

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult appropriate independent advisers.

If you have sold or transferred all your shares in Minth Group Limited (the “Company”), you should at once hand this circular to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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MINTH GROUP LIMITED

敏實集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 425)

**DISCLOSEABLE TRANSACTION
CONTINUING CONNECTED TRANSACTIONS**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders of the Company**



A letter from the independent board committee of the Company is set out on page 19 of this circular. A letter from Kingsway, the independent financial adviser, containing its advice to the independent board committee of the Company and the independent shareholders of the Company is set out on pages 20 to 40 of this circular.

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“Agreements”	the FALTEC Technology Services Agreements, FALTEC Master Framework Agreement, Sankei Technology Services Agreements and Aisin Sale and Purchase Agreement
“Aisin Continuing Connected Transactions”	continuing connected transactions pursuant to the Aisin Sale and Purchase Agreement
“Aisin Sale and Purchase Agreement”	a sale and purchase agreement dated 19 July 2006 entered into between Tianjin Shintai and Aisin Tianjin for the purpose of purchasing semi-finished automobile materials and selling finished automobile parts by Tianjin Shintai and/or its affiliates
“Aisin Tianjin”	Aisin Tianjin Body Parts Co., Ltd., a Sino-foreign equity joint venture established in the PRC on 28 May 2001
“Altia Hashimoto”	Altia Hashimoto Co., Ltd., a company incorporated under the laws of Japan with limited liability
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CAGR”	compound annual growth rate
“Company”	Mint Group Limited (敏實集團有限公司), a company incorporated in the Cayman Islands on 22 June 2005 with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 425)
“Continuing Connected Transactions”	the continuing connected transactions with the FALTEC Group and Aisin Tianjin respectively, details of which are set out in this circular
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the executive directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened on 26 June 2008 for the purpose of considering the Continuing Connected Transactions
“Enboma”	Enboma Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company

DEFINITIONS

“FALTEC Continuing Connected Transactions”	continuing connected transactions pursuant to the FALTEC Technology Services Agreements and FALTEC Master Framework Agreement
“FALTEC Group”	FALTEC Co., Ltd., a company incorporated under the laws of Japan with limited liability, together with its subsidiaries including Altia Hashimoto
“FALTEC Master Framework Agreement”	the framework agreement dated 27 September 2007 entered into between FALTEC Group and JiaXing Minth-Hashimoto
“FALTEC Technology Services Agreements”	the agreements entered into between members of the Group and members of the FALTEC Group (or Altia Hashimoto, as the case may be) in relation to the provision of production licences and production know-how of certain automobile parts by the FALTECH Group to the Group
“FIE”	foreign owned investment enterprise established in China by more than one foreign person
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“Guangzhou Minhui”	Guangzhou Minhui Automobile Parts Co., Ltd., an FIE established under the laws of China on 21 February 2001 and an indirect subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board, consisting of Heng Kwoo Seng, Wang Ching and Zhang Liren, all being independent non-executive directors of the Company, formed to advise the Independent Shareholders in respect of the approval of the Continuing Connected Transactions
“Independent Shareholders”	Shareholders who are not required to abstain from voting in the EGM
“Independent Third Party(ies)”	a person(s) or company(ies) which is/are not a connected person
“JiaXing Minth-Hashimoto”	JiaXing Minth-Hashimoto Auto motive Parts Co., Ltd, an FIE established under the laws of China on 16 October 2006

DEFINITIONS

“Kingsway”	Kingsway Capital Limited, a corporation licensed under the SFO to carry on type 6 regulated activity and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the FALTEC Technology Services Agreement, FALTEC Master Framework Agreement and Aisin Sale and Purchase Agreement and the duration of the Sankei Technology Services Agreements
“Latest Practicable Date”	4 June 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LIBOR”	London Interbank Offered Rate
“Linkfair”	Linkfair Investments Limited, a company incorporated in the British Virgin Islands on 7 January 2005 with limited liability and as at the date of this circular, holding 44% of the total issued share capital of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minth Investment”	Minth Investment Limited, a company incorporated in Hong Kong with limited liability and is a wholly owned subsidiary of the Company
“Ningbo Shintai”	寧波信泰機械有限公司 (Ningbo Shin Tai Machines Co., Ltd.), a WOFE established under the laws of China on 5 April 1999 and an indirect wholly-owned subsidiary of the Company
“Nissan”	Nissan Motor Company Limited
“Nissan Group”	Nissan and its subsidiaries
“PRC”	the People’s Republic of China, which for the purposes of this circular excludes Hong Kong, Macau and Taiwan
“Prime Rate”	the prime rate of interest as reflected from time to time in the “Money Rates” section of the Wall Street Journal
“PTI”	Plastic Trim International, Inc., a Delaware corporation
“PTI Joint Venture”	the joint venture agreement entered into between, amongst other persons, Enboma and Sojitz for the establishment of PTI
“Purchase Cap(s)”	annual cap(s) for the purchase of semi-finished automobile materials from Aisin Tianjin

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“Sales Cap(s)”	annual Cap(s) for the sale of finished automobile parts to Aisin Tianjin
“Sankei”	Sankei Giken Kogyo Co., Ltd., a company incorporated in Japan with limited liabilities
“Sankei Continuing Connected Transactions”	continuing connected transactions pursuant to the Sankei Technology Services Agreements
“Sankei Giken Holding”	Sankei Giken Holdings Co., Ltd., a 30% shareholder in Guangzhou Minhui
“Sankei Technology Services Agreement”	the agreements entered into between Sankei and members of the Group in relation to the provision of technology, technology support and know-how of certain automobile parts by Sankei Giken Holding or its group companies to the Group
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Sojitz”	Sojitz Corporation, a general trading company (including automobiles), whose shares are listed on the Tokyo Stock Exchange and is a strategic investor of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Shintai”	天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.), an indirect subsidiary of the Company established in the PRC on 21 March 2003
“Toyota”	Toyota Motor Corporation
“Wuhan Minhui”	武漢敏惠汽車零部件有限公司 (Wuhan Minhui Automotive Parts Co., Ltd), a WOFE established under the laws of China on 11 October 2005 and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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)

Executive Directors:

Chin Jong Hwa (*Chairman*)
Shi Jian Hui (*Chief Executive Officer*)
Mu Wei Zhong
Zhao Feng

Non-executive Directors:

Mikio Natsume
Tokio Kurita
Yu Zheng

Independent Non-executive Directors:

Heng Kwoo Seng
Wang Ching
Zhang Liren

Registered office:

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138 Gloucester Road
Hong Kong

10 June 2008

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

The Company announced on 20 May 2008 that it has not complied with the Listing Rules in respect of a loan granted to PTI which is subject to aggregation under rule 14.22 of the Listing Rules. Upon aggregation of the US\$4.5 million PTI loan with the commitments made under the PTI Joint Venture, the loan constituted a discloseable transaction under Chapter 14 of the Listing Rules and the Company did not comply with the relevant Listing Rules at the time the aforesaid loan to PTI was made in August 2007. PTI International, Inc., a wholly-owned subsidiary of the Company, entered into a loan agreement on 20 May 2008 with PTI to advance up to US\$10 million on or before 28 November 2008 at US\$ prime rate as announced by Bloomberg less 0.5% interest. The applicable ratios in relation to this US\$10 million loan together with the original commitment under the PTI Joint Venture will not exceed 5% based on the 2007 financial statements of the Company.

LETTER FROM THE BOARD

In the same announcement, the Group announced that it has not complied with the Listing Rules in respect of some of its continuing connected transactions with FALTEC Group, Sankei and Aisin Tianjin.

It was further announced that as a result of the Group's intention to expand its product mix to include automobile parts such as door locks and other automobile parts which is expected to increase the purchase volume and sales volume from and to Aisin Tianjin for the year ending 31 December 2008 so that such purchases and sales would exceed those previously approved in compliance with the Listing Rules. The Company would like to seek Shareholders' approval for its proposed increase in the annual caps for the year ending 31 December 2008 and new annual caps for the three years ending 31 December 2011.

