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 2017

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 25.5% to approximately RMB5,266 million (the same period in 2016: approximately RMB4,196 million).
- Gross profit margin was approximately 33.8% (the same period in 2016: approximately 34.4%).
- Profit attributable to owners of the Company increased by approximately 29.6% to approximately RMB1,053 million (the same period in 2016: approximately RMB813 million).
- Basic earnings per share increased to approximately RMB0.929 (the same period in 2016: approximately RMB0.731).

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 2017 (the "Review Period"), together with the comparative figures for the six months ended 30 June 2016 (the "same period in 2016") as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Revenue	3	**5,265,560**	4,196,097
Cost of sales		**(3,487,092)**	(2,752,798)
Gross profit		**1,778,468**	1,443,299
Investment income		**39,080**	43,723
Other income		**162,677**	65,056
Other gains and losses		**78,575**	71,575
Distribution and selling expenses		**(208,916)**	(151,232)
Administrative expenses		**(354,318)**	(303,764)
Research expenditures		**(211,853)**	(173,899)
Interest on bank borrowings wholly repayable within five years		**(35,472)**	(29,850)
Share of profits of joint ventures		**4,697**	4,285
Share of profits of associates		**12,127**	16,887
Profit before tax		**1,265,065**	986,080
Income tax expense	4	**(180,435)**	(145,019)
Profit for the period	5	**1,084,630**	841,061
Other comprehensive income (expense):			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**37,983**	(11,812)
Fair value gain (loss) on available-for-sale investments		**47,396**	(16,294)
Income tax relating to items that may be reclassified to profit or loss		**(7,109)**	2,444
Other comprehensive income (expense) for the period (net of tax)		**78,270**	(25,662)
Total comprehensive income for the period		**1,162,900**	815,399

	NOTE	Six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) RMB'000
Profit for the period attributable to:			
Owners of the Company		**1,053,271**	812,718
Non-controlling interests		**31,359**	28,343
		1,084,630	841,061
Total comprehensive income for the period attributable to:			
Owners of the Company		**1,130,784**	785,808
Non-controlling interests		**32,116**	29,591
		1,162,900	815,399
Earnings per share	*7*		
Basic		**RMB0.929**	RMB0.731
Diluted		**RMB0.919**	RMB0.724

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	NOTES	At 30 June 2017 (Unaudited) RMB'000	At 31 December 2016 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		**5,579,463**	4,956,665
Prepaid lease payments		**710,442**	610,033
Goodwill		**83,228**	83,228
Other intangible assets		**49,189**	42,514
Interests in joint ventures		**102,598**	91,889
Interests in associates		**339,349**	206,435
Available-for-sale investments		**138,585**	91,190
Deferred tax assets		**119,082**	105,124
Prepayment for acquisition of property, plant and equipment		**95,519**	–
		7,217,455	6,187,078
Current assets			
Prepaid lease payments		**17,850**	15,350
Inventories		**1,718,252**	1,569,098
Loans receivable		**33,553**	–
Property under development		**64,623**	341,579
Trade and other receivables	*8*	**3,485,862**	3,438,171
Derivative financial assets		**38,229**	34,443
Pledged bank deposits		**536,964**	525,270
Bank balances and cash		**3,213,402**	2,939,723
		9,108,735	8,863,634
Current liabilities			
Trade and other payables	*9*	**2,073,291**	2,529,110
Tax liabilities		**99,469**	121,411
Borrowings		**2,511,452**	1,445,875
Derivative financial liabilities		**15,301**	6,586
		4,699,513	4,102,982
Net current assets		**4,409,222**	4,760,652
Total assets less current liabilities		**11,626,677**	10,947,730

	At 30 June 2017 (Unaudited) *RMB'000*	At 31 December 2016 (Audited) *RMB'000*
Capital and reserves		
Share capital	**114,258**	113,532
Share premium and reserves	**11,051,957**	10,483,982
Equity attributable to owners of the Company	**11,166,215**	10,597,514
Non-controlling interests	**260,469**	258,192
Total equity	**11,426,684**	10,855,706
Non-current liabilities		
Deferred tax liabilities	**78,888**	71,581
Retirement benefit obligations	**20,443**	20,443
Other long-term liability	**100,662**	–
	199,993	92,024
	11,626,677	10,947,730

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2017

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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Asset for Unrealised Losses

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 2017 (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	**3,136,063**	**1,159,369**	**684,469**	**285,659**	**5,265,560**
Segment profit	**1,026,874**	**337,008**	**286,447**	**96,287**	**1,746,616**
Investment income					**39,080**
Other unallocated income and gains and losses					**273,104**
Unallocated expenses					**(775,087)**
Interest on bank borrowings wholly repayable within five years					**(35,472)**
Share of profits of joint ventures					**4,697**
Share of profits of associates					**12,127**
Profit before tax					**1,265,065**
Income tax expense					**(180,435)**
Profit for the period					**1,084,630**

