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 2016

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 22.3% to approximately RMB4,196 million (the same period in 2015: approximately RMB3,432 million).
- Gross profit margin was approximately 34.4% (the same period in 2015: approximately 30.3%).
- Profit attributable to owners of the Company increased by approximately 30.6% to approximately RMB813 million (the same period in 2015: approximately RMB622 million).
- Basic earnings per share increased to approximately RMB0.731 (the same period in 2015: approximately RMB0.565).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of Minth Group Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 (the "Review Period"), together with the comparative figures for the six months ended 30 June 2015 (the "same period in 2015") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

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

		Six months ended 30 June	
		2016	2015
		(unaudited)	(unaudited)
	NOTE	***RMB'000***	*RMB'000*
Profit for the period attributable to:			
Owners of the Company		**812,718**	622,162
Non-controlling interests		**28,343**	22,205
		841,061	644,367
Total comprehensive income for the period attributable to:			
Owners of the Company		**785,808**	610,588
Non-controlling interests		**29,591**	21,355
		815,399	631,943
Earnings per share	*7*		
Basic		**RMB0.731**	RMB0.565
Diluted		**RMB0.724**	RMB0.560

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	NOTES	At 30 June 2016 (Unaudited) RMB'000	At 31 December 2015 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		**4,515,442**	4,175,383
Prepaid lease payments		**620,712**	624,238
Goodwill		**83,228**	46,407
Other intangible assets		**34,909**	39,398
Interests in joint ventures		**32,742**	73,986
Interests in associates		**122,880**	105,993
Available-for-sale investments		**80,098**	96,392
Deferred tax assets		**110,466**	111,949
		5,600,477	5,273,746
Current assets			
Prepaid lease payments		**15,143**	15,537
Inventories		**1,270,012**	1,196,022
Property under development		**290,815**	207,863
Loans receivable		**16,072**	6,269
Trade and other receivables	8	**2,704,252**	2,577,428
Derivative financial assets		**27,689**	4,909
Pledged bank deposits		**350,672**	1,107,438
Bank balances and cash		**2,895,608**	2,766,705
		7,570,263	7,882,171
Current liabilities			
Trade and other payables	9	**1,730,584**	1,589,760
Tax liabilities		**72,932**	92,672
Borrowings		**1,424,646**	1,957,964
Derivative financial liabilities		**7,828**	28,069
		3,235,990	3,668,465
Net current assets		**4,334,273**	4,213,706
Total assets less current liabilities		**9,934,750**	9,487,452

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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

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

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

3. SEGMENT INFORMATION

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

For the six months ended 30 June 2016 (unaudited)

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

For the six months ended 30 June 2015 (unaudited)

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

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

4. INCOME TAX EXPENSE

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

5. PROFIT FOR THE PERIOD

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

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

6. DIVIDENDS

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

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

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

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	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)	**812,718**	622,162
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,112,436**	1,102,024
Effect of dilutive share options	**10,217**	9,838
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,122,653**	1,111,862

All of the outstanding share options of the Company as of 30 June 2016 have been included in the computation of the diluted earnings per share because the exercise prices of these Company's share options were lower than the average market prices of the Company's shares during the six months ended 30 June 2016 while certain outstanding share options of the Company as of 30 June 2015 had not been included in the computation of diluted earnings per share as they did not have a dilutive effect to the Company's earnings per share during the six months ended 30 June 2015.

8. TRADE AND OTHER RECEIVABLES

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

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

	At 30 June 2016 (Unaudited) ***RMB'000***	At 31 December 2015 (Audited) *RMB'000*
Age		
0–90 days	**1,900,234**	1,905,273
91–180 days	**77,415**	55,025
181–365 days	**16,397**	1,540
1–2 years	**3,925**	7,150
	1,997,971	1,968,988

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

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

9. TRADE AND OTHER PAYABLES

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

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

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

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

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

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

COMPANY OVERVIEW

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

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

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

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

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

Business and Operation Layout

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

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

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

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

Research and Development

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

The Group has placed great emphasis on protecting its intellectual property rights. It has obtained the certification of protection system of intellectual property rights and has actively applied for international patents. During the Review Period, the Group filed 39 patent applications for approval, and 44 patents were authorized by competent institutions.

FINANCIAL REVIEW

RESULTS

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

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

Gross Profit

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

Investment Income

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

Other Income

During the Review Period, other income of the Group was approximately RMB65,056,000, representing a decrease of approximately RMB6,256,000 from approximately RMB71,312,000 in the same period of 2015. It was mainly attributable to a decrease in government subsidies.

