MINTH GROUP LIMITED

敏實集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 425

FINANCIAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

- Turnover increased by approximately 47% to RMB1,408.7 million (2006: RMB956.2 million).
- Gross profit increased by approximately 46% to RMB550.4 million (2006: RMB376.4 million).
- Net profit attributable to equity holders of the Company increased by approximately 34% to RMB359.9 million (2006: RMB268.7 million). The principal reason that net profit did not increase in line with gross profit was that in 2007 foreign exchange losses of approximately RMB57.4 million occurred mainly as a result of RMB appreciation against US Dollars and HK Dollars after the placement carried by the Company as announced on 5 July 2007.
- Basic Earnings per share increased to RMB0.405 (2006: RMB0.324).
- Proposed final dividend of HK$0.121 per share (2006: HK$0.097).
- CAPEX increased by approximately 81% to RMB326.0 million (2006: RMB179.7 million).
- Consolidated net asset value increased by approximately 146% to RMB2,996.6 million from RMB1,217.2 million in 2006.
- Total interest-bearing debt was RMB117.1 million compared to RMB38.2 million in 2006; total interest-bearing debt to total assets and total interest-bearing debt to shareholder's equity was approximately 3% and approximately 4% respectively (2006: approximately 3% both).

The board of directors (the "Board" or "Directors") of Minth Group Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007, together with the comparative figures for the year ended 31 December 2006 which have been reviewed by the audit committee of the Company as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2007

	NOTES	2007 RMB'000	2006 RMB'000
Turnover	3	**1,408,747**	956,232
Cost of sales		**(858,345)**	(579,835)
Gross profit		**550,402**	376,397
Interest income		**29,914**	5,233
Other income		**61,961**	22,464
Other gains and losses		**(51,238)**	743
Distribution and selling expenses		**(43,055)**	(31,777)
Administrative expenses		**(123,475)**	(86,261)
Other expenses		**(49,921)**	(12,902)
Interest on bank borrowings wholly repayable within five years		**(6,936)**	(2,827)
Share of losses of jointly controlled entities		**(14,698)**	(2,648)
Share of profits of associates		**41,057**	21,167
Profit before tax		**394,011**	289,589
Income tax expense	4	**(28,196)**	(14,483)
Profit for the year		**365,815**	275,106
Attributable to:			
Equity holders of the Company		**359,865**	268,701
Minority interests		**5,950**	6,405
		365,815	275,106
Dividends	5	**78,763**	27,519
Earnings per share	6		
Basic		**RMB0.405**	RMB0.324
Diluted		**RMB0.402**	RMB0.324

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	NOTES	**2007**	2006
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**807,590**	584,668
Prepaid lease payments		**136,452**	70,152
Goodwill		**15,276**	10,718
Other intangible assets		**14,881**	11,045
Interests in jointly controlled entities		**29,762**	35,343
Interests in associates		**72,889**	51,550
Advances to joint venture partners		**—**	23,067
Deferred tax assets		**8,175**	—
		1,085,025	786,543
Current assets			
Prepaid lease payments		**3,276**	1,764
Inventories		**279,532**	219,510
Loans to a jointly controlled entity		**65,669**	—
Trade and other receivables	7	**430,048**	247,947
Other financial assets		**606,172**	—
Pledged bank deposits		**9,924**	3,019
Bank balances and cash		**933,082**	232,071
		2,327,703	704,311
Current liabilities			
Trade and other payables	8	**284,666**	231,810
Tax liabilities		**12,950**	3,727
Borrowings		**117,099**	38,154
		414,715	273,691
Net current assets		**1,912,988**	430,620
Total assets less current liabilities		**2,998,013**	1,217,163

	NOTES	**2007**	2006
		RMB'000	*RMB'000*
Capital and reserves			
Share capital		**98,410**	86,345
Reserves		**2,859,159**	1,096,338
Equity attributable to equity holders of the Company		**2,957,569**	1,182,683
Minority interests		**39,066**	34,480
Total equity		**2,996,635**	1,217,163
Non-current liabilities			
Deferred tax liabilities		**1,378**	—
		1,378	—
		2,998,013	1,217,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Company was incorporated under the Company Law of the Cayman Islands on 22 June 2005 and registered as an exempted company with limited liability. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1 December 2005. The Company acts as an investment holding company with its subsidiaries engaged in the design, develop, manufacture, process and sales of exterior automobile body parts and moulds.