For the six months ended 30 June 2016 (unaudited)

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

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	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax:		
Hong Kong	**–**	–
PRC Enterprise Income Tax	**237,607**	186,349
	237,607	186,349
Over provision in prior years:		
PRC Enterprise Income Tax	**(42,941)**	(38,344)
Deferred tax:		
Current period credit	**(14,231)**	(2,986)
	180,435	145,019

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**227,549**	193,639
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditures)	**7,811**	8,314
Total depreciation and amortisation	**235,360**	201,953
Cost of inventories recognised	**3,487,092**	2,752,798
Write-down of inventories	**15,846**	15,746
Reversal of inventories provision	**(20,746)**	(1,154)

6. DIVIDENDS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Dividends recognised as distribution during the period:		
2016 Final — HK$0.680 (2015: final dividend HK$0.548) per share	**676,043**	520,452

On 20 June 2017, a dividend of HK$0.680 per share (2015: HK$0.548 per share) was paid to shareholders as the final dividend for 2016.

The directors of the Company have determined that no dividend will be paid in respect of the interim period (2016 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	
	2017	2016
	(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)	**1,053,271**	812,718
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,133,867**	1,112,436
Effect of dilutive share options	**12,774**	10,217
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,146,641**	1,122,653

All of the outstanding share options of the Company as of 30 June 2017 and 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 2017 and 30 June 2016.

8. TRADE AND OTHER RECEIVABLES

	At 30 June 2017 (Unaudited) *RMB'000*	At 31 December 2016 (Audited) *RMB'000*
Trade receivables		
– associates	**44,587**	46,741
– joint ventures	**11,319**	11,829
– non-controlling shareholders of subsidiaries	**969**	1,133
– third parties	**2,385,601**	2,577,043
Less: allowance for doubtful debts	**(49,616)**	(17,738)
	2,392,860	2,619,008
Bill receivables	**459,613**	185,052
Other receivables		
– associates	**3,487**	309
– joint ventures	**616**	954
– third parties	**96,530**	80,473
Less: allowance for doubtful debts	**(5,563)**	(5,573)
	95,070	76,163
Prepayments	**377,706**	363,007
Prepaid expense	**14,338**	12,592
Value-added tax recoverable	**141,072**	136,250
Refundable guarantee deposits	**–**	46,099
Dividend receivable from the available-for-sale investments	**5,203**	–
Total trade and other receivables	**3,485,862**	3,438,171

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 2017 (Unaudited) *RMB'000*	At 31 December 2016 (Audited) *RMB'000*
Age		
0–90 days	**2,277,620**	2,539,794
91–180 days	**57,955**	59,565
181–365 days	**46,169**	13,787
1–2 years	**11,116**	5,862
	2,392,860	2,619,008

Bill receivables held by the Group as at 30 June 2017 will mature within 6 months (31 December 2016: within 6 months).

9. TRADE AND OTHER PAYABLES

	At 30 June 2017 (Unaudited) *RMB'000*	At 31 December 2016 (Audited) *RMB'000*
Trade payables		
– associates	**35,067**	37,183
– joint ventures	**7,124**	21,829
– non-controlling shareholders of subsidiaries	**68**	405
– third parties	**1,242,874**	1,226,954
	1,285,133	1,286,371
Bill payables	**30,815**	19,447
Other payables		
– associates	**126**	83
– non-controlling shareholders of subsidiaries	**21,112**	24,052
	21,238	24,135
Payroll and welfare payables	**244,758**	307,769
Advance from customers	**11,613**	397,565
Consideration payable for acquisition of property, plant and equipment	**139,481**	148,651
Technology support service fees payable	**1,144**	795
Freight and utilities payable	**69,805**	72,646
Value-added tax payable	**26,163**	49,395
Interest payable	**8,123**	8,676
Rental payable	**5,967**	3,752
Deposits received	**4,485**	5,431
Others	**224,566**	204,477
Total trade and other payables	**2,073,291**	2,529,110

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

	At 30 June 2017 (Unaudited) *RMB'000*	At 31 December 2016 (Audited) *RMB'000*
Age		
0–90 days	**1,200,583**	1,237,916
91–180 days	**37,825**	30,765
181–365 days	**35,588**	7,401
1–2 years	**9,469**	9,170
Over 2 years	**1,668**	1,119
	1,285,133	1,286,371

Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (the same period in 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the Review Period, the production and sales of China's passenger vehicles were approximately 11,483,000 units and approximately 11,253,000 units, respectively, representing a year-on-year growth of approximately 3.2% and approximately 1.6%, respectively. Affected by the "new normal" economy, the sales growth of passenger vehicles slowed down amid the increasingly intensified market competition in China and the intensive introduction of various policies, including the "Administrative Measures for Automobile Sales" (《汽車銷售管理辦法》) and the "Provisions on the Access of New Energy Vehicle ("**NEV**")Manufacturers and Products" (《新能源汽車生產企業及產品准入管理規定》). As a result, the buzzwords in the automotive market during the Review Period were "adjustment", "reform" and "cooperation". During the Review Period, among the four models of passenger vehicles, only SUV models reported sales growth. Despite this, the growth rate for SUV sales significantly fell to approximately 16.8% as compared to that of the same period last year, while other models all recorded sales decline compared to the same period last year. The Korean brands experienced a severe setback in China, while the Japanese brands achieved significant growth. The Chinese brands also reported a remarkable performance with a continued growth momentum, as the sales amounted to approximately 4,940,000 units, representing a year-on-year increase of approximately 4.3%. The production and sales of NEVs were approximately 212,000 units and approximately 195,000 units, respectively, representing a year-on-year increase of approximately 19.7% and approximately 14.4%, respectively.

During the Review Period, sales of passenger vehicles in mature markets varied. Sales in the US market were approximately 8,457,000 units, representing a year-on-year decrease of approximately 2.1%, of which sales of sedans decreased by approximately 11.4% as compared to last year, while sales of light trucks increased at a rate of approximately 4.2%, mitigating the decline of the overall sales in the US market. Sales of passenger vehicles in the European Union amounted to approximately 8,211,000 units, representing a year-on-year increase of approximately 4.7%, and total sales in Western Europe amounted to approximately 8,461,000 units, representing a year-on-year growth of approximately 4.6%. During the Review Period, most of the emerging markets recorded growth in production and sales of automobiles due to improving economic conditions. The automotive markets in India, Russia, Brazil, Thailand and Mexico all reported growth at different rates. In particular, it was the first time that the Russian and Brazilian markets witnessed growth over the last four years.

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 automotive markets across the globe, and meet the growing demand from its customers.

According to the Top 100 Global OEM Parts Suppliers in 2017 published by Automotive News, the Group was nominated for the first time and ranked 93rd during the Review Period, reflecting a long-term fast growth of the Group, as well as the prosperous development of the automobile industry in China.

During the Review Period, the Group continued its efforts to enhance the competitiveness of its aluminum products and promote the application of innovative products and techniques, thus paving the way for the Group to sustain its growth on a fast track. To strenuously maintain its stable performance and growth, the Group also achieved scale benefits with its optimized global production layout, while exploiting technological advantages of its traditional products.

To facilitate fast growth of its global business and improve customer satisfaction, the Group continued to enhance lean production and introduce innovative management for manufacturing and operations in its factories during the Review Period. By vigorously investing in large automated production lines and streamlining core production processes available at various factories, the Group succeeded in establishing a role model for lean production lines and building the culture of lean production. In addition to continuous reduction of operating costs, the Group constantly improves product quality and production efficiency, which laid a solid foundation for improving its gross profit margin. During the Review Period, the Group expanded its product offerings based on its existing traditional product segments. With the trend of body weight reduction for automobiles, the Group constantly explored and achieved technological breakthroughs for aluminum door frames. Furthermore, the Group also introduced a production line of surface treatment with world-leading technology over the course of expanding its intelligent automotive components business. Meanwhile, the Group continued investing in large-size environmental facilities at various production bases in order to comply with national environmental policies, which would in return guarantee the sustainability of the Group in the long run.

The Group continued to explore external resources by further expanding its cooperation with its major customers, suppliers, partners, colleges, research institutes, experts and consulting companies, as well as deepening strategic alliances with outstanding platform suppliers. Besides actively forging ahead with the transformation of its research and development ("R&D") team and the introduction of technical experts, the Group cultivated and retained international elites and core technical talents, carried out research with a focus on innovative products and technologies and strengthened its technical know-how. Intellectual property rights protection systems were put in place in domestic and overseas markets in order to protect the Group's R&D achievements.

During the Review Period, the Group's risk management focused on its strategic goal and annual business target, thereby strengthening the completeness and trending of its assessment on medium and long term risks, properly determining the trending of assessment on risk management objectives, preferences, and level of tolerance, and further improving its risk management system. In addition, to constantly improve its risk management, the Group reinforced coordination and collaboration between risk management functions and various business departments, through conducting risk assessments to identify management weaknesses, realign scopes of authorization, redefine terms of reference, optimize working procedures, and improve supervision and accountability. Furthermore, the Group enhanced the cultivation of its risk management culture, whereby, specific training and promotion was organized to enhance the awareness of risk management and nurture risk management talents. Meanwhile, the Group will ensure accessible whistle-blowing channels and intensify internal audit to maintain sustainable and steady development.