The purpose of this circular is to provide you with further information relating to the above transactions. An Independent Board Committee has been established to advise the Independent Shareholders in respect of the approval of the Continuing Connected Transactions.

The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 19 of this circular. The letter of advice from Kingsway to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 40 of this circular.

DISCLOSEABLE TRANSACTION WITH PTI

Formation of PTI

As announced in the Company's announcement dated 30 April 2007 (as amended on 12 June 2007), the Company formed a joint venture company, PTI, through its wholly owned subsidiary, Enboma, with Sojitz and the ex-management of Plastic Trim, LLC, which owned PTI as to 48%, 44% and 8% respectively. The 8% previously held by the ex-management of Plastic Trim, LLC were subsequently sold to Huge Leader Investments Limited, an Independent Third Party, on 21 December 2007. PTI is accounted for as a jointly controlled entity of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, all shareholders of PTI and their ultimate beneficial owners other than Enboma are not connected persons of the Company. As stated in the above announcement, the Group was to contribute via Enboma a total of approximately US\$8.32 million to PTI, of which US\$4.16 million was a shareholders' loan from Enboma to PTI.

As contemplated in the PTI Joint Venture, Enboma entered into an agreement with PTI on 8 June 2007 to grant the above US\$4.16 million shareholders loan to PTI. The term of the loan is from 8 June 2007 to 7 June 2008 and interest is payable quarterly at Prime Rate plus 0.50%. The loan agreement did not require any security over assets to be given by PTI. Such loan has been advanced for the purpose of PTI's general working capital.

Terms of the US\$4.5 million PTI loan

On 31 August 2007, the Group entered into a further loan agreement to grant the US\$4.50 million PTI loan to PTI. The term of the US\$4.50 million PTI loan is from 31 August 2007 to 31 August 2008 and interest is payable quarterly at the monthly average of 1 year Libor Rate plus 1% which may be adjusted on a monthly basis, computation of which by the Group shall be conclusive and binding on PTI absent manifest error. The loan agreement did not require any security over assets to be given by PTI. Such loan has been advanced for the purpose of PTI's general working capital and had been negotiated

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on an arm's length basis between the parties involved. As a result of such loan, the Company's cash decreased and receivables increased. There is no change in the liabilities of the Company as a result of this loan and its earnings increased as a result of the interest charged. Two of the then shareholders of PTI were individuals who in aggregate held 70 preferred shares in PTI at the time. As stated in the announcement of 12 June 2007, these individuals were part of the old management team of Plastic Trim, LLC and it was not expected for them to contribute on the same basis as the ordinary shareholders, going forward. As for Sojitz, the other ordinary shareholder of PTI, it was unable to process and receive internal approval to make the loan at the time but this is being addressed in the current proposal whereby Sojitz has agreed to increase the share capital of PTI by US\$3.84 million, and Enboma does not extend further loans but simply capitalize its August loan in an amount so as to maintain the pro rata shareholding between Enboma and Sojitz. The equity interest held by Huge Leader Investments Limited will accordingly be diluted. In view of PTI's financial requirements and the above, the Company considers the August loan and its current capitalization proposal to be fair and reasonable and in the interests of the Shareholders as a whole. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, PTI and its ultimate beneficial owners (save for Enboma) are third parties independent of the Company and connected persons of the Company.

The Company inadvertently omitted to aggregate the US\$4.50 million PTI loan to its commitments under the PTI Joint Venture as it believed that, under the Listing Rules, such loan was a separate and distinct transaction to that contemplated under the PTI Joint Venture. During recent management reviews in preparation for the audit, the Company was advised that such transactions should have been aggregated and in those circumstances, the US\$4.50 million shareholders' loan together with the Group's initial commitments to PTI via Enboma of US\$8.32 million would constitute a discloseable transaction under the Listing Rules.

Reasons for the US\$4.50 million PTI loan

PTI was formed for the purpose of acquiring certain assets and liabilities of a plastic injection molding and extrusion business based in the United States of America. In the course of PTI continuing its business, more time was required to restructure third party borrowings and therefore, by 31 August 2007, PTI had an unexpected need for further working capital. The Directors believe that the US\$4.50 million PTI loan provided PTI with further working capital and therefore strengthened its business and complemented the Group's automobile parts business by allowing the Company greater access to plastic injection molding and extrusion resources thus enhancing its cost efficiency and therefore bolster the Group's ultimate profitability as a whole.

The other significant shareholder of PTI, Sojitz, has agreed to make further contributions to PTI's capital before the end of April 2008 for the purpose of funding its business operations and in this regard, Sojitz has contributed a further US\$3.84 million to PTI's capital on 16 April 2008. Details of the shareholdings in PTI before and after capitalisation are as follows:

Shareholders	Before capitalisation	After capitalisation
Enboma	48%	49.82%
Sojitz	44%	45.99%
Huge Leader Investments Limited	8%	4.19%*

* preferred shares

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Further, as PTI represents prospects of the Group's business expansion to the United States region, it is important to fulfil PTI's funds need as and when required. It is expected that for the next twelve months ending 30 April 2009, the Group may advance a further loan of up to US\$10 million to PTI. Sojitz is not expected to grant a similar loan to PTI at this stage. Applying the rules of aggregation under the Listing Rules, even if we take into account the further advance of US\$10 million, the applicable ratios of such loans, together with the original commitments under the PTI Joint Venture, will not exceed 5% of the relevant percentage ratios based on the latest 2007 financial statements of the Company and therefore the Company will not be subject to reporting and announcement requirements under the Listing Rules. In this connection, PTI International, Inc., a wholly-owned subsidiary of the Company, entered into a loan agreement on 20 May 2008 with PTI to advance up to US\$10 million on or before 28 November 2008 at US\$ prime rate as announced by Bloomberg less 0.5% interest. Such loan is to be repaid to the Group by 28 November 2008 and will be secured over certain existing property and plant owned by PTI upon release of the same under a separate pre-existing mortgage in favour of another lender. Each loan to be advanced under this loan agreement would be a minimum of US\$500,000. Such loan is not expected to be capitalised and Sojitz is not expected to grant a similar loan to PTI. As such loan has been negotiated on an arm's length basis on normal commercial terms with interest, the Company considers it to be fair and reasonable and to the interest of the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS WITH FALTEC GROUP

When FALTEC Group became a connected person

Prior to the share transfer agreement between Altia Hashimoto and Minth Investment dated 28 September 2007 whereby Altia Hashimoto transferred its 15% interest in JiaXing Minth-Hashimoto to Minth Investment, JiaXing Minth-Hashimoto was held by the Company (indirectly) and Altia Hashimoto as to 50% each. As a result of such agreement, JiaXing Minth-Hashimoto became an indirect non-wholly owned subsidiary of the Company. Such acquisition of a further 15% shareholding interest in JiaXing Minth-Hashimoto did not constitute a notifiable transaction under Chapter 14 and Chapter 14A of the Listing Rules at the time. As Altia Hashimoto holds the remaining 35% interest in JiaXing Minth-Hashimoto, it became a connected person of the Company by virtue of its substantial shareholding in JiaXing Minth-Hashimoto. Pursuant to the share transfer agreement, the effective date for apportioning economic benefits and risks was 31 August 2007. Consequently, JiaXing Minth-Hashimoto was consolidated as a subsidiary of the Group from 31 August 2007 and transactions thereafter between the FALTEC Group and the Group are connected transactions under the Listing Rules. Unfortunately, it was considered, mistakenly, that under the Listing Rules, agreements entered into by the Group with a person who, at time of entry into such agreements, was not a connected person would not constitute continuing connected transactions for the Group. During recent management reviews in preparation for the audit, the Company was advised that such transactions with the FALTEC Group after the FALTEC Group became a connected person would constitute continuing connected transactions notwithstanding that the agreements were entered into prior to such time.