Other Gains and Losses

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

Distribution and Selling Expenses

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

Administrative Expenses

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

Research Expenditures

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

Share of Profits of Joint Ventures

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

Share of Profits of Associates

During the Review Period, the Group's share of profits of associates was approximately RMB16,887,000, representing a decrease of approximately RMB1,950,000 from RMB18,837,000 in the same period of 2015. It was mainly attributable to the decrease in profit arising from the revenue decline of one of the associates.

Income Tax Expense

During the Review Period, the Group's income tax expense was approximately RMB145,019,000, representing an increase of approximately RMB42,283,000 from approximately RMB102,736,000 in the same period of 2015.

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

Profit Attributable to Non-Controlling Interests

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

Liquidity and Financial Resources

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

During the Review Period, the net cash flow from the Group's operating activities was approximately RMB853,002,000, indicating a sound cash flow condition.

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

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

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

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

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

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

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

COMMITMENTS

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

INTEREST RATE AND FOREIGN EXCHANGE RISKS

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

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

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

CONTINGENT LIABILITIES

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

MORTGAGED ASSETS

As of 30 June 2016, the Group had borrowings of RMB300,000,000 secured by bank deposits of RMB310,000,000. The borrowings are to be settled in RMB (31 December 2015: the Group had borrowings of approximately USD35,000,000 (equivalent to approximately RMB227,276,000) and RMB882,700,000 secured by bank deposits of approximately RMB1,015,000,000. The borrowings were to be settled in USD and RMB respectively). The Group pledged freehold lands and buildings with a net book value of approximately RMB16,914,000 (31 December 2015: approximately RMB16,495,000) to secure general banking facilities granted to the Group.

CAPITAL EXPENDITURE

Capital expenditure includes the acquisition of property, plant and equipment, the increase in construction in progress and the addition of land use rights. During the Review Period, the Group's capital expenditure amounted to approximately RMB574,592,000 (the same period in 2015: approximately RMB530,381,000). The increase in capital expenditure was attributable to the Group's capacity expansion and the increase of production facilities during the Review Period.

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYEES

As of 30 June 2016, the Group had a total of 11,960 employees, increased by 623 compared to 31 December 2015. The increase was mainly arising from the business growth, acquisition of joint ventures and investment in quality enhancement. During the Review Period, in order to implement its business strategies, the Group planned and established new organizational departments, including Automotive Electronics Department and Intelligent Equipment Department. The Group also actively recruited technical personnel for intelligent equipment business and proactively built the Group's employer brand by entering into cooperation agreements with various colleges and universities and tertiary institutions, laying a foundation for its talent pool. In the intense competition for talents, the Group maintained its sound talent strategy, proactively built the teams for R&D and international projects, as well as accelerated the development of talents to accommodate the requirements of industrial upgrade and Industry 4.0 of the Group. The Group is active in planning the establishment of corporate university in order to sustainably provide talents in various fields for the Group and ensure that the Group can maintain its advantages in terms of talent supply in face of the increasingly complicated economic environment.

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

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

Share Option Scheme

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

Future Prospects and Strategies

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

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

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

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

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

During the Review Period, the Grantees of the Share Option Schemes of the Company exercised 14,584,000 Share Options in accordance with the rules and terms of the Share Option Schemes, and 1,495,500 Share Options lapsed due to the resignation of the Grantees.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND COMPLIANCE WITH MODEL CODE

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

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

MATERIAL LITIGATION AND ARBITRATION

Save for the petition served by the Securities and Futures Commission ("SFC") to the Company on 11 April 2014, details of which were set out in the Company's announcements dated 14 April 2014, 29 May 2014 and 9 July 2014, the Group is not engaged in any litigation or arbitration of material importance during the Review Period. On 27 June 2016, the SFC indicated that it intended to amend its Petition in the court proceedings to add further particulars. A formal court order granting leave to the SFC to make the amendments and setting out further directions has yet to be made. The trial dates for the court proceedings have not yet been fixed. The Directors of the Company are of the opinion that the SFC petition does not have any significant impact on the condensed consolidated financial statements of the Group during the Review Period.

AUDIT COMMITTEE

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

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

Hong Kong, 23 August 2016

As at the date of this announcement, the board of Directors comprises Mr. Shi Jian Hui, Mr. Zhao Feng, Ms. Bao Jian Ya, Ms. Chin Chien Ya and Ms. Huang Chiung Hui being executive Directors; Mr. Chin Jong Hwa being a non-executive Director; and Mr. Wu Fred Fong, Dr. Wang Ching and Ms. Yu Zheng being independent non-executive Directors.