Business and Operation Layout

During the Review Period, the Group's revenue was approximately RMB5,265,560,000, representing an increase of approximately 25.5% compared with approximately RMB4,196,097,000 in the same period in 2016. During the Review Period, the domestic revenue of the Group was approximately RMB3,136,063,000, representing an increase of approximately 26.1% compared with approximately

RMB2,486,220,000 in the same period in 2016, mainly attributable to the favorable growth in production and sales of Japanese OEMs and Chinese OEMs in China. The Group's overseas revenue was approximately RMB2,129,497,000, and grew by approximately 24.5% compared with approximately RMB1,709,877,000 in the same period in 2016, mainly due to the business growth of the Group's customers in Europe.

During the Review Period, the Group once again achieved decent results in its new business intake, while further expanded the market share for its mature products. During the Review Period, the Group achieved various breakthroughs by closely following the industry development trend, as well as continuing and deepening the development of body weight reduction and scale production. In addition to its constantly growing client base, the Group's market penetration continued to extend to the high-end sector. Meanwhile, the Group also continued to strengthen the business development for its aluminum products, with a focus on the breakthrough of new product pipeline, including aluminum door frames, aluminum battery packs, and aluminum guide rails. In terms of mature products, the Group was committed to building a higher market entry barrier by enhancing its product performance, while successfully foraying into the laser welding market for door frames. Such actions not only met its clients' requirements for body weight reduction but also ensured a stable improvement in its competitive strength. In addition, the Group successfully formulated the most comprehensive production techniques of surface treatment for exterior decorative parts for automobiles in the global market. On the other hand, the Group was committed to commercializing its world-leading hard coating and tint coating processes, and with a breakthrough achieved in ACC (adaptive cruise control) emblem, its first product will soon be launched into the market.

During the Review Period, the Group forged ahead with the optimization of its production layout. Based on its global business development requirements, the Group also improved and realigned its product planning and production capacity, and implemented the scheme of a sizeable centralized factory town. During the Review Period, the Group was committed to enhancing the competitive strength of its overseas factories. The Group upgraded the manufacturing techniques of aluminum products and built a large-scale coating production line at its Mexican factory. In the U.S., the Group further optimized the production capacity of its factory to focus on stainless steel trims and other products. On the other hand, the Group further explored opportunities for chrome plating and door frame businesses and establishment of a new factory in North America. With a visionary footprint to meet the requirements for its fast-growing global business, the Group also planned to establish new production lines for aluminum products in its Jiaxing factory and expedite capacity expansion of aluminum products in its Huai'an factory, and pushed forward the establishment of large-scale coating lines and chrome plating lines in its Wuhan, Guangzhou and Tianjin factories during the Review Period.

During the Review Period, the Group continued to promote its efforts on environmental protection, occupational health and production safety management. In view of the environmental development trend in the automotive industry, the Group stayed focused on managing environmental impacts brought by its business operations, and persisted in the philosophy of sustainability to promote the environmental protection activities. By formulating environmental treatment standards, the Group ensured that all pollutants were processed and discharged under high standards to safeguard public health. To ensure production safety, the Group formulated and promoted safety standards for all production lines. For the purposes of production safety and occupational health of employees, the Group organized annual health checks for its employees, and arranged regular occupational health lectures and health consulting services.

Research and Development

During the Review Period, the Group proactively researched on innovative products and technologies. In terms of new products, the Group achieved a significant breakthrough in body weight reduction, which also earned recognition amongst its major clients. In terms of innovative technologies, the Group made certain progress in the metal and plastic materials, the welding and bonding technology, mechanics research and surface treatment, rendering strong support for improving the Group's technological capability. In consideration of the increasing concurrent design requirements among global clients, the Group succeeded in entering the concurrent design system of global high-end OEMs by constantly expanding its product design team, consolidating global design resources and advanced technologies in China and abroad, establishing and improving its global R&D network, and enhancing its capabilities in the design of its current products, testing validation and prototype development. Meanwhile, the Group enhanced communications and exchanges with the R&D institutions of its clients to improve its R&D capabilities in new products. To upgrade and break through its current production processes, the Group kept improving its core technologies related to equipment, tooling and techniques, and established specialized laboratories during the Review Period. In terms of production processes, the Group continuously improved its surface treatment technologies in chrome plating, aluminum anodizing and hard coating, and achieved successful mass production at its overseas factories. In particular, a breakthrough was made in multi-color aluminum anodizing, further boosting the competitiveness of the Group's aluminum products. On the other hand, the Group launched a scheme for a series of large-scale production models to build large-scale, modular, and flexible production lines. During the Review Period, the Group also further improved its information management system and streamlined its R&D process, thus facilitating its development in intelligent research and manufacturing.