Agreements with the FALTEC Group

The FALTEC Group is mainly involved in the business of automobile part and accessory production and development. The Group has been entering into technology services agreements with Altia Hashimoto until such company being acquired by the FALTEC Group in October 2007. Upon such

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acquisition, all pre-existing contracts between Altia Hashimoto and the Group have been assumed by the FALTEC Group and since then, the Group has been entering into technology services agreements with the FALTEC Group. The FALTEC Technology Services Agreements together with the FALTEC Master Framework Agreement, mainly relate to the grant of licences by the FALTEC Group to the Group to produce certain automobile parts as well as providing the Group with the manufacturing know-how for production of these automobile parts. These licences and know-how are exclusive in the market and allows the Group to sell automobile parts in China which are produced to certain product standards prescribed by the Japanese car manufacturers. Historically the FALTEC Technology Services Agreements have been entered into individually to provide for the different licences and know-how involved for each of the various different types of car models. The FALTEC Master Framework Agreement has subsequently been entered into on 27 September 2007 to govern the transactions between the Group and the FALTEC Group generally whereby the term of the FALTEC Master Framework Agreement is fixed for three years with an option to renew subject to compliance with the requirements under the Listing Rules. The price for such licences and know-how under the FALTEC Master Framework Agreement will be agreed at the time when such transactions are entered into for the relevant car model but such prices shall either be set by reference to the prevailing market prices, or should there be no market price available for reference, based on cost plus a reasonable profit. The structure of payment of such prices to be agreed under the FALTEC Master Framework Agreement are also expected to take the same form as that in the existing FALTEC Technology Services Agreement, payment by the Group would include a fixed amount of consideration for the licence and know-how plus a variable fee which is payable based on a percentage of the sales of such automobile parts for the relevant car model and ancillary expenses (such as staff training and moulds provided by the FALTEC Group) which are paid on an ad hoc basis.

Term of the FALTEC Technology Services Agreements

The terms of the FALTEC Technology Services Agreements range from 2 years to 10 years with some entered into as early as 2003. Rule 14A.35(1) of the Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. The remaining term of some of the FALTEC Technology Services Agreements will expire after 31 August 2010, being more than 3 years after the FALTEC Group became a connected person of the Company. This is the result of the existing terms of the FALTEC Technology Services Agreements remaining the same and immediately prior to the relevant annual caps expiring in three years' time, the Company will re-comply with the Listing Rules for the purpose of approving the new annual caps based on these agreements or new agreements as the case may be. The Directors are of the view that it is the industrial norm for such agreements granting licence to produce automobile parts and provision of know-how to exceed three years and that the transactions contemplated under these agreements will help the Group in maintaining its market share of automobile parts in the China market. As for the FALTEC Master Framework Agreement, it will be effective until 31 December 2010 from the date when the FALTEC Master Framework Agreement is approved by the independent shareholders of the Company pursuant to the Listing Rules. It is also a term of the FALTEC Master Framework Agreement that it shall also be renewed for a further 3 year period upon expiry on 31 December 2010 subject to compliance with the Listing Rules.

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Payment terms

The amounts payable under the FALTEC Technology Services Agreements involve a fixed fee for each agreement to be paid by instalments plus a variable fee which is payable based on a percentage of the sales of such automobile parts for the relevant car model and ancillary expenses (such as staff training and moulds provided by the FALTEC Group) which are paid on an ad hoc basis.

The approximate amounts paid by the Group to the FALTEC Group were as follows:

12 months ended 31 December 2005	12 months ended 31 December 2006	8 months ended 31 August 2007	4 months ended 31 December 2007
RMB	RMB	RMB	RMB
5,600,000	4,805,000	6,047,000	13,724,000

As for the FALTEC Master Framework Agreement, payment terms are subject to further agreement on a per transaction basis but it is agreed that generally FALTEC Group shall provide JiaXing Minth-Hashimoto or its associated companies such licences and know-how at such price no less favourable than those available from the Independent Third Parties. Such prices shall be determined by reference to corresponding market prices and on normal commercial terms which are fair and reasonable as a whole. Should there be no market prices for reference, FALTEC Group shall price its licences and/or know-how at cost plus a reasonable profit. The FALTEC Master Framework Agreement covers the same type of services as the FALTEC Technology Services Agreements and is intended to cover all technology services agreements with FALTEC Group going forward.

The Directors have advised that the terms and conditions under the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement were negotiated on an arm's length basis between the parties involved. The Directors consider that the transactions under these agreements are on normal commercial terms and the transactions contemplated thereby are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Based on the total amounts paid by the Group pursuant to the FALTEC Technology Services Agreements for the three years ended 31 December 2007 as set out above, and the expected demand for the relevant automobile parts for 2008, 2009 and 2010, the Directors anticipate that the annual caps for the amounts payable to the FALTEC Group pursuant to the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement for the three years ending 31 December 2010 will be as follows:

	For the three financial years ending 31 December		
	2008	2009	2010
	RMB	RMB	RMB
Annual cap	70,000,000	54,000,000	42,000,000

The annual cap for 2008 represents approximately 3.5 times that of the actual amount spent for the year 2007. This is because of the expected increase in sales of the relevant automobile parts which is the result of the combination of increase in automobile models requiring such automobile parts and the fact that the Group was mainly engaged in the development phase for the years prior to 2008 in respect of

LETTER FROM THE BOARD

some of the automobile parts and commercial production of some of these relevant automobile parts for sale commenced in 2008. The annual caps for the three years ending 31 December 2010 are on a decreasing trend as the amount payable for the 2008 annual cap took into account certain car models which are already in production. The production and sales of these relevant car models are expected to be in a decreasing trend for the three years ending 31 December 2010 as these models enter the later stage of their life cycle towards phasing out or replacement by new car models and as such, the demand for the relevant automobile parts will also decrease.

Should the actual payments required to be made to the FALTEC Group for these three years exceed the above annual caps as a result of growth in sales of the relevant automobile parts, the Group will seek shareholders' approval pursuant to the Listing Rules prior to such annual caps being exceeded. As one of the applicable ratios under Chapter 14 exceeds 2.5% and the annual caps also exceed HK\$10,000,000, the FALTEC Technology Services Agreement and the FALTEC Master Framework Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for the FALTEC Technology Services Agreement and the FALTEC Master Framework Agreement

The Group is principally engaged in the design, manufacture and sale of body structural parts, decorative parts and trim for passenger cars. The Group has historically been in cooperation with the FALTEC Group. The Directors are of the view that this continuing relationship allows the Group to have the access to technology and know-how which are relevant to ensuring that its products continue to conform to market standards prescribed by the Japanese car manufacturers.

CONTINUING CONNECTED TRANSACTIONS WITH SANKEI

Connected Person relationship

Sankei, a wholly-owned subsidiary of Sankei Giken Holding (a connected person of the Company since February 2001 by way of its 30% shareholding in one of the Company's subsidiaries, Guangzhou Minhui), had historically provided technology support services to the Group, more specifically, to Guangzhou Minhui, Ningbo Shintai and Wuhan Minhui. Guangzhou Minhui, an indirect non-wholly owned subsidiary of the Company, entered into the Sankei Technology Services Agreements with Sankei as early as 2002, details of which are set out in the Company's prospectus dated 22 November 2005. Each of Ningbo Shintai and Jiaying Minhui, both indirect wholly-owned subsidiaries of the Company, entered into Sankei Technology Services Agreements with Sankei as early as 2004. As Sankei Giken Holding is a 30% shareholder of Guangzhou Minhui, both Sankei Giken Holding and Sankei are substantial shareholders of Guangzhou Minhui and are therefore connected persons of the Company and transactions between members of the Group and Sankei Giken Holding or Sankei constitute connected transactions under the Listing Rules.

