000*	Europe *RMB'000*	Asia Pacific *RMB'000*	Consolidated *RMB'000*
Revenue					
External sales	**2,857,134**	**556,776**	**176,112**	**299,383**	**3,889,405**
Segment profit	**990,013**	**200,396**	**71,575**	**97,607**	**1,359,591**
Investment income					**73,712**
Other unallocated income					**139,621**
Unallocated expenses					**(647,568)**
Interest on bank borrowings wholly repayable within five years					**(15,673)**
Share of profits of jointly controlled entities					**18,938**
Share of profits of associates					**34,320**
Profit before tax					**962,941**
Income tax expense					**(136,011)**
Profit for the year					**826,930**

For the year ended 31 December 2010

	PRC *RMB'000*	North America *RMB'000*	Europe *RMB'000*	Asia Pacific *RMB'000*	Consolidated *RMB'000*
Revenue					
External sales	2,734,214	439,942	121,244	280,194	3,575,594
Segment profit	1,025,612	153,026	44,944	81,831	1,305,413
Investment income					39,451
Other unallocated income					114,642
Unallocated expenses					(545,802)
Interest on bank borrowings wholly repayable within five years					(7,069)
Share of profits of jointly controlled entities					19,535
Share of profits of associates					46,229
Profit before tax					972,399
Income tax expense					(122,690)
Profit for the year					849,709

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. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**132,159**	135,126
Other jurisdictions	**100**	253
Withholding tax paid	**2,057**	1,113
	134,316	136,492
Over provision in prior years:		
PRC Enterprise Income Tax	**(3,338)**	(4,163)
Deferred tax		
Current year	**3,988**	(9,983)
Attributable to a change in tax rate	**1,045**	344
	5,033	(9,639)
	136,011	122,690

5. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2010 Final – HK$0.266 (2010: 2009 final dividend HK$0.219) per share	**238,583**	205,944

In the annual general meeting held on 18 May 2011, a final dividend of HK$0.266 (2010: HK$0.219) per share in respect of the year ended 31 December 2010 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.271 per share for the year ended 31 December 2011 has been proposed by the directors and is subject to approval by the shareholders in general meeting to be held on 22 May 2012.

6. EARNINGS PER SHARE

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

	2011	2010
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**787,318**	811,172

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,075,737**	1,040,545
Effect of dilutive potential ordinary shares:		
Options	**7,114**	10,369
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,082,851**	1,050,914

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the placing on 19 April 2010 and the share options exercised during the year ended 31 December 2011 and 2010 respectively.

7. INVENTORIES

	2011	2010
	RMB'000	*RMB'000*
Raw materials	**176,389**	160,791
Work in progress	**103,182**	72,771
Finished goods	**113,361**	96,681
Moulds	**122,421**	122,351
	515,353	452,594

8. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables		
– associates	**9,985**	13,534
– jointly controlled entities	**28,844**	31,143
– non-controlling shareholders of subsidiaries	**35,365**	30,643
– third parties	**806,929**	743,975
Less: Allowance for doubtful debts	**(6,142)**	(3,617)
	874,981	815,678
Bill receivables	**30,801**	49,471
	905,782	865,149
Other receivables	**41,491**	23,172
Less: Allowance for doubtful debts	**(289)**	(550)
	946,984	887,771
Prepayments	**103,527**	58,903
Value-added tax recoverable	**19,789**	1,758
Refundable guarantee deposit for acquisition of land use rights	**40,000**	41,057
Dividend receivable from an associate	**19,332**	17,084
Dividend receivable from a jointly controlled entity	**5,234**	5,234
Total trade and other receivables	**1,134,866**	1,011,807

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

	2011	2010
	RMB'000	*RMB'000*
Age		
0 – 90 days	**875,705**	842,015
91 – 180 days	**22,979**	13,809
181 – 365 days	**6,635**	9,020
Over 1 year	**463**	305
	905,782	865,149

9. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables		
– associates	**3,925**	5,032
– jointly controlled entities	**11,961**	26,942
– non-controlling shareholders of subsidiaries	**25,298**	21,533
– third parties	**342,070**	280,042
	383,254	333,549
Payroll and welfare payables	**70,182**	62,862
Advance from customers	**19,906**	27,366
Consideration payable of acquisition of property, plant and equipment	**42,002**	25,215
Dividend payable to non-controlling shareholders of subsidiaries	**–**	11,091
Technology support services fees payable	**34,157**	29,002
Freight and utilities payable	**26,491**	27,192
Marketing and administration services fees payable to a jointly controlled entity	**14,000**	5,669
Others	**66,703**	50,898
Total trade and other payables	**656,695**	572,844

The average credit period on purchases of goods is 30 days to 90 days.

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

	2011	2010
	RMB'000	*RMB'000*
Age		
0 to 90 days	**373,568**	323,332
91 to 180 days	**5,623**	7,241
181 to 365 days	**1,942**	794
1 – 2 years	**563**	1,647
Over 2 years	**1,558**	535
	383,254	333,549

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the Review Year, the production and sales of China's passenger vehicle were approximately 14,485,300 units and approximately 14,472,400 units respectively, representing an increase of approximately 4.23% and approximately 5.19% respectively, witnessed weaker growth as compared to the last year. Reasons varied from the natural disasters such as the Tōhoku earthquake in Japan, to the reasonable adjustment to the growth pace of China passenger vehicle industry and to the uncertainties arising from the global economy fluctuation.

During the Review Year, the overall growth rate was approximately 7% in the global vehicle market. Performance of vehicle markets in the emerging countries differed: the growth rate in production and sales of Brazil's vehicle market fell while that of Russia's and India's maintained high. In the developed countries, the vehicle market of the United States (the "US") benefited from its economic recovery and began to grow while the European vehicle market experienced a sustained downturn as a result of the debt crisis. The production and sales of Japanese vehicle slumped due to the pressure of its economic downturn and natural catastrophe.

As for the auto part industry, due to the increase in domestic labour costs and fluctuation in the foreign exchange rates, manufacturing enterprises in China had to seek support for their profits and mitigate their risks by approach of globalization. Meanwhile, given the volatile international economy, OEMs requested part suppliers to enhance their global supplying competence.

Company Overview

The fundamental operations of the Group did not change during the Review Year, which was still primarily engaged in the design, manufacture and sale of trims, decorative parts, body structural parts and other related auto parts. As the Group has established manufacturing bases in China, North America, Mexico and Thailand, with the support of the technical centres in Japan and North America and the sales network in Germany spanning across Europe, the Group is consolidating its presence in existing markets, gradually exploring and entering other emerging markets, and serving the global market.

During the Review Year, the Tōhoku earthquake in Japan spelled negative impacts on the Japanese OEMs in China, who are the Group's major customers. However, the Group managed to maintain a positive growth in its domestic turnover with its great effort in rationalising its customer structure, focusing on technological innovation, strengthening quality control and centralized procurement as well as optimising management structure. With the market upturn, gradual resumption of production by customers in the second half of the Review Year and sustained contribution from overseas turnover, the Group still recorded certain increase in turnover for the Review Year.

Business and Operation Layout

During the Review Year, the domestic turnover of the Group was approximately RMB2,857,134,000, representing an increase of approximately 4.5% as compared to approximately RMB2,734,214,000 for last year. With the gradual commencement of production of the plants located in Thailand and Mexico, and the increase in export arising from the recovery of the US market and OEMs' global procurement strategy, the Group's overseas turnover maintained a sustainable growth to approximately RMB1,032,271,000, representing an increase of approximately RMB190,891,000 or approximately 22.7% as compared to approximately RMB841,380,000 for last year.