The Group has placed great emphasis on protecting its intellectual property rights. It has obtained the certification of the intellectual property rights protection system and has actively applied for international patents. During the Review Period, the Group filed 71 patent applications for approval, and 76 patents were authorized by competent institutions.

FINANCIAL REVIEW

RESULTS

During the Review Period, the Group's revenue was approximately RMB5,265,560,000, representing an increase of approximately 25.5% from approximately RMB4,196,097,000 in the same period of 2016. It was mainly driven by the favorable growth in production and sales of Japanese OEMs and Chinese OEMs in China, as well as the business boost of Group's customers in Europe.

During the Review Period, the profit attributable to owners of the Company was approximately RMB1,053,271,000, representing an increase of approximately 29.6% from approximately RMB812,718,000 in the same period of 2016. It was mainly attributable to growth in revenue of the Group, together with the continuous emphasis on control of costs and expenses. Thus, the Group managed to maintain a favorable profit level.

Gross Profit

During the Review Period, the Group's overall gross profit margin was approximately 33.8%, representing a decrease of approximately 0.6% from approximately 34.4% in the same period of 2016. Such decrease during the Review Period was mainly due to an increasing percentage of revenue from certain overseas subsidiaries with a comparatively low gross profit margin during their ramp-up period, which dragged down the Group's gross profit margin. Meanwhile, the Group continued to face pressures of ASP decline of products for old models, and price hike of raw materials. To address these, the Group continued to enhance its efficiency of both production and management by adopting measures such as lean manufacturing and improvement of production layout, while proactively optimizing product mix, which resulted in the overall gross profit margin remaining at a decent level.

Investment Income

During the Review Period, the investment income of the Group was approximately RMB39,080,000, representing a decrease of approximately RMB4,643,000 from approximately RMB43,723,000 in the same period of 2016. It was mainly due to reduction of interest income.

Other Income

During the Review Period, the other income of the Group amounted to approximately RMB162,677,000, representing an increase of approximately RMB97,621,000 from approximately RMB65,056,000 in the same period of 2016. It was mainly attributable to revenue from real estate development projects mainly for the Group's employee family housing and an increase in government subsidies during the Review Period.

Other Gains and Losses

During the Review Period, the Group's other gains and losses amounted to a net gain of approximately RMB78,575,000, representing an increase of approximately RMB7,000,000 as compared to the net gain of approximately RMB71,575,000 in the same period of 2016. It was mainly attributable to gains from Jiangsu Min'an Electric Cars Co., Ltd.* (江蘇敏安電動汽車有限公司) ("Jiangsu Min'an"), a former subsidiary's turning into an associate, and changes in the fair value of forward exchange contracts entered into by the Group to counter the drastic fluctuation in foreign exchanges.

Distribution and Selling Expenses

During the Review Period, the Group's distribution and selling expenses were approximately RMB208,916,000, representing an increase of approximately RMB57,684,000 from approximately RMB151,232,000 in the same period of 2016. It accounted for approximately 4.0% of the Group's revenue, representing an increase of approximately 0.4% from approximately 3.6% in the same period of 2016. It was mainly attributable to additional expenses which were in line with the Group's revenue growth and new business intake during the Review Period.

Administrative Expenses

During the Review Period, administrative expenses of the Group amounted to approximately RMB354,318,000, representing an increase of approximately RMB50,554,000 from approximately RMB303,764,000 in the same period of 2016. It accounted for approximately 6.7% of the revenue of the Group, representing a decrease of approximately 0.5% from approximately 7.2% in the same period of 2016. 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 RMB211,853,000, representing an increase of approximately RMB37,954,000 from approximately RMB173,899,000 in the same period of 2016. It was mainly attributable to an increase in labor costs arising from the Group's recruitment of high-caliber R&D personnel to enhance its R&D capabilities in order to maintain its market competitiveness and sustainable growth.

Share of Profits of Joint Ventures

During the Review Period, the Group's share of profits of joint ventures was approximately RMB4,697,000, representing an increase of approximately RMB412,000 from approximately RMB4,285,000 in the same period of 2016, which was mainly attributable to an increase in profit from a joint venture.

Share of Profits of Associates

During the Review Period, the Group's share of profits of associates was approximately RMB12,127,000, representing a decrease of approximately RMB4,760,000 from RMB16,887,000 in the same period of 2016. It was mainly attributable to the share of loss brought by a new associate which was a former subsidiary of the Group.