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

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

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1(Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1(Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 March 2007
4 Effective for annual periods beginning on or after 1 January 2008
5 Effective for annual periods beginning on or after 1 July 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group except for the adoption of HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements. HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

3. BUSINESS AND GEOGRAPHICAL SEGMENT

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers and net of discounts and sales related taxes during the year.

Business segments

The Group's operation is regarded as a single business segment, being engaged in the manufacture and sales of exterior automobile body parts.

Geographical segments

The following table provides an analysis of the Group's sales by geographical markets based on location of customers, irrespective of the origin of the goods:

	2007		2006	
	RMB'000	*%*	*RMB'000*	*%*
PRC	**1,203,024**	**85.4**	832,259	87.0
North America	**60,733**	**4.3**	25,110	2.6
Europe	**37,933**	**2.7**	38,115	4.0
Asia Pacific	**107,057**	**7.6**	60,748	6.4
Total	**1,408,747**	**100**	956,232	100

No geographical segment information of the Group's assets is shown as the Group's assets are substantially located in the PRC.

4. INCOME TAX EXPENSE

	2007	2006
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax	**38,047**	14,216
(Over) under provision in prior years:		
PRC Enterprise Income tax	**(1,676)**	267
Deferred tax		
Current year	**(8,175)**	—
	28,196	14,483

The charge represents PRC income tax calculated at the applicable rates in accordance with the relevant laws and regulations in the PRC.

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

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax ("New Tax Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Tax Law, which will change the tax rate from 15% to 25% for certain PRC subsidiaries from 1 January 2008. The New Tax Law and Implementation Regulations provides a five-year transition period starting from its effective date for those enterprises which were established before the promulgation date of the New Tax Law and which were entitled to a preferential lower tax rate and tax holiday under the then effective tax laws or regulations. In addition, based on the New Tax Law, certain subsidiaries of the Group that were entitled to preferential treatment in the form of enterprise income tax deduction or exemption, but have not been profitable and therefore, have not enjoyed such preferential treatment, would have to begin its tax holiday in the same year that the New Tax Law goes into effect. The deferred tax balance has already reflected the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

5. DIVIDENDS

	2007	2006
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
Final — HK$0.097 per share (2006: HK$0.033)	**78,763**	27,519

In the annual general meeting held on 8 May 2007, a final dividend of HK$0.097 per share in respect of the year ended 31 December 2006 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.121 per ordinary share for the year ended 31 December 2007 has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting to be held on 12 May 2008.

6. EARNINGS PER SHARE

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

	2007	2006
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	**359,865**	268,701

	2007	2006
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**888,668**	830,000
Effect of dilutive potential ordinary shares:		
Options	**6,426**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**895,094**	830,000

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the shares issued on 12 July 2007.

7. TRADE AND OTHER RECEIVABLES

	2007	2006
	RMB'000	*RMB'000*
Trade receivables		
— associates	**25,094**	16,237
— jointly controlled entities	**5,811**	5,402
— third parties	**314,633**	171,977
Less: allowance for doubtful debts	**(1,120)**	(1,411)
	344,418	192,205
Bill receivables	**21,249**	26,205
	365,667	218,410
Other receivables	**21,692**	14,475
Less: allowance for doubtful debts	**(1,133)**	(4,460)
	386,226	228,425
Prepayments	**43,822**	19,522
Total trade and other receivables	**430,048**	247,947

The following is an aged analysis of trade receivables and bills receivables net of allowance for doubtful debts at the balance sheet date:

	2007	2006
	RMB'000	*RMB'000*
Age		
0 – 90 days	**350,505**	209,382
91 – 180 days	**8,686**	8,342
181 – 365 days	**6,271**	227
1 – 2 years	**205**	459
	365,667	218,410

8. TRADE AND OTHER PAYABLES

	2007	2006
	RMB'000	*RMB'000*
Trade payables		
— associates	**3,326**	2,358
— jointly controlled entities	**2,462**	—
— third parties	**148,741**	98,931
	154,530	101,289
Bills payables	**11,035**	17,948
	165,565	119,237
Payroll and welfare payables	**30,670**	21,922
Advance from customers	**4,836**	17,287
Consideration payable of acquisition of property, plant and equipment	**32,192**	45,986
Dividend payable to minority owners of subsidiaries	**1,372**	—
Technology support services fees payable	**20,143**	7,736
Others	**29,888**	19,642
	284,666	231,810

The following is an aged analysis of trade payables and bills payable at the balance sheet date:

	2007	2006
	RMB'000	*RMB'000*
Age		
0 – 90 days	**163,763**	117,151
91 – 180 days	**554**	624
181 – 365 days	**267**	377
1 – 2 years	**907**	682
Over 2 years	**74**	403
	165,565	119,237

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the year 2007, the competition in the Chinese passenger car market was increasingly fierce. The increase in labor cost, fluctuation in raw material price, and the expedited pace of new automobile model launches of the Original Equipment Manufacturers ("OEMs") together with other facts raised the entry barrier of the industry of auto-parts manufacture. The OEMs have represented their intention to purchase from suppliers with decent scale, concurrent design capabilities as well as high-standard quality and cost control capabilities.