The Group has further expanded its customer coverage across the globe. Audi Germany, Dongfeng Yulon, GAC Mitsubishi, GAC FIAT and Renault Romania are some of its new customers. Meanwhile, the Group made breakthrough into products of genuine service parts which were supplied to Dongfeng Honda. By way of optimising its customer mix and strenghening the relationship with its key customers, during the Review Year, the Group secured more global orders from Nissan Motor, consolidated business partnership with Toyota China, which would in turn enhance the Group's penetration in Toyota China and laid a solid foundation for expanding together with Toyota's global business. The Group has also successfully provided BMW with concurrent design in China, North America and Europe and has become a global supplier of BMW.

On 17 May 2011, the Group and Toyota Auto Body Co., Ltd ("TAB"). entered into an agreement for the formation of a joint venture company which will be engaged in the welfare vehicle business. The Group hopes to capture the opportunities arising from rapidly growing demand for rehabilitation products in China and gain market share at an early stage of the niche market by leveraging on technological reserve and abundant experience of TAB. Further, the Group may build a closer relationship with Toyota Motor Corporation by virtue of such cooperation. On 28 September 2011, the Group and Tokai Kogyo Co., Ltd established Wuhan Tokai Minth Automotive Parts Co., Ltd., a joint venture company which is accounted for as a subsidiary of our Company. The formation of a joint venture company is complementary to the Group's core business and may help further expand the Group's product series. For further information on the aforesaid joint venture companies, please refer to the Company's announcements dated 17 May 2011 and 28 September 2011, respectively.

During the Review Year, the commencement and operation of the new production base of seat frame system has further increased the Group's sales and market share of such products and enriched the Group's line-ups, which would gradually help to diversify the profit sources of the Group.

Meanwhile, the Group has been exploring both domestic and overseas markets taking them both as components of the global market. It has established and enlarged the domestic production bases in Liuzhou, Wuhan and Huai'an, consolidated the existing overseas production bases, and explored emerging markets in a proactive and progressive manner to meet the needs and plans of its customers and to refine the global layout.

Due to the changes in the market which affect the Group's consideration on the long-term commercial interests, we ceased the acquisition of 45% equity interest in KFTC (Beijing) Co., Ltd. on 3 February 2012, but continued to keep the commercial relationship with KFTC. For details, please refer to the Company's announcements dated 7 March 2011 and 3 February 2012.

Research and Development (R&D)

During the Review Year, the Group continued to invest in R&D with a view to improving the condition for R&D and upgrading the facilities, which in turn would support the Group's expansion of its product line-up and provide technological reserve for exploring new business areas. During the Review Year, the Group has laid certain technological foundation for R&D of the new businesses such as welfare vehicle parts, new energy vehicle and its relevant parts. The results of research on the electronic products and system integration have been launched in the market. The provision of global concurrent design service for products has brought more opportunities of high quality business and global opportunities which are expected to become the Group's new competitive advantage.

During the Review Year, the Group has built up an international professional research team through introducing more extensive international research personnel, increasing technical know-how exchange between domestic and overseas research teams as well as keeping abreast of the trend of international technological development.

During the Review Year, the Group filed 209 patent applications for approval and 181 patent applications were authorised by the competent institutions.

CORPORATE SOCIAL RESPONSIBILITY

While pursuing maximum return to shareholders of the Company ("Shareholders"), the Group actively performed its corporate social responsibilities. On one hand, the Group has leveraged upon its industry strengths to expand its welfare vehicle business which brings convenience to the physically disabled; on the other hand, the Group has continued to make contribution to the society by cash donation and enshrine the value of an active and healthy life.

FINANCIAL REVIEW

Results

During the Review Year, the Group's turnover was approximately RMB3,889,405,000, representing an increase of approximately 8.8% from approximately RMB3,575,594,000 in 2010. The growth rate of the turnover has slowed down, resulting from a decline in the growth of the passenger vehicle industry within the PRC and the effects under the Tōhoku earthquake in Japan. However, capitalising on the Group's insightful marketing strategy, a growth of approximately 22.7% was recorded for overseas markets, achieving an overall growth higher than the average in the global automobile market.