Income Tax Expense

During the Review Period, the Group's income tax expense was approximately RMB180,435,000, representing an increase of approximately RMB35,416,000 from approximately RMB145,019,000 in the same period of 2016.

During the Review Period, the effective tax rate was approximately 14.3%, representing a decrease of approximately 0.4% from approximately 14.7% in the same period of 2016.

Profits Attributable to Non-controlling Interests

During the Review Period, the Group's profits attributable to non-controlling interests were approximately RMB31,359,000, representing an increase of approximately RMB3,016,000 from approximately RMB28,343,000 in the same period of 2016. It was mainly attributable to an increase in profit due to the revenue growth of certain non-wholly owned subsidiaries.

Liquidity and Financial Resources

As of 30 June 2017, the Group's total bank balances and cash amounted to approximately RMB3,213,402,000, representing an increase of approximately RMB273,679,000 compared to approximately RMB2,939,723,000 as of 31 December 2016. As of 30 June 2017, the Group's low-cost borrowings amounted to approximately RMB2,511,452,000, among which the equivalent of approximately RMB564,000,000, approximately RMB501,306,000, approximately RMB474,799,000, approximately RMB452,973,000, approximately RMB414,467,000, approximately RMB97,405,000 and approximately RMB6,502,000 were denominated in RMB, US Dollar ("USD"), Mexico Peso("MXN"), Euro ("EUR"), Hong Kong Dollar ("HKD"), Thai Baht("THB") and Japanese Yen ("JPY") respectively, representing an increase of approximately RMB1,065,577,000 as compared to approximately RMB1,445,875,000 as of 31 December 2016. The increase was mainly due to the amount of borrowings that the Group borrowed 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 RMB760,662,000, indicating a sound cash flow condition.

Trade receivables turnover days were approximately 83 days, increased by approximately 6 days from approximately 77 days for the same period of 2016, which was mainly attributable to the increases in the balance of bill receivables and percentage of revenue generated from customers with longer repayment terms.

Trade payables turnover days were approximately 58 days, increased by approximately 9 days from approximately 49 days for the same period of 2016, which was mainly attributable to adjusting the payment methods of suppliers responding to the change of repayment terms of customers and an increase in the balance of trade payables arising from purchases made for new projects under development.

Inventory turnover days were approximately 66 days, extended by approximately 6 days from approximately 60 days for the same period of 2016, which was mainly attributable to an increase in the mould inventory arising from new projects under development and an increase in inventories reserved for new projects.

The Group's current ratio was approximately 1.9 as of 30 June 2017, decreased by approximately 0.3 from approximately 2.2 as of 31 December 2016. As of 30 June 2017, the Group's gearing ratio was approximately 15.4% (31 December 2016: approximately 9.6%), 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 2017 (Unaudited) *RMB'000*	At 31 December 2016 (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	**577,401**	275,148

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As of 30 June 2017, the balance of the Group's bank borrowings was approximately RMB2,511,452,000, of which RMB484,000,000 was bearing at fixed interest rates, and approximately RMB2,027,452,000 was bearing at floating interest rates. These borrowings had no seasonality features. In addition, approximately RMB1,084,713,000 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 RMB414,467,000, approximately RMB413,238,000, approximately RMB250,506,000 and approximately RMB6,502,000 were denominated in HKD, USD, EUR and JPY respectively.

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

As of 30 June 2017, the Group's cash and cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB1,128,860,000, of which approximately RMB1,038,797,000 was denominated in USD, approximately RMB53,221,000 was denominated in EUR, approximately RMB36,176,000 was denominated in HKD, approximately RMB585,000 was denominated in JPY, approximately RMB60,000 was denominated in Canadian Dollar and the remainder of approximately RMB21,000 was denominated in other foreign currencies. In order to mitigate the foreign exchange risk, the Group has delegated a team responsible for the planning of related work.

As a result of the constant expansion of overseas sales and the drastic fluctuation in currency markets, the management of the Group expressed highly concern on the foreign exchange risk and would take the exchange rate expectations of relevant currencies into full consideration when deciding the billing currency for relevant businesses, and also closely monitored the foreign exchange exposure and adjusted the control strategy. The Group entered into forward exchange contracts to manage and control foreign exchange risks.

CONTINGENT LIABILITIES

As of 30 June 2017, the Group had no contingent liabilities (31 December 2016: Nil).