Agreements with Sankei

Sankei Giken Holding and its group companies are mainly involved in the business of automobile and motorcycle parts and accessory production and development. Pursuant to the Sankei Technology Services Agreements, Sankei agreed to provide technology, technology support and know-how for certain types of automobile parts to Guangzhou Minhui, Ningbo Shintai and Jiaying Minhui and to grant

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non-exclusive rights to use the technology know-how in relation to the manufacture of automobile parts for Guangzhou Honda (in respect of Guangzhou Minhui) and Dongfeng Honda (Wuhan) Automobile Co. Ltd. (in respect of Ningbo Shintai and Jiaxing Minhui). The technology support provided by Sankei includes the design, installation and operation of the automobile parts and providing training to the Group's staff. Wuhan Minhui, an indirect wholly owned subsidiary of the Company, entered into three new Sankei Technology Services Agreements with Sankei on 28 February 2006, 18 April 2006 and 1 February 2008 respectively. Guangzhou Minhui also entered into two new Sankei Technology Services Agreements on 17 July 2007. The Group entered into individual technology service agreements as each agreement relates to automobile parts for different automobile models. The Group has not entered into any master framework agreement with Sankei Giken Holding to govern all technology services agreement as a whole. The price for such technology, technology support and know-how under the Sankei Technology Services Agreements are set by reference to the prevailing market prices. The structure of payment of such prices under the Sankei Technology Services Agreements is such that payment by the Group would include a fixed amount of consideration for the technology, technology support and know-how plus a variable fee which is payable based on a percentage of the sales of such automobile parts for the relevant car model and ancillary expenses (such as staff training provided by Sankei) which are paid on an ad hoc basis.

Term of the Sankei Technology Services Agreements

The term for each of the new Technology Services Agreements entered into by Wuhan Minhui and Guangzhou Minhui is for five to seven years commencing from the date when the date of execution of the agreements or the date when registration procedures with the relevant Chinese government authorities were completed, as the case may be, with the latest ending in 2015.

Rule 14A.35(1) of the Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. Under the Listing Rule, special circumstances are limited to cases where the nature of transactions requires to be more than 3 years and the relevant independent financial adviser explains why the longer period is required and that it is normal business practice for such contracts to be of such duration. The terms of those Sankei Technology Services Agreements entered into before the Company's listing on the Stock Exchange were, as disclosed in the Company's prospectus, for a period exceeding three years. Going forward, the terms of the Sankei Technology Services Agreements range from 5 to 7 years. The Directors are of the view that it is the industrial norm for such agreements providing technology, technology support and know-how to produce automobile parts to exceed three years and that the transactions contemplated under these agreements will help the Group in continuing to secure orders from Guangzhou Honda and Dongfeng Honda (Wuhan) Automobile Co. Ltd.. The ultimate customers in this case (unlike in the FALTEC Group agreements), in connection with the production of Honda cars, require the Group to give the same technological support and commitment for a minimum period of five years which is their expected life cycle of one model of car. The Company is of the view that it would be impracticable to negotiate for a shorter period in light of business practice in the industry and the commercial importance of such production technology in the Group's ability to service its customers. The Company has engaged Kingsway as its independent financial adviser and which is of the view that a period longer than three years is required for the Sankei Technology Services Agreements and that it is normal business practice for contracts of this type to be of such duration. Further information on Kingsway's views are set out on pages 20 and 40 of this circular.

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Payment terms

The amounts payable under the new Sankei Technology Services Agreements involve a fixed fee for each agreement to be paid by instalments plus a component which is dependent upon the sales of the certain specific automobile parts only by the Group.

The approximate amounts paid by the Group to Sankei were as follows:

Financial year ending 31 December		
2005	2006	2007
RMB3,402,000	RMB3,554,000	RMB6,001,000

The amounts paid under the Sankei Technology Services Agreements entered prior to the time of the Company's listing on the Stock Exchange did not exceed the annual caps stated in the Company's prospectus dated 22 November 2005. Whilst such transactions were in compliance with the Listing Rules, the following amounts were paid for the period commencing 1 January 2008 prior to the issue of this circular and as such, the Company is in breach of the announcement requirements under the Listing Rules:

2 months ended 29 February 2008	4 months ending 30 April 2008
RMB1,245,000	RMB3,326,000

The Directors have advised that the terms and conditions under these agreements with Sankei were negotiated on an arm's length basis between the parties involved. The Directors consider that the transactions under these agreements are on normal commercial terms and the transactions contemplated thereby are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Based on the total amounts paid by the Group pursuant to the Sankei Technology Services Agreements for the three years ended 31 December 2007 as set out above, and the expected demand for the relevant automobile parts for 2008, 2009 and 2010, the Directors anticipate that the annual caps for the amounts payable to Sankei Giken Holding or any of its group companies under all Sankei Technology Services Agreements for the three years ending 31 December 2010 will be as follows:

	For the three financial years ending 31 December		
	2008	2009	2010
Annual cap	RMB18,000,000	RMB20,000,000	RMB22,000,000

The annual cap for 2008 represents approximately 3 times that of the actual amount spent for the year 2007 with an upward trend for 2009 and 2010. This is because of the expected increase in sales of the relevant automobile parts which is the result of the combination of increase in automobile models requiring such automobile parts and the fact that the Group was mainly engaged in the research and development phase for the years prior to 2008 and commercial production of the relevant automobile parts for sale commenced in 2008.

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Should the actual payments required to be made to Sankei or any of its group companies for these three upcoming years exceed the above annual caps as a result of growth in sales of the relevant automobile parts, the Group will seek shareholders' approval pursuant to the Listing Rules prior to such annual caps being exceeded. The Group will also seek Shareholders' approval pursuant to the Listing Rules for the period after 2010 prior to expiry of the above annual cap in 2010. As each of the applicable percentage ratios under Chapter 14 of the Listing Rules are less than 2.5%, the Sankei Technology Services Agreement are only subject to the reporting and announcement requirements required by the Listing Rules and are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As a result of an administrative oversight, the Company had not made an announcement prior to the expiry of the annual caps for the Sankei Technology Services Agreements entered into before the Company's listing on the Stock Exchange and in respect of the new Sankei Technology Services Agreements entered into on 28 February 2006, 18 April 2006, 17 July 2007 and 1 February 2008.

Reasons for the Sankei Technology Services Agreement

The Group believes that by entering into Sankei Technology Services Agreement, it will not only help the Group to secure orders for automobile parts from Guangzhou Honda (in respect of Guangzhou Minhui) and Dongfeng Honda (Wuhan) Automobile Co. Ltd., but the Group's staff will also benefit from the training and technology know-how exchange provided by Sankei. The Directors have advised that the terms and conditions under the Technology Services Agreements were negotiated on an arm's length basis between the parties involved. They consider that the transactions under the new Sankei Technology Services Agreements are on normal commercial terms and the transactions contemplated thereby are in the interest of the Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS WITH AISIN TIANJIN

Reference is made to the Company's announcement dated 20 July 2006 and its circular dated 7 August 2006.

Connected person relationship

Aisin Tianjin is a connected person of the Company by virtue of it being a substantial shareholder of Tianjin Shintai, holding 20% equity interest. Tianjin Shintai, an indirect subsidiary of the Company, entered into the Aisin Sale and Purchase Agreement, pursuant to which, Tianjin Shintai and/or its affiliates agreed to purchase semi-finished automobile materials from, and sell finished automobile parts to, Aisin Tianjin and/or its affiliates during the term of the Aisin Sale and Purchase Agreement. Details of the terms of the Aisin Sale and Purchase Agreement are set out in the Company's circular dated 7 August 2006. Aisin Tianjin is principally engaged in the manufacture and sale of automobile body parts.