During the year 2007, the Group continued to implement its strategy in client selection, joint procurement and collaboration with suppliers. We strived to promote our standard in quality control system, increase our investment in R&D, fortify our expansion in overseas sales and network and optimized the network of our domestic market. The above had further increased our market share in the PRC domestic market and further strengthened our leading position in the industry. At the same time, our overseas market network was initially constructured and resulted in a stable increase in our overseas businesses. By making these efforts, the Group was able to further consolidate its strong and leading position in the domestic market and benefited from the rapid growth of the market.

Company Overview

Business and market network

During the year 2007, we achieved our previous operation target of our domestic market comfortably and further obtained 146 new projects. This has laid down a solid base for our development for 2007 and in future. During the year 2007, the Group successfully entered into the supplier system of BYD Company Ltd. and Dongfeng Yueda KIA Automobile Company Ltd. and our business arena covered major global automobile manufacturers that have joint-ventures in the PRC. Besides customer development, the Group also focused on the development of new products in 2007. We had developed new products, namely, seat sliding rail, seat frame, skylight division bar and electric sliding door. The successful developments of those new products had given us great confidence in the future business development of the Group.

In 2007, our overseas businesses in the North American, European and Asian markets had sustained stable growth. We obtained supply contracts and/or concurrent design orders for respective car models from major passenger car manufacturers such as Chrysler in the USA, Volvo, Daimler and Volkswagen in Europe and AAT in Thailand. We were also awarded the Tier 1 supplier qualifications from prominent auto-part suppliers like Vitro and ArvinMeritor in Mexico and AGC in the United Kingdom. At the same time, by leveraging on internationalized investment network strategy, the Group had established close strategic partnerships with a group of customers through joint ventures and technical cooperation.

During the year, the Group's internationalized strategy had achieved major breakthroughs. It upgraded its offices in North America and Japan as its wholly-owned subsidiaries successively and had established new offices in Australia. At the same time, by investing jointly with its strategic partners Sojitz Corporation, the Group established Plastic Trim International Inc., and acquired all the assets, assumed and businesses which originally belonged to Plastic Trims, LLC. The setting up of the joint venture signifies an important milestone in the global business development of the Group and will facilitate in enhancing the international business strengths of the Company.

In addition to the newly established overseas companies mentioned above, during the year of 2007, through internal resources, the Group had set up and/or merged or acquired the control of eight subsidiaries, namely 嘉興興禾汽車零部件有限公司 ("嘉興興禾"), 嘉興泰禾汽車零部件有限公司 ("嘉興泰禾"), 嘉興振禾汽車零部件有限公司 ("嘉興振禾"), 嘉興敏實機械有限公司 ("嘉興敏實"), 嘉興敏橋汽車零部件有限公司 ("嘉興敏橋"), 長春敏實汽車零部件有限公司 ("長春敏實"), 嘉興信元精密模具科技有限公司 ("嘉興信元") and 寧波信虹精密機械有限公司 ("寧波信虹"). Among these, 嘉興敏橋, 嘉興信元, and 寧波信虹 previously joint controlled entities of the Company, became the Company's subsidiaries by virtue of the Company's acquisition of partial equity interests from its joint venture partners in view of management efficiency. For the like concern the Company acquired wholly control over 嘉興敏榮汽車零部件有限公司 ("嘉興敏榮") and 嘉興敏勝汽車零部件有限公司 ("嘉興敏勝"), and subsequently arranged the merger of 嘉興敏榮 by 嘉興敏惠. Further, to facilitate the strategies of resources integration, just-in-time (JIT) delivery and production capacity optimization, the Group, through 嘉興興禾 and 天津信泰汽車零部件有限公司 ("天津信泰") established branches in Nanjing and Yantai respectively.

In January 2008, the Company also entered a joint venture agreement with Aapico Hitech Public Company Limited, a substantial supplier of automobile parts in Thailand in view of establish a joint venture company in Thailand. The Company had also entered a joint venture agreement with DURA Automotive Handels und Beteiligungs GmbH ("DURA"), a renowned global automobile spare parts supplier in February 2008, subject to which the Group will transfer majority of the equity interest in 嘉興泰禾 to DURA.