During the Review Year, the profit attributable to owners of the Company was approximately RMB787,318,000, representing a decrease of approximately 2.9% from approximately RMB811,172,000 in 2010. This was mainly attributable to an increase in staff costs as the Group enhanced employee benefits, granted new share options as an incentive and recruited more senior international talents to promote long-term sustainability as well as the diminishing economies of scale due to the slow down of the growth in turnover.

Sales of Products

During the Review Year, the Group continued to focus on its core products, such as trims, decorative parts and body structural parts which were mainly supplied to the world's leading automakers.

An analysis on the Group's turnover by geographical markets based on location of customers was as follows:

	2011		2010	
	RMB'000	***%***	*RMB'000*	*%*
Customer category				
The PRC	**2,857,134**	**73.5**	2,734,214	76.5
Asia Pacific	**299,383**	**7.7**	280,194	7.8
North America	**556,776**	**14.3**	439,942	12.3
Europe	**176,112**	**4.5**	121,244	3.4
Total	**3,889,405**	**100.0**	3,575,594	100.0

Overseas Market Turnover

During the Review Year, the Group's turnover that comes from overseas markets was approximately RMB1,032,271,000, representing a growth of approximately 22.7% from approximately RMB841,380,000 in 2010. The proportion of such turnover grew to approximately 26.5% of the total in 2011 from approximately 23.5% in 2010.

Gross Profit

During the Review Year, the Group's gross profit was approximately RMB1,362,604,000, representing an increase of approximately 4.2% from approximately RMB1,307,438,000 in 2010. The gross profit margin was approximately 35.0% in 2011, representing a decrease of approximately 1.6% from approximately 36.6% in 2010. This was mainly due to the pressure arising from increase of the raw material price in the international markets, increase of labour costs, appreciation of the RMB and a reduction in the price of the Group's products as well as a slow down of the growth in turnover. In order to offset the unfavorable impact of market forces, the Group undertook measures, including continuous improvement in the manufacturing processes and technologies, a greater utilisation rate of materials and implementation of a centralised procurement policy. In addition, the Group continued to enhance the efficiency of both production and management, to maintain the overall gross profit margin at a decent level.

Other Income

During the Review Year, other income of the Group amounted to approximately RMB133,239,000, representing an increase of approximately RMB49,143,000 as compared to approximately RMB84,096,000 in 2010. This was mainly attributable to an increase in both government subsidies and other service income.

Other Gains and Losses

During the Review Year, the Group's other gains and losses amounted to a net gain of approximately RMB6,382,000 which mainly represents gain on change in fair value of forward exchange contracts entered into by the Group.

Distribution and Selling Expenses

During the Review Year, the Group's distribution and selling expenses amounted to approximately RMB130,942,000, representing a decrease of approximately RMB1,175,000 from approximately RMB132,117,000 in 2010. The proportion of the Group's turnover for the Review Year was approximately 3.4%, representing a decrease of approximately 0.3% from approximately 3.7% in 2010. A reduction in logistics costs by effective logistics integration contributed to this performance.

Administrative Expenses

During the Review Year, the administrative expenses of the Group amounted to approximately RMB310,262,000, representing an increase of approximately RMB77,397,000 from approximately RMB232,865,000 in 2010. The proportion of the Group's turnover for the Review Year was approximately 8.0%, representing an increase of approximately 1.5% as compared to approximately 6.5% in 2010. This was mainly due to the increase in labour costs in maintaining the Group's competitiveness, the increase in the costs incurred from the development of new businesses by the Group, as well as a slow down in the growth of the Group's turnover.

Research Expenditures

During the Review Year, the research expenditures of the Group amounted to approximately RMB209,377,000, representing an increase of approximately RMB26,532,000 from approximately RMB182,845,000 in 2010. The proportion of the Group's turnover for the Review Year was approximately 5.4%, representing an increase of approximately 0.3% from approximately 5.1% in 2010. This was mainly attributable to the Group's continuous increase in R&D expenditures in order to maintain its market competitiveness and sustainability through the promotion of technological innovations and enhancement of R&D capabilities.