Proposal to revise existing annual cap and new annual caps

As previously disclosed and in compliance with the Listing Rules, the annual cap for the year ending 31 December 2008 for the purchases from and sales to Aisin Tianjin pursuant to the Aisin Sale and Purchase Agreement were fixed at RMB25 million and RMB158 million respectively. As a result of the Group's intention to expand its product mix to include automobile parts such as door locks and other automobile parts which is expected to increase the purchase volume and sales volume from and to Aisin Tianjin for the year ending 31 December 2008, the annual purchase and sales from and to Aisin Tianjin

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will exceed their relevant annual caps previously approved in compliance with the Listing Rules. During recent management reviews in preparation for the audit, it has come to the attention of the Company that the purchases made from Aisin Tianjin for the four months ended 30 April 2008 has already exceeded the annual cap for the year 2008 in respect of purchases. This is a result of the strong growth in demand for the relevant automobile parts which was not expected at the time in 2006 when the Company first sought the approval of the original caps. As a result of an administrative oversight, the Group had not complied with the reporting, announcement and independent shareholders' approval requirements of the Listing Rules prior to the annual caps being breached in respect of purchases made from Aisin Tianjin and as such, the Company would therefore like to seek independent Shareholders' approval for its proposed increase in the annual cap for the year ending 31 December 2008 and the new annual caps for the three years ending 31 December 2011 as the Company has on 21 April 2008 notified Aisin Tianjin of its intention to renew the Aisin Sale and Purchase Agreement for a further 3 years up to and including 31 December 2011 subject to Independent Shareholders' approval. Aisin Tianjin acknowledged such notification on 19 May 2008 and accordingly agreed to such renewal. The original annual caps previously approved by Shareholders, the revised annual caps for the year ending 31 December 2008 and the new annual caps proposed to be approved for the three years ending 31 December 2011 are set out as follows:

		For the year ending 31 December			
		2008	2009	2010	2011
Annual cap for purchase of semi-finished automobile materials from Aisin Tianjin pursuant to the sale and purchase agreement	RMB160,000,000 (Previously approved annual cap: RMB25,000,000)	RMB150,000,000	RMB140,000,000	RMB150,000,000	RMB150,000,000
Annual cap for sale of finished automobile parts to Aisin Tianjin pursuant to the sale and purchase agreement	RMB200,000,000 (Previously approved annual cap: RMB158,000,000)	RMB200,000,000	RMB180,000,000	RMB190,000,000	RMB190,000,000

The revised annual caps for the year ending 31 December 2008 represents approximately 6.4 times for purchases and approximately 1.3 times for sales. Such sharp increase in annual caps is a result of the Group's intention to expand its product mix to include automobile parts such as door locks and other automobile parts together with expected strong increase in demand for products of the Company which is expected to increase the Company's purchase volume and sales volume from and to Aisin Tianjin.

The price for the semi-finished automobile materials supplied by Aisin Tianjin to Tianjin Shintai under the Aisin Sale and Purchase Agreement shall be negotiated by the parties on arm's length basis by reference to market conditions at the prevailing time and if there is no market price for a particular material, an agreed price consisting of the cost incurred in supplying the material plus a reasonable profit acceptable to both parties. The price for the finished products supplied by Tianjin Shintai to Aisin

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Tianjin under the Aisin Sale and Purchase Agreement shall be negotiated by the parties on an arm's length basis by reference to market conditions at the prevailing time and if there is no market price for a particular product, an agreed price consisting of the cost incurred in supplying the product plus a reasonable profit acceptable to both parties.

The Directors have confirmed that the terms of the Aisin Sale and Purchase Agreement have been determined on an arm's length basis and the continuing connected transactions contemplated thereunder have been and will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms. The Directors are of the view that such transactions are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In line with the Group's strategy to continue to identify clients with growth potentials to form strategic co-operation, the Directors are of the view that the Aisin Sale and Purchase Agreement will continue to strengthen the Group's strategic relationship with Aisin Tianjin. As the Company understands that the controlling shareholder of Aisin Tianjin is an affiliate of Toyota and in anticipation of the introduction of new car models, and growing demand for cars made, by Toyota in the PRC automobile market, the Directors believe that such strategic alliance with Aisin Tianjin will enable the Group to increase its supply of finished automobile parts to Aisin Tianjin in the future.

LISTING RULES IMPLICATIONS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sankei is not connected with FALTEC Group or Aisin Tianjin. As such the FALTEC Continuing Connected Transactions, the Sankei Continuing Connected Transactions and the Aisin Continuing Connected Transactions should not be aggregated. The Company confirms that save as disclosed in this circular, the Group does not have other service agreements with Sankei that should be aggregated with the Sankei Technology Service Agreements. Each of the FALTEC Group, Sankei and Aisin Tianjin are connected persons of the Company and save as disclosed in this circular, the Company considers that there were no other prior transactions between the Group and the relevant connected persons which may require aggregation under Rule 14A.25 of the Listing Rules.

As the expected transaction amount of the FALTEC Continuing Connected Transactions for the three years ending 31 December 2010 and the Aisin Continuing Connected Transaction for the three years ending 31 December 2011 on an annual basis will exceed HK\$10,000,000 and 2.5% of the relevant percentage ratios under Rule 14A.34 of the Listing Rules, the entering into of the Continuing Connected Transactions in relation to the FALTEC Technology Services Agreements, FALTEC Master Framework Agreement and Aisin Sale and Purchase Agreement during the respective periods will constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to the requirements of reporting, announcement and approval by the Independent Shareholders at an extraordinary general meeting as set out in Chapter 14A of the Listing Rules.

As far as the Directors are aware having made all reasonable enquiries, no Shareholder has a material interest in the Continuing Connected Transactions. As such no Shareholder is required by the Listing Rules to abstain from voting at any general meeting to be convened by the Company for the purpose of approving the Continuing Connected Transactions.

LETTER FROM THE BOARD

In light of the number of breaches set out in the Company's announcement dated 20 May 2008, the Company will organise more compliance related training sessions including Listing Rules requirements on connected transactions training sessions provided by its legal advisers for attendance by senior management and strengthen its communications with its professional advisers in relation to its business transactions so as to ensure full compliance with the Listing Rules at all times going forward.

PRINCIPAL ACTIVITIES OF THE GROUP

The Group is principally engaged in the design, manufacture and sale of body structural parts, decorative parts and trim for passenger cars.

EGM

It is proposed that the EGM be convened on 26 June 2008 to consider and if thought fit, approve the respective Continuing Connected Transactions. A notice of the EGM is set out on pages 46 to 47 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposited at the offices of the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM and any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish. Pursuant to the articles of association of the Company, a resolution put to vote at a general meeting shall be decided on a show of hands unless a poll is required by the rules of the Stock Exchange or the SFC (before or on the declaration of the result of the show of hands or on withdrawal of any other demand for a poll) is duly demanded. A poll may be demanded by:

- (a) the Chairman of the meeting;
- (b) at least three members present in person or by a duly authorized corporate representative or by proxy and entitled to vote at the meeting;
- (c) any member or members present in person or by a duly authorized corporate representative or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person or by a duly authorized corporate representative or by proxy and holding shares conferring a right to attend and vote at the meeting being shares on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATION

Kingsway has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the approval of the Continuing Connected Transactions. Kingsway considers that the Continuing Connected Transactions and the Sankei

LETTER FROM THE BOARD

Technology Services Agreements (in respect of the contractual durations) are conducted in the ordinary and usual course of business of the Group and that the terms and conditions of the FALTEC Technology Services Agreement, FALTEC Master Framework Agreement and Aisin Sale and Purchase Agreement and the proposed caps for each of the Continuing Connected Transactions under these agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board and the Independent Board Committee consider that the terms of each of the above agreements have been determined on an arm's length basis and the Continuing Connected Transactions contemplated thereunder will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms. In view of the analysis stated above, the Board is of the view that the Continuing Connected Transactions and the proposed caps for each of the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee, after considering the advice from Kingsway, concurs with the views of Kingsway and the Board considers that the Continuing Connected Transactions and the proposed caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions set out in the notice of EGM for the approval of the Continuing Connected Transactions.