The above-mentioned companies will be engaged in key businesses including core products manufacturing, mould design, sales and manufacturing, and extended business involving passenger car minor change design and accessory design. The Group will also commence in the investment management and resource rationalization in the automobile parts industry. The Group believes that such new set-ups, disposal and acquisitions will benefit the Group in promoting its comprehensive technology development capabilities, expanding and consolidating client resources, establishing both the PRC domestic market and overseas market network and enhancing its management efficiency.

Research and development

The Group believes R&D capability contributed first and foremost to the Group's perpetual developments. It will also constitute the core competence of the Group in sustaining leadership in future.

For the financial year ended 31 December 2007, the Group continued to put great efforts in enhancing the comprehensive R&D capabilities, and increasing its investment in resources in technology development. Our R&D expenditures increased by approximately 54.8% as compared to 2006. In 2007, for the first time, the Group had started the concurrent design of door frame. It's also our first time to participate in the concurrent design projects with Nissan Shatai and Dongfeng Nissan in collaboration with Japanese design companies. We had entered into 9 new technological co-operative contracts with our Japanese partners. The primary target of the R&D works is to continue in professionalizing the technique and expanding the production in plastic injection mould, stamping dies and surface treatment processes. During the year, we had basically completed the re-structuring of our internal resources and workflow system. Apart from our core products, the R&D of new products in other categories is progressing well.

For the financial year 2007, the Group submitted 37 patent applications in the PRC which were accepted by China Patent Bureau for examination and approval. Meanwhile, 46 patents were approved and granted.

Results

During the year under review, the Group achieved sound growth results in turnover and profit attributable to the shareholders.

In 2007, consolidated turnover of the Group was approximately RMB1,408,747,000, representing an increase of approximately 47.3% compared to approximately RMB956,232,000 in 2006. This was mainly due to the continuous expansion of the Group in new markets as well as the consolidation in existing markets.

Profit attributable to shareholders of the Company was approximately RMB359,865,000, representing an increase of approximately 33.9% compared to approximately RMB268,701,000 in 2006. This was mainly due to the Group's focus on costs and expenses control when there was continuous turnover growth, and this in turn resulted in the Group's stable profit margin. The Group had started to increase its overseas investment since 2007, while the majority of the Group's revenue was still in the PRC in 2007. Given this, the Company's functional currency was determined as Renminbi, which resulted in foreign exchange losses of approximately RMB57,376,000. With the furtherance of the Group's overseas investment, the Company's functional currency may be determined as the HK dollar in the future.

Product Sales

In 2007, the Group continued to focus on the production of its three core product categories and products were mainly sold to the factories of the world's leading automakers.

Turnover analysis by product category is as follows:

	2007		2006	
Product category	***RMB'000***	**%**	*RMB'000*	%
Trims	**434,273**	**30.8**	283,346	29.6
Decorative parts	**342,897**	**24.3**	219,190	22.9
Body structural parts	**532,685**	**37.8**	353,194	36.9
Others *(Note)*	**98,892**	**7.1**	100,502	10.6
Total	**1,408,747**	**100**	956,232	100

Note: Includes moulds, headliner, PVC and others

The Group has continued to expand the production of its core product categories. In 2007, the three core product categories achieved a turnover of approximately RMB1,309,855,000, in which the turnover of trims, decorative parts, and body structural parts of passenger cars were approximately RMB434,273,000, approximately RMB342,897,000, and approximately RMB532,685,000 respectively, or a proportion of 30.8%, 24.3% and 37.8% of the Group's total turnover respectively. The proportion of core product categories to the total turnover was 92.9%, representing an increase of approximately 3.5% from 2006.

Turnover by regions based on client source/headquarters location is as follows:

	2007		2006	
Customer group	***RMB'000***	**%**	*RMB'000*	%
Japanese automakers	**949,822**	**67.3**	653,056	68.2
EU automakers	**172,980**	**12.3**	75,751	7.9
US automakers	**187,576**	**13.3**	127,730	13.3
Chinese automakers	**58,955**	**4.2**	70,687	7.4
Others *(Note)*	**41,450**	**2.9**	29,758	3.2
Total	**1,410,783**	**100**	956,982	100
Less: Sales tax	**(2,036)**		(750)	
Total turnover	**1,408,747**		956,232	

Note: Others denote clients using non-direct automobile spare part products of the Group.