Share of Profits of Jointly Controlled Entities

During the Review Year, the Group's share of profits of jointly controlled entities was approximately RMB18,938,000 which remained flat as compared to approximately RMB19,535,000 in 2010.

Share of Profits of Associates

During the Review Year, the Group's share of profits of associates was approximately RMB34,320,000, representing a decrease of approximately RMB11,909,000 or approximately 25.8% as compared to approximately RMB46,229,000 in 2010. This was mainly due to the high exposure to the Japanese OEMs by two associates of the Group, and the fact that their profits decreased resulting from a temporary production disruption of Japanese OEMs in the aftermath of the Tōhoku earthquake in Japan.

Income Tax Expense

During the Review Year, the Group's income tax expense was approximately RMB136,011,000, representing an increase of approximately RMB13,321,000 from approximately RMB122,690,000 in 2010.

During the Review Year, the effective tax rate was approximately 14.1%, representing an increase of approximately 1.5% from approximately 12.6% in 2010. This was mainly due to the fact that statutory tax rate for certain subsidiaries gradually increased during the transition period, resulting in the increase of the effective tax rate.

Non-controlling Interests

During the Review Year, the Group's profit attributable to non-controlling interests was approximately RMB39,612,000 which remained flat as compared to approximately RMB38,537,000 in 2010.

Liquidity and Financial Resources

As of 31 December 2011, the Group's bank balances and cash amounted to approximately RMB3,791,701,000, representing an increase of approximately RMB633,476,000 as compared to approximately RMB3,158,225,000 as of 31 December 2010. This increase was mainly derived from the Group's sound operating profit and strong operating cash flows. As of 31 December 2011, the Group's low-cost borrowings amounted to approximately RMB825,824,000, among which the equivalent of approximately RMB193,281,000, approximately RMB384,355,000, approximately RMB243,210,000 and approximately RMB4,978,000 were denominated in Japanese Yen ("JPY"), US Dollar ("USD"), Hong Kong Dollar ("HKD") and Thai Baht ("THB") respectively, representing an increase of borrowings of approximately RMB418,374,000 as compared to approximately RMB407,450,000 as of 31 December 2010. The increase was mainly due to the borrowings the Group brought in, considering the consolidated gains from capital structure optimisation, favorable interest rates and expected exchange rate fluctuations.

During the Review Year, the net cash flow from the Group's operating activities was approximately RMB763,934,000, indicating a sound cash flow condition.

During the Review Year, the Group's current ratio decreased from approximately 4.5 in 2010 to approximately 3.6. As of 31 December 2011, the Group's gearing ratio increased to approximately 10.5% from approximately 6.1% in 2010, which was a percentage based on the interest-bearing borrowings divided by total assets.

During the Review Year, inventory turnover days were approximately 53 days, extending 3 days as compared to approximately 50 days in 2010. These were mainly due to the higher development process costs associated with the increase in projects, and a relatively longer turnover days for overseas inventories as a result of an increase in overseas turnover.

During the Review Year, receivables turnover days were approximately 71 days, extending 4 days from approximately 67 days in 2010. This was mainly due to the continuous growth of turnover from overseas markets, and the fact that the receivables turnover days of overseas customers were longer than the average repayment days of the Group.

During the Review Year, payables turnover days were approximately 44 days, which remained at a similar level as approximately 44 days in 2010.

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

Commitments

As of 31 December 2011, the Group had the following commitments:

	RMB'000
Capital Commitment	
Capital expenditure contracted for but not provided in the financial statements in respect of:	
— acquisition of property, plant and equipment	107,448

Interest Rate and Foreign Exchange Risks

As of 31 December 2011, borrowing balance was approximately RMB825,824,000, of which approximately RMB7,545,000 was bearing interest at fixed interest rates, and approximately RMB818,279,000 was bearing interest at floating interest rates. The aforesaid borrowings had no seasonality and would mature within one year. In addition, approximately RMB820,846,000 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 RMB193,281,000, approximately RMB384,355,000 and approximately RMB243,210,000 were denominated in JPY, USD and HKD, respectively.