ADDITIONAL INFORMATION

Your attention is drawn to the letter of the Independent Board Committee set out on page 19 of this circular, the letter set out on pages 20 and 40 of this circular from Kingsway, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, in respect of the approval of the Continuing Connected Transactions, and to the additional information set out in the appendix to this circular.

Yours faithfully
For and on behalf of the Board
Minth Group Limited
Chin Jong Hwa
Chairman

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)

10 June 2008

To the Independent Shareholders,

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise you as to whether the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole. Details of the Continuing Connected Transactions are set out on pages 8 to 16 of the circular (the “Circular”) dated 10 June 2008 issued by the Company to its shareholders of which this letter forms part. The terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We wish to draw your attention to the letter from the Board set out on pages 5 to 18 of the Circular and the letter of advice from Kingsway set out on pages 20 to 40 of the Circular.

We, after taking advice from Kingsway, concur with the views of Kingsway and consider that each of the Continuing Connected Transactions is on normal commercial terms and in the ordinary and usual course of business of the Group. We are also of the view that the Continuing Connected Transactions and the proposed caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Yours faithfully

Independent Board Committee

Heng Kwo Seng

Independent

non-executive Director

Wang Ching

Independent

non-executive Director

Zhang Liren

Independent

non-executive Director

LETTER FROM KINGSWAY

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Kingsway dated 10 June 2008 prepared for the incorporation of this circular.



5/F, Hutchison House,
10 Harcourt Road,
Central, Hong Kong
Tel. No.: (852) 2877-1830
Fax. No.: (852) 2283-7722

10 June 2008

*To the Independent Board Committee and
the Independent Shareholders of Minth Group Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the FALTEC Continuing Connected Transactions, their relevant annual caps, the duration of the Sankei Continuing Connected Transactions, the Aisin Continuing Connected Transactions, their relevant Sales Caps and Purchase Caps, details of which are set out in a circular (the “**Circular**”) of Minth Group Limited to the Shareholders dated 10 June 2008, of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

An Independent Board Committee comprising the independent non-executive Directors has been established to consider and advise the Independent Shareholders as to whether the terms of the FALTEC Continuing Connected Transactions, the duration of the Sankei Continuing Connected Transactions and the terms of the Aisin Continuing Connected Transactions are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether (i) the entering into the FALTEC Continuing Connected Transactions and the Aisin Continuing Connected Transactions are in the interests of the Company and its Shareholders as a whole and in the ordinary and usual course of business of the Group and the terms thereof are on normal commercial terms and fair and reasonable; (ii) the duration for the Sankei Continuing Connected Transactions are fair and reasonable; and (iii) the proposed relevant annual caps for FALTEC Continuing Connected Transactions and the Sales Caps and the Purchase Caps for the Aisin Continuing Connected Transactions are fair and reasonable.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and facts provided by the Company and have assumed that any representation made to us, in all material aspect, are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and shall continue to be true, accurate and complete at the date of the despatch of the Circular. We confirmed that we have performed all steps as required under Rule 13.80 of the Listing Rules (including notes thereon).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided, and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations have the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, the FALTEC Group, the Sankei Giken Holding or Aisin Tianjin, nor have we conducted an independent investigation into the business and affairs of the Group.

A. CONTINUING CONNECTED TRANSACTIONS WITH FALTEC GROUP

1. Background

As stated in the “Letter from the Board” of the Circular, the FALTEC Group is mainly involved in the business of automobile part and accessory production and development. The Group has been entering into technology services agreements with Altia Hashimoto until such company being acquired by the FALTEC Group in October 2007. Upon such acquisition, all pre-existing contracts between Altia Hashimoto and the Group have been assumed by the FALTEC Group and since then, the Group has been entering into technology services agreements with the FALTEC Group.

The FALTEC Technology Services Agreements together with the FALTEC Master Framework Agreement mainly relate to the grant of licences by the FALTEC Group to the Group to produce certain automobile parts as well as providing the Group with the manufacturing know-how for production of these automobile parts. These licences and manufacturing know-how are exclusive in the market and allows the Group to sell automobile parts in the PRC which are produced to certain product standards prescribed by the Japanese car manufacturers.

LETTER FROM KINGSWAY

Historically the FALTEC Technology Services Agreements have been entered into individually to provide for the different licences and manufacturing know-how involved for each of the various different types of car models. The FALTEC Master Framework Agreement has subsequently been entered into on 27 September 2007 to govern the transactions between the Group and the FALTEC Group generally whereby the term of the FALTEC Master Framework Agreement is fixed for three years with an option to renew subject to compliance with the requirements under the Listing Rules. The price for such licences and manufacturing know-how under the FALTEC Master Framework Agreement will be agreed at the time when such transactions are entered into for the relevant car models but such prices shall either be set by reference to the prevailing market prices, or should there be no market price available for reference, based on cost plus a reasonable profit. The structure of payment of such prices to be agreed under the FALTEC Master Framework Agreement are also expected to take the same form as that in the existing FALTEC Technology Services Agreement, payment by the Group would include a fixed amount of consideration for the licence and manufacturing know-how plus expenses on moulds provided by the FALTEC Group, and a variable fee which is payable based on a percentage of the sales of such automobile parts for the relevant car model plus ancillary expenses (such as staff training expenses) which are paid on an ad hoc basis.

Prior to the share transfer agreement between Altia Hashimoto and Minth Investment dated 28 September 2007 whereby Altia Hashimoto transferred its 15% interest in JiaXing Minth-Hashimoto to Minth Investment, JiaXing Minth-Hashimoto was held by the Company (indirectly) and Altia Hashimoto as to 50% each. As a result of such agreement, JiaXing Minth-Hashimoto became an indirect non-wholly owned subsidiary of the Company. Such acquisition of a further 15% shareholding interest in JiaXing Minth-Hashimoto did not constitute a notifiable transaction under Chapter 14 and Chapter 14A of the Listing Rules at the time. As Altia Hashimoto holds the remaining 35% interest in JiaXing Minth-Hashimoto, it became a connected person of the Company by virtue of its substantial shareholding in JiaXing Minth-Hashimoto. Pursuant to the share transfer agreement, the effective date for apportioning economic benefits and risks was 31 August 2007. Consequently, JiaXing Minth-Hashimoto was consolidated as a subsidiary of the Group from 31 August 2007 and transactions thereafter between the FALTEC Group and the Group are connected transactions under the Listing Rules.

2. Principal reasons and factors considered

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the FALTEC Continuing Connected Transactions, we have considered the following principal reasons and factors:

a. *The PRC economy and the PRC automobile industry*

The PRC continued to register a strong economic momentum in 2007. According to the statistics released by the National Bureau of Statistics of China, the GDP of the PRC for 2006 increased by approximately 11.1% as compared to the previous year. Under the Eleventh Five-Year Plan, the PRC government expects the GDP to grow at a CAGR of approximately 7.5% from 2005 to 2010.

LETTER FROM KINGSWAY

According to the National Bureau of Statistics of China, the household consumption per capita in the PRC increased from approximately RMB3,632 in 2000 to approximately RMB6,111 in 2006, representing a CAGR of approximately 9.1%. As the purchase power increases, it is believed that the demand for goods in general will increase, and in particular luxury products, including passenger cars.