Overseas market sales

During the year under review, the Group's turnover from overseas markets was approximately RMB205,723,000, representing an increase of approximately 66% as compared to 2006, with the proportion in the Group's total turnover increasing to approximately 15% in 2007 from approximately 13% in 2006.

Gross Profit

The gross profit for the financial year ended 31 December 2007 amounted to RMB550,402,000, representing an increase of approximately 46.2% as compared to approximately RMB376,397,000 in 2006. The gross margin in 2007 was approximately 39.1%, which remained at similar level as compared to 39.4% in 2006. With the progressive overall cost downward pressure in the automobile market, as well as the fluctuation of raw material price and increase of labour cost, profit margin of automotive parts is being tightened further. However, the gross profit margin remained fairly high because the negative effects of falling prices were offset by sourcing local raw materials, joint procurement, continuous improvement activities and at the same time, launching new products to increase its value.

Other Income

Other income amounted to approximately RMB61,961,000 in 2007, increased by approximately 175.8% from approximately RMB22,464,000 in 2006. The increase was mainly a result of the increase of government subsidies granted and the increase of technology transfer proceeds arising from the value-added services that the Group provided for its customers.

Distribution and Selling Expenses

Distribution and selling expenses amounted to RMB43,055,000 in 2007, an increase of approximately 35.5% from approximately RMB31,777,000 in 2006, but still lower than the growth in turnover. This was attributable to the effective control of distribution and selling expenses, based on which the Group further expanded its overseas sales and logistics network.

Administrative Expenses

Administrative expenses amounted to RMB123,475,000 in 2007, an increase of RMB37,214,000 from RMB86,261,000 in 2006, which was mainly due to the increase in the amount of welfare and benefits resulting from the rapid growth of the Group as well as the adoption of share option scheme by the Group with a view to reward those who had contributed to the Group, the expense of which had been allocated to the cost amounting to RMB13,264,000 in 2007.

Other Expenses

Other Expenses of the Group in 2007 amounted to RMB49,921,000, mainly due to the investment in R&D in order to maintain its core competence and sustainabled development.

Interest on Bank Borrowings

The Group's interest on bank borrowings for 2007 was approximately RMB6,936,000, an increase of RMB4,109,000 from RMB2,827,000 in 2006. This was attributed to the increase of bank loans as the Group borrowed loans in US dollars to pay its overseas suppliers considering the trend of RMB appreciation.

Taxation

The Group's taxation increased from approximately RMB14,483,000 in 2006 to approximately RMB28,196,000 in 2007, representing an increase of RMB13,713,000.

The effective tax rate increased from 5.0% for 2006 to approximately 7.2% for 2007, which was due to the taxation increase of two subsidiaries who are now eligible for reduction by half of corporate income tax instead of tax exemption as in 2006.

Profit attributable to the shareholders of the Company

Profit attributable to the shareholders for 2007 was approximately RMB359,865,000 an increase of approximately 33.9%, as compared to approximately RMB268,701,000 in 2006. The net profit margin in 2007 was approximately 25.5%, a decrease of approximately 2.6% from 28.1% in 2006, which was primarily the result of foreign exchange losses of approximately RMB57,376,000 due to RMB appreciation against US Dollars and HK Dollars mainly after placement. Net profit margin decreased by approximately 4.1%.

Minority Interests

The Group's minority interests for 2007 amounted to approximately RMB5,950,000, a decrease of approximately RMB455,000 from approximately RMB6,405,000 in 2006. The principal reason was that the Group acquired the remaining equity interests from its minority shareholders of 嘉興敏榮 and 嘉興敏勝.

Working Capital and Financial Information

Cash and bank balances increased from approximately RMB232,071,000 for the financial year ended 31 December 2006 to approximately RMB933,082,000 for the financial year ended 31 December 2007 mainly because of the fund-raising from the placement in July 2007.

Current ratio increased from 2.6 in 2006 to 5.6 in 2007.

Inventories turnover days reduced to 68 days in 2007 from 86 days in 2006, mainly due to the Group's strengthened inventory management and the adoption of lean production in controlling inventory balance.

Receivables turnover days were 65 days in 2007, which remained at the same level as 64 days in 2006.

The payables turnover days with our current suppliers reduced to 52 days in 2007 from 62 days in 2006, which was attributable to the Group's sufficient cash position. With this advantage, the Group managed to attain a lower sourcing cost.