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

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

As at 31 December 2011, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB297,531,000, of which the equivalent of approximately RMB245,739,000 was denominated in USD, approximately RMB19,833,000 was denominated in HKD, approximately RMB23,233,000 was denominated in EURO, and approximately RMB8,726,000 was denominated in JPY. In order to minimise the foreign exchange risk, the Group has delegated a team responsible for the planning of related work.

Contingent Liabilities

As of 31 December 2011, the Group had no contingent liabilities (2010: Nil).

Mortgaged Assets

As of 31 December 2011, the Group had borrowings of approximately JPY439,421,000 (equivalent to approximately RMB35,638,000) secured by bank deposits of approximately USD5,663,000. The repayment currency for these borrowings was JPY (2010: the Group had borrowings of approximately JPY548,152,000 (equivalent to approximately RMB44,543,000), secured by bank deposits of approximately USD8,584,000). The Group has also pledged freehold lands and buildings having a net book value of approximately RMB19,910,000 (31 December 2010: approximately RMB21,930,000) to secure general banking facilities granted to the Group.

Capital Expenditure

Capital expenditure includes acquisition of equipment, plant and property, increase in construction in progress and new addition of land use rights. During the Review Year, the Group's capital expenditure amounted to approximately RMB458,374,000 (2010: the Group's capital expenditure amounted to approximately RMB382,837,000). The increase in capital expenditure was attributable to the Group's expansion of production capacity and the increase of production facilities and land bank.

Placing and Subscription

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

Substantial Acquisitions and Disposals

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

Employees

As of 31 December 2011, the Group had a total number of 6,471 employees, representing an increase of 118 employees as compared to that as of 31 December 2010. This was mainly due to the introduction of international talents for the development of new businesses of the Group and exploration of overseas business. The total labour costs in 2011 accounted for approximately 13.5% of the turnover, representing an increase of approximately 3.4% as compared to approximately 10.1% in 2010. This was mainly attributable to an increase in labour costs as the Group enhanced the empolyees' benefits, granted new share options as an incentive and recruited more senior international talents for its long-term sustainable development.

A team of intelligent, enterprising, diligent and faithful staff is the key element for the Group's success in becoming an international auto part manufacturer. The Group has adopted various measures in cultivating a team of international talents and strengthening the Group's core competitiveness.

The Group has established a competitive remuneration system and maintained a stable workforce. Meanwhile, it has actively introduced appropriate high-caliber management talents and professionals domesticly and from abroad to match up with the Group's strategies, which in turn would enhance the Group's operation efficiency and global competitiveness. During the Review Year, the Group has streamlined its talents team and introduced a management model with dual career paths which provided its employees with a broader platform for their career growth, and restructured the control and cooperation model between the Group and regional departments, which in turn completely enhanced the organisation and team efficiency. By putting efforts into promoting the Group's people-oriented spirit, enshrining values and managing corporate culture, the Group wishes to maintain employees' physical and mental health and create a sense of belongings, which in turn would provide the Group with a solid foundation for sustainable development of human resources.

Share Option Scheme

The Company had adopted a conditional share option scheme ("Share Option Scheme"), under which options will be granted as rewards or incentives to eligible persons who have contributed or will contribute to the Group.

Pursuant to the Share Option Scheme, the Company announced the grant of 39,000,000 share options on 10 June 2011. For details, please refer to the Company's announcement dated 10 June 2011.

Future Prospects

Despite the fluctuation during the Review Year, China's passenger vehicle market is still in its ascending channel and far from saturation. Looking forward to 2012, it is expected that China's passenger vehicle market will shift its focus to services and brand competition and structure adjustment. With the increasingly obvious trend of the upgrade in consumption, vehicles with better quality, individualization and low energy consumption will be the main stream of market demand. China's macro-economic adjustments, new vehicle and vessel tax law of China, together with three guarantees policy for repair, replacement or compensation of faulty vehicles that might be implemented will create more opportunities for the aftermarket of automobile.