According to the statistics released by the China Association of Automobile Manufacturers, the number of passenger cars sales in the PRC increased from approximately 3.3 million units in 2004 to approximately 6.3 million units in 2007, representing a CAGR of approximately 24.4%, and the sales volume for motor vehicles in 2008 will exceed 10 million units, of which 73% will be passenger vehicles.

b. *Principal business of the Group*

The Group is principally engaged in the design, manufacture and sale of body structural parts, decorative parts and trims for passenger cars. As set out in the “Letter from the Board” of the Circular, the FALTEC Group is mainly involved in the business of automobile part and accessory production and development.

As set out in the annual report of the Company for the year ended 31 December 2007, Japanese automakers accounted for approximately 67.3% of the sales of the Group for the year ended 31 December 2007. In addition, the Japanese automaker has been the largest client group to the Group over the past five years. It is evident that the Japanese automakers are the most important target market to the Group. Therefore, we are of the view that the entering into of the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement, which will allow the Group to acquire manufacturing know-how for products prescribed by the Japanese car manufactures, are in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole.

c. *Strategic partnership*

The Group has historically been in cooperation with the FALTEC group of companies. The Directors are of the view that this continuing relationship allows the Group to have the access to the technology and manufacturing know-how which are relevant to ensuring that its products continue to conform to market standards prescribed by the Japanese car manufacturers.

According to the Directors, one of the Group’s strategies is to identify and strengthen the relationships with strategic clients who have growth potentials in the automobile industry. In order to manufacture automobile parts that meet the standards and requirements of Nissan, which is one of its major customers, the Group requires the proprietary manufacturing know-how and production licences owned by the FALTEC Group who is the sole first tier supplier of Nissan in Japan for those automobile parts.

The Directors believed that the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement have strengthened the partnership between the FALTEC Group and the Group. The Directors envisaged that the cooperation and relationship

LETTER FROM KINGSWAY

of the Group with Nissan is also strengthened through the bonding with the FALTEC Group, which is not only in line with the Group's business strategies but also beneficial to the Group in the long-run.

In addition, the Directors believe that the staff of the Group will also benefit from the technical training provided by the FALTEC Group. The Directors are of the view that the FALTEC Continuing Connected Transactions give the Group intangible benefits of immediate access to advanced technology and manufacturing know-how developed for renowned companies in the automobile industry.

Having considered the strengthening of the bonding with Nissan and the FALTEC Group and the advanced technology the Group can access through the FALTEC Continuing Connected Transactions, we are of the view that the FALTEC Continuing Connected Transactions are in line with the business strategy of the Group and are in the interests of the Company and its Shareholders as a whole.

d. *Growth potential*

According to the Directors, the automobile parts manufactured under the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement are sold to Nissan.

Nissan is one of the Group's major customers in 2007 and is one of the largest automobile producers globally. The market capitalization of Nissan reached 4,403.2 billion yen on 4 June 2008. According to the latest annual report of the Nissan Group, its total sales was approximately 10,824.0 billion yen and its net profit was approximately 482.3 billion yen for the year ended 31 March 2008. Nissan's sales of motor vehicles in the PRC increased from 194,000 units in 2004 to 363,000 units in 2006, representing a CAGR of approximately 36.8%.

The Directors anticipated that Nissan would continue to introduce new car models in the PRC and the automobile parts manufactured under the FALTEC Continuing Connected Transactions would continue to contribute to the revenue base of the Company, especially the sales to the Nissan Group. Since the Group entered into the FALTEC Technology Services Agreements in 2002, its sales to Nissan has been increasing substantially. From 2004 to 2007, the Group's sales to the Nissan Group has increased 558%, from approximately RMB33.2 million to approximately RMB218.4 million. Therefore, we agree with the Directors that the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement will contribute to the growth of the Group's revenue.

Having considered (i) the opportunities in the PRC automobile industry; (ii) the alignment with the Group's principal activities; (iii) the bonding with strategic partners; and (iv) the confidence of the Directors on the growth potential of the Nissan automobiles, we are of the view that the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement are in the interests of the Company and its Shareholders as a whole.

e. *Pricing basis*

(i) *The FALTEC Technology Services Agreements*

As set out in the “Letter from the Board” of the Circular, the structure of payment under the FALTEC Technology Services Agreements would include (i) a fixed amount of consideration for the licences and manufacturing know-how, which is payable by instalments, plus expenses on moulds provided by the FALTEC Group (the “**Technology Fees**”); and (ii) a variable fee which is payable based on a percentage of the sales of such automobile parts for the relevant car model (the “**Royalty Fees**”) plus ancillary expenses such as staff training expenses, which are paid on an ad hoc basis. The Directors have advised that the terms and conditions under the FALTEC Technology Services Agreement were negotiated on an arm’s length basis between the Group and the FALTEC Group and on normal commercial terms.

Technology Fees

The Directors advised that the licences, manufacturing know-how and moulds granted or provided to the Group exclusively under the FALTEC Technology Services Agreements involved proprietary technology know-how for the relevant car models. We have reviewed sample technology services agreements entered into between the Group and Independent Third Parties and noted that some contracts involve a technology fee element. For those technology services agreements which include a technology fee element, we understand from the Directors that the technologies applied and the relevant car models are very different with those relating to the FALTEC Technology Services Agreements. Therefore, we are of the view that it would be irrelevant to compare the Technology Fees paid by the Group under the FALTEC Continuing Connected Transactions with other manufacturing know-how suppliers. According to our discussion with the Directors, we understand that the licences, manufacturing know-how and moulds provided by the FALTEC Group are similar to a research and development (“**R&D**”) item. Therefore, in assessing the reasonableness of the terms of Technology Fees contemplated under the FALTEC Technology Services Agreements, we have also reviewed the historical Technology Fees (expressed as percentage of sales) and R&D costs of the Group (expressed as percentage of sales) for the three years ended 31 December 2007, and the forecasted Technology Fees (expressed as percentage of sales) and R&D costs of the Group (expressed as percentage of sales) for the three years ending 31 December 2010. Based on the information from the published financial statements of the Group, the R&D costs represented approximately 3.37% to 3.80% of total sales for the three years ended 31 December 2007. We noted that the historical Technology Fees (expressed as percentage of sales) are lower than the R&D costs (expressed as percentage of sales) for each of the three years ended 31 December 2007. In addition, the Directors advised that the estimated R&D costs (expressed as percentage of sales) for the three years ending 31 December 2010 would range from 3% to 5% and we noted that the forecasted Technology Fees (expressed as percentage of sales) are within such range. Having considered the above, we concluded that the

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Technology Fees under the FALTEC Technology Services Agreements are fair and reasonable and are in the interests of the Group and its Shareholders as a whole.

Royalty Fees

Pursuant to the FALTEC Technology Services Agreements, Royalty Fees payable by the Group are calculated based on a percentage of the sales of such automobile parts for the relevant car models. As advised by the Directors, the terms of the Royalty Fees payable by the Group contemplated under the FALTEC Technology Services Agreements were determined upon arm's length negotiation between the Group and the FALTEC Group. We have reviewed the rates of the Royalty Fees payable by the Group to Independent Third Parties for sample of similar technology services agreements entered into by the Group and Independent Third Parties and noted that similar terms are given by those Independent Third Parties. Hence, the rates of the Royalty Fees payable by the Group to the FALTEC Group are no less favourable than the royalty fees payable by the Group to the Independent Third Parties, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Training Fees

Pursuant to the FALTEC Technology Services Agreements, the Group can invite supervisors from the FALTEC Group to provide lectures and trainings for its staff, the remuneration payable by the Group to each supervisor per training day (the "**Lecture Fees**") were determined upon negotiation between the Group and the FALTEC Group. We have reviewed the fees for sample of similar corporate training courses provided to the Group by Independent Third Parties and noted that terms of the Lecture Fees under the FALTEC Technology Services Agreements are no less favourable than the fees payable by the Group to the Independent Third Parties.