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

Commitments

As at 31 December 2007, the Group has the following commitments:

	RMB'000
Operating lease	5,572
Capital commitments	33,435

Operating lease arrangements refer to minimum rental payments on land lease commitments. Capital commitments refer to contracts signed on purchases of property, plants and equipment which had not been paid as capital expenditure and also refer to agreed investments in associates.

Interest Rate and Foreign Exchange Risks

As at 31 December 2007, the Group's bank loan balance was about approximately RMB117,099,000 with approximately RMB6,812,000 at fixed interest rate and approximately RMB110,287,000 at floating interest rate.

Majority of the Group's sales and procurements are calculated in Renminbi ("RMB"). With the expansion of its overseas operations, the management of the Company is closely monitoring the foreign currency risk and will consider hedging significant foreign currency exposure should the need arise.

In order to minimize future currency risk, the management of the Group has delegated a team responsible for the planning of the related work so as to alleviate the impact to business due to exchange rate fluctuations.

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2007.

Capital Expenditure

During the year 2007, the Group's investment in property, plant and equipment, construction in progress and land use rights amounted to approximately RMB326,035,000. These capital expenditures were attributable to the advancement of its overseas network, R&D capabilities, as well as production capacity expansion.

Employee and Remuneration Policies

As at 31 December 2007, the Group had 3,806 employees, an increase of 1,199 from 2006. The total employee costs in 2007 accounted for 11.4% of the Group's total turnover, an increase of approximately 0.7% from 10.7% in 2006.

After deduction of the stock option expenses, the employee costs out of the Group's total turnover was approximately 10.5% in 2007.

The Group provides employees with social benefits such as medical treatment insurance and pension according to our human resources administration policy.

During the year, labour contract is regulated under the new law promulgated in the PRC and the Group has adjusted and optimized proactively in accordance with its requirements. As the Group has already emphasized occupational health and safety for employees, those policy changes do not give rise to any material adverse effect to the Group.

Share Option Scheme

The Company had adopted a conditional share option scheme pursuant to which share options will be granted to eligible persons as rewards or incentives who has contributed or will contribute to the Group.

Purchase, Sale or Redemption

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of its listed securities during the year under review.

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

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

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

FUTURE DEVELOPMENT

Market

The China passenger vehicle industry experienced rapid growth in 2007. The Chinese automotive market has become the third largest market in the world, and is progressing steadily towards the second. The Chinese automobile market is expected to achieve a 2-digit growth in 2008. Accordingly, the auto-parts industry of China is becoming more and more mature. With the development of the Chinese automotive market, the global auto giants will undoubtedly speed up their pace to source quality auto parts from China.

PRC policy environment

In the year to come, the Chinese automobile industry will continue to be directed by "Automobile Industry Development Policy" promulgated by China National Development and Reform Commission in 2004 and the "Notice on Accelerating Structural Adjustment on Industries with Excessive Production Capacity" promulgated by the State Council of China in March 2006 as guidelines. The Group believes that these policies will be the directions in encouraging product localization, local brand building, facilitate industry integration and export expansion which fit well with the developing strategy of the Group and will not have any material adverse effect to the Group. With regard to the energy saving and emission reduction requirements in automobile development, the vision is in line with our objectives in R&D and innovation.

Outlook

The Group is confident that, benefiting from the booming Chinese passenger vehicle market, it will further increase its market share in China, extend its product line, advance its production network and global sales network in overseas low cost countries, with the aim to become a global industry leader.

The annual results have been reviewed by the audit committee of the Company.

Non-compliance with the Listing Rules

The Board regrets to announce that it has not complied with the Chapter 14A of Listing Rules in relation to the reporting, announcement and independent shareholders' approval requirements in respect of certain continuous connected transactions with FALTEC Co., Ltd., Sankei Giken Holdings Co., Ltd., and Aisin Tianjin Body Parts Co., Ltd. and/or their subsidiaries. Such transactions were the result of the Group's closer relationship and expanded cooperation with its partners.

By Order of the Board
Minth Group Limited
Jimmy Loke
Company Secretary

Hong Kong, 1 April 2008

As at the date of this announcement, the board of directors comprises Mr. Chin Jong Hwa, Mr. Shi Jian Hui, Mr. Mu Wei Zhong and Mr. Zhao Feng, being executive Directors, Mr. Shaw Sun Kan, Gordon, Mr. Mikio Natsume, Mr. Tokio Kurita and Ms. Yu Zheng, being non-executive Directors; Mr. Heng Kwoo Seng, Dr. Wang Ching and Mr. Zhang Liren being independent non-executive Directors.