Facing the change of the market demand, the Group will strengthen its competitiveness in terms of products, R&D and business. The Group will continue to expand its product line-ups, conduct vertical integration of value chain and development of system integration products, and improve the production and R&D of system integration products such as seat frame system and production of rubber products and aluminum products. By enhancing its R&D capacities, the Group aims at improving production quality and operation efficiency as well as realising a shift of its focus to higher value-added products. Furthermore, the Group will continue to enhance its global network to meet its customers' needs, seek more global orders which would bring sustainable and stable growth for the Group, and alleviate pressure arising from China's labour costs and appreciation of RMB by way of a global layout.

For the mid-to-long term, aftermarket will become the largest source of profits in China's passenger vehicle market apart from sales of vehicles. Benefiting from the visionary strategy of investing at low-cost in the initial period, the gradual expansion in the business of aftermarket and new energy vehicle and parts will better complement the future development of the Group. As the Group will expand into the special utility vehicle market via its welfare vehicle and parts business, the development of China's special utility vehicle market will also bring benefits to the Group.

The Group's goal is to become a leading company in the global automotive part industry. The Group believes that it will realise its sustainable development goals by continuing improvement, leveraging on its abundant industry experience, replicating its mature production management model for its global operations, building up a team of international talents, and setting up a flexible and efficient operation mechanism.

Purchase, Sale or Redemption

During the Review Year, the grantees who are not Directors have exercised 2,797,000 Share Options, and 75,000 Share Options lapsed due to the resignations of the grantees who are not Directors.

Since the date of adoption of the Share Option Scheme and up to 31 December 2011, Mr. Shi Jian Hui, Mr. Mu Wei Zhong and Mr. Zhao Feng, all being Directors, and Ms. Zhu Chun Ya, Mr. Zhao Feng's spouse, has exercised 500,000, 500,000, 500,000 and 500,000 Share Options, respectively. The grantees who are not Directors have exercised 23,147,000 Share Options, and 4,675,000 Share Options lapsed due to the resignations of the grantees who are not Directors.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities since the date of adoption of the Share Option Scheme and up to 31 December 2011.

Compliance with the Code on Corporate Governance Practices and the Model Code

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules as the Company's code of conduct and the code for dealing in the Company's securities by all Directors. The Directors confirmed that they have complied with the standards stipulated under Model Code during the Review Year.

Reviewed by the Audit Committee

The Company has established an Audit Committee to review and oversee the financial reporting procedures and internal control system of the Company. The Group's annual results for the year ended 31 December 2011 have been reviewed by the Audit Committee and approved by the Board for publication.

Proposed Final Dividend

The Board has recommended the payment of a final dividend of HK$0.271 per Share to Shareholders whose names appear on the register of members of the Company on 30 May 2012 and the proposed final dividend will be paid on or about 12 June 2012. The payment of dividends shall be subject to the approval of the Shareholders at the forthcoming annual general meeting ("AGM") to be held on 22 May 2012.

Scope of Work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this Preliminary Announcement.

Closure of Register of Members

Shareholders whose names appear on the Company's register of members on Tuesday, 22 May 2012, will be eligible to attend and vote at the AGM. The Company's transfer books and register of members will be closed from Friday, 18 May 2012 to Tuesday, 22 May 2012 (both days inclusive) during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Computershare Hong Kong Investor Services Limited located at Shop 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30PM on Thursday, 17 May 2012.

Shareholders whose names appear on the Company's register of members on Wednesday, 30 May 2012, will qualify for the proposed final dividend. The Company's transfer books and register of members will be closed from Monday, 28 May 2012 to Wednesday, 30 May 2012 (both days inclusive) for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Computershare Hong Kong Investor Services Limited located at Shop 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30PM on Friday 25 May 2012. The proposed final dividend (the payment of which is subject to the Shareholders' approval at the AGM) is to be payable on or about 12 June 2012 to Shareholders whose name appear on the register of members of the Company on Wednesday, 30 May 2012. The Shares will trade ex-dividend on Thursday, 24 May 2012.

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

Hong Kong, 20 March 2012

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