MORTGAGED ASSETS

As of 30 June 2017, the Group had borrowings of RMB304,000,000 secured by bank deposits of RMB464,000,000. The borrowings are to be settled in RMB (31 December 2016: the Group had borrowings of RMB304,000,000 secured by bank deposits of RMB464,000,000). The Group pledged no assets to secure general banking facilities granted to the Group (31 December 2016: the Group pledged freehold lands and buildings with a net book value of approximately RMB16,968,000 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 RMB1,077,146,000 (the same period in 2016: approximately RMB574,592,000), which was attributable to the increase of investments in intelligent, automated and lean production lines to match the Group's global production layout, as well as expansion in scale of R&D and production.

MATERIAL ACQUISITIONS AND DISPOSALS

On 2 March 2017, Cheerplan (China) Investments Co. Ltd.*, (展圖（中國）投資有限公司) ("**Cheerplan (China)**"), a wholly-owned subsidiary of the Group, entered into a capital increase agreement with Huai'an Development Holdings Co., Ltd.* (淮安開發控股有限公司) ("**Huai'an Development**") and Best Treasure (China) Limited ("**Best Treasure**"), pursuant to which, Huai'an Development and Best Treasure each agreed to inject approximately US$49.7 million (equivalent to approximately HK$385.4 million) to Jiangsu Min'an, respectively. Upon the capital increase, the registered capital of Jiangsu Min'an increased from US$33.0 million (equivalent to approximately HK$255.8 million) to US$130.0 million (equivalent to approximately HK$1,007.5 million). The equity interests of Jiangsu Min'an will be held as to approximately 12.7%, 50% and approximately 37.3% by Cheerplan (China), Huai'an Development and Best Treasure, respectively. Further details are set out in the Company's announcement dated 2 March 2017 and circular dated 27 March 2017 for its extraordinary general meeting.

Save as disclosed above, the Group has no material acquisition or disposal during the Review Period.

EMPLOYEES

As of 30 June 2017, the Group had a total of 14,902 employees, increased by 1,245 as compared to that as of 31 December 2016. The increase was mainly due to the establishment of new plants and overseas business expansion. To better satisfy the requirements of its global business and human resources management and allocation during the Review Period, the Group started to build its Global Human Resources Shared Service Center, and successfully put SuccessFactors system into operation in June 2017, thus achieving consistent and constant management of staff performance, succession plan and learning and development planning in its global operations. The Group continued promoting the employer brand project based on its employer value propositions, while further enhancing cooperation with schools to continuously provide appropriate talents for further business objectives of the Group in the context of increasingly fierce competition for talents. The Group also continued improving the remuneration package and performance-based remuneration adjustment policy for the local labor market in which its subsidiaries operate. The Group has been initiating the establishment of Minth Academy, under which Humanities College has been launched with its training curriculum benefiting both the physical and mental health of its employees. Meanwhile, to continuously proffer language learning program designed for executives and global thinking training program for key talents, the Group accelerated the development and enhancement of cross-regional allocation of talents and international competence throughout its global operations.

Based on its core values, the Group practiced the theory of holistic health development during the Review Period. From various perspectives including care and concerns extended to the physical health of employees, employees' family and the entire community, the projects, comprising curriculum training by Humanities College, Couple's Camp, Teenagers' Training Camp and Children's Camp for Character Building, help to develop the holistic health and competence of its employees, while improving their individual competitiveness. Meanwhile, during the course of globalization, the Group paid greater attention to international talents through the exceptional talent caring scheme.

The Group will be committed to enhancing human resource management in overseas regions, as well as improving and optimizing local organizational design, talent management and performance management. On the other hand, the Group focuses on the "Going Out" strategy and puts emphasis on the selection, training, and motivation of international talents, which helps to strengthen its competitiveness in the global business arena. The Group will gradually roll out extended family plan in different regions to further enhance staff caring and the physical and mental health of its employees. In terms of talent acquisition in the future, the Group will continue the development of its employer brand project, innovate its recruitment model, and select appropriate talents so as to sustain its momentum for business development.