The Group alternatively can arrange its staff to attend automobile technology training course organized by the FALTEC Group in Japan pursuant to the FALTEC Technology Services Agreements. The Group shall pay the FALTEC Group a daily fee for each of its staff attending the training course (the "**Training Fees**") and such fees were determined upon negotiation between the Group and the FALTEC Group. Based on our review on the Training Fees contemplated under the FALTEC Technology Services Agreements and the tuition fees for sample of similar corporate training courses provided to the Group by the Independent Third Parties, we noted that the Training Fees under the FALTEC Technology Services Agreements are no less favourable than the fees payable by the Group to the Independent Third Parties.

Based on the above, we are of the view that the Lecture Fees and Training Fees under the FALTEC Technology Services Agreements are fair and reasonable and are in the interests of the Group and its Shareholders as a whole.

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Conclusion

Having considered the above, we are of the view that, overall, the pricing basis of the FALTEC Technology Services Agreements is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

(ii) *The FALTEC Master Framework Agreement*

As set out in the “Letter from the Board” of the Circular, the pricing basis under the FALTEC Master Framework Agreement will be agreed at the time when such transactions are entered into for the relevant car model but such prices shall either be set by reference to the prevailing market prices, or should there be no market price available for reference, based on cost plus a reasonable profit. The structure of payment of such prices to be agreed under the FALTEC Master Framework Agreement are also expected to take the same form as that in the FALTEC Technology Services Agreements. The Directors have advised that pricing basis under the FALTEC Master Framework Agreement were negotiated on an arm’s length basis between the parties involved and transactions under the FALTEC Master Framework Agreement are on normal commercial terms.

Having considered the factors affecting the pricing basis of the FALTEC Technology Services Agreements as discussed above, and that the Directors’ confirmation that pricing basis of the future transactions under the FALTEC Master Framework Agreement will be similar, we are of the view that the pricing basis of the FALTEC Master Framework Agreement is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

f. *Annual Caps*

As set out in the “Letter from the Board” of the Circular, the approximate amounts paid by the Group to the FALTEC Group for the three years ended 31 December 2007 and for the four months ended 30 April 2008 were as follows:

	For the year ended 31 December			For the 4 months ended 30 April
	2005	2006	2007	2008
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Amount paid to the FALTEC Group	5,600,000	4,805,000	19,771,000	15,655,400

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Based on the total amounts paid by the Group pursuant to the FALTEC Technology Services Agreements for the three years ended 31 December 2007 as set out above, and the expected demand for the relevant automobile parts for the three years ending 31 December 2010, the Directors anticipate that the annual caps for the amounts payable to the FALTEC Group pursuant to the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement for the three years ending 31 December 2010 will be as follows:

	For the three year ending 31 December		
	2008	2009	2010
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed annual cap	70,000,000	54,000,000	42,000,000

The proposed annual cap for the year ending 31 December 2008 represents approximately 3.5 times of that of the actual amount paid to the FALTEC Group for the year ended 31 December 2007. As discussed with the Directors, this is because of the expected increase in sales of the relevant automobile parts as a result of (i) the increase in automobile models requiring such automobile parts; and (ii) the commercial production in 2008 of certain automobile parts that had been in the development phase for the years prior to 2008. We have reviewed the Company's financial information for the four months ended 30 April 2008 and the sales forecast provided by the Directors and noted that the proposed annual cap for the year ending 31 December 2008 is in line with the growth trend as evidenced by the actual transaction amounts for the four months ended 30 April 2008.

It is noted that the annual caps for the three years ending 31 December 2010 are proposed to decrease year by year due to the expectation that the sales of the relevant car models which used the automobile parts manufactured by the Group are expected to decline as they enter into the later stage of their product life cycles. These car models will eventually be phased out or replaced by new car models. As such, the demand for the relevant automobile parts is also expected to decrease.

Taking into consideration the above factors, in particular, the background and, the reasons for the FALTEC Continuing Connected Transactions, we consider that the terms of the FALTEC Continuing Connected Transactions and the relevant annual caps are fair and reasonable, and has entered into in the ordinary and usual course of business with normal commercial terms (or terms are no more favourable than those available to Independent Third Parties under the prevailing local market conditions), and are in the interests of the Company and its Shareholders as a whole.

CONCLUSION AND RECOMMENDATION FOR THE FALTEC TECHNOLOGY SERVICES AGREEMENTS AND THE FALTEC MASTER FRAMEWORK AGREEMENT

Having considered the above principal factors and reasons, in particular,

- (i) the background of and the reasons for carrying out the FALTEC Continuing Connected Transactions contemplated under the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement;
- (ii) the basis of price determination of the services fees payable by the Company to the FALTEC Group; and
- (iii) the basis of setting the corresponding annual caps for the technical services provided by the FALTEC Group,

we are of the view that the FALTEC Continuing Connected Transactions constituted are conducted in the ordinary and usual course of business of the Group. The terms and conditions of the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement, including the annual caps, are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement and the annual caps.

B. CONTINUING CONNECTED TRANSACTIONS WITH SANKEI

1. Background

Sankei, a wholly-owned subsidiary of Sankei Giken Holding (a connected person of the Company since February 2001 by way of its 30% shareholding in one of the Company's subsidiaries, Guangzhou Minhui), had historically provided technology support services to the Group, more specifically, to Guangzhou Minhui, Ningbo Shintai and Wuhan Minhui. Guangzhou Minhui, an indirect non-wholly owned subsidiary of the Company, entered into the Sankei Technology Services Agreements with Sankei as early as 2002, details of which are set out in the Company's prospectus dated 22 November 2005. Each of Ningbo Shintai and Jiaying Minhui, both indirect wholly-owned subsidiaries of the Company, entered into Sankei Technology Services Agreements with Sankei as early as 2004. As Sankei Giken Holding is a 30% shareholder of Guangzhou Minhui, both Sankei Giken Holding and Sankei are substantial shareholders of Guangzhou Minhui and are therefore connected persons of the Company and transactions between members of the Group and Sankei Giken Holding or Sankei constitute connected transactions under the Listing Rules.

2. Duration of the Sankei Technology Services Agreements

As stated in the “Letter from the Board” of the Circular, the term for each of the Sankei Technology Services Agreements entered into by Wuhan Minhui and Guangzhou Minhui is for five to seven years commencing from the date when the date of execution of the agreements or the date when registration procedures with the relevant PRC government authorities were completed, as the case may be, with the latest ending in 2015.

We noted that technology service agreements between the Group and Sankei have been in existence for a period of time, prior to the Group’s listing on the Stock Exchange, and details of which have been disclosed in the Company’s prospectus dated 22 November 2005.

As advised by the Directors, the customers of the Group, Guangzhou Honda and Dongfeng Honda (Wuhan) Automobile Co. Ltd., required the Group to give the same technology support and commitment to provide car parts for a minimum period of five years which is their expected life cycle of one model of car. Hence, the Directors are of the view that it is crucial to the Group to secure the automobile technology from Sankei for the corresponding periods to ensure that the Group has the technology necessary for its continual production of automobile parts with consistent standard of quality throughout the life cycle of the customers’ relevant car models.

We also understood from the Directors that the technologies and know-how from Sankei are critical in the continual production of automobile parts for the customers. Hence, if the existing Technology Services Agreements have to be replaced by the new agreements with duration not exceeding three years whilst the Group fails to renew the new agreements upon its expiry, the Group may lose the capacity to produce automobile parts for the respective car models for Honda and thus the business competitiveness of the Group may be adversely affected. Given (i) the necessity to ensure the continual supply of technologies and know-how from Sankei to accommodate the continual production requirements of the customers and to secure orders from Guangzhou Honda and Dongfeng Honda (Wuhan) Automobile Co. Ltd; and (ii) the Group’s business competitiveness may be adversely affected if the Group fails to renew the new agreements upon the expiry of its three-year term, we concur with the Directors’ view and consider that entering into the Sankei Technology Service Agreements of a duration longer than