Share Option Scheme

The Company has adopted a 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

During the Review Period, China's exports and consumption improved with a slight slowdown in infrastructure construction, and growth in gross domestic product exceeded market expectation. Save for a modest slowdown in the real estate industry, it is expected that other sectors will continue to grow in the second half of 2017, among which, the automotive industry will enter into a long-term single-digit growth phase. The waning influence of the previous preferential policy of 50% reduction of automobile purchase tax on the demand for automobiles has been fully priced in during the Review Period, and it is expected that the incentive retreat may continue to drive sales growth of vehicles with lower emission in the second half of 2017. It is anticipated that consumers' demand for high-end vehicles driven by the consumption upgrade will be more robust and automobile sales may record a stronger year-on-year growth in the second half of 2017. Based on the development trend during the Review Period, the Group expects the sales growth of SUVs in China, despite of a slowdown, will remain the key growth driver for passenger vehicles sales. Chinese brands capitalized on the dividends from the SUV niche market by launching various new models in 2017, and some of these Chinese brands are expected to further improve their market share. The brand differentiation facing these brands, however, requires them to closely follow leading enterprises in order to maintain their long-term growth. In addition, NEV industry in China is expected to outperform its rivals and is likely to introduce a new path that leads global players. The new version of new energy credit scheme will be conducive for the development of both higher efficient pure-electric vehicles with a longer driving range and the industry chain. Meanwhile, in China's pure electric vehicle sector, foreign OEMs will no longer be constrained by the policy of a maximum of two joint ventures, driving the involvement of traditional car enterprises in NEV industry. In the near term, to satisfy credit scheme and regulatory requirements, the Group expects that more OEMs will pair up to mitigate the pressure from the integrated management of credit points for average fuel consumption and new energy vehicles in passenger car enterprises, and further increase efforts to invest in NEVs and boost its sales. Meanwhile, compliance costs for OEMs and auto parts enterprises will increase due to growing pressure from environmental protection and higher emission standards, which further urge enterprises to enhance their manufacturing and cost control capabilities, and boost revenue through various business portfolios, thus satisfying the profit and development requirements.

The global traditional automotive market as a whole is expected to continue its growth momentum at a lower rate. In terms of segment markets, due to a nearly saturated automotive market in developed countries, and the possible aftermath of the potential change in trade policy in the U.S. and undiminished political risks in Europe, it is expected there will be a possible stagnation or decline in the US market in 2017. Developing markets including China, South Asia and South America will be the major source of demand growth. In the long term, the global automotive industry will continue to evolve into a more electrified, intelligent, and internet-connected business with car sharing, while the NEV development will become the general trend. Internet connecting with artificial intelligence will be the focus of development for the automotive industry for the next decade.

Vehicles in the future will be more of a platform carrier for various smart products than only a pure transportation instrument, thereby achieving communications between vehicles, sharing driving information, enabling interaction between humans and vehicles, and delivering simpler and safer driving experience. Self driving cars is becoming a reality as planned. On the other hand, body weight reduction will be the most effective way to achieve energy conservation and emission reduction, satisfying the needs to reduce energy consumption and improve energy conversion efficiency. Meanwhile, more and more new technologies will add new functions to vehicles, enabling higher fuel efficiency, better performance and a safer and more comfortable driving experience.

The Group will continue to enhance its competitive strength in the global market by adhering to the development strategies of global business expansion, standardized manufacturing and operation, and cost optimization, as well as its visionary planning for prominent manufacturing. By further advancing the planning and deployment of prominent manufacturing and lean production, the Group will endeavor to pursue higher efficient manufacturing at lower costs, while continuously driving forward the automated, flexible, and intelligent production model. By improving its production layout of chrome plating, coating and door frame related techniques in North America, as well as enhancing the lean production capability of its factories in Mexico, the Group will enhance its comprehensive competitiveness in overseas markets. In line with the automotive industry development and the new business pipeline, the Group has been planning its business objective ahead of time and introduced innovative products and technologies, and proactively expand its business scope, including automotive intelligence, body weight reduction, components related to battery packs of NEVs, the surface treatment process of indium vapor deposition, and light-weight aluminum door frames.

The Group will continue to seize opportunities arising from the global automotive industry, take the initiative to explore the development trend of the industry, and observe the market changes and requirements to actively carry out resource integration and business partnership in the auto part industry. The Group's visionary layout strategy in the global market, along with its enhanced competitive edge, will ensure its stable and robust revenue growth, which in return will enable the Group to be the top 60 global auto parts supplier in 2021.

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

During the Review Period, the grantees of the Share Option Scheme exercised 8,248,300 Share Options in accordance with the rules and terms of the Share Option Scheme, and 293,000 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

The Company received a petition ("**Petition**") served by the Securities and Futures Commission ("**SFC**") 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. On 31 August 2016, the SFC amended its Petition in the court proceedings to add further particulars. The official trial dates for the court proceedings have not yet been fixed. Save as disclosed above, the Group is not engaged in any litigation or arbitration of material importance during the Review Period. The Directors of the Company are of the opinion that the Petition does not have any significant impact on the condensed consolidated financial statements of the Group during the Review Period.

AUDIT COMMITTEE

The Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Wu Fred Fong (chairman of the Audit Committee), Dr. Wang Ching and Ms. Yu Zheng. The committee reviews the Group's internal control systems, 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 six months ended 30 June 2017 and this interim results announcement, and recommended the adoption by the Board.

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

Hong Kong, 22 August 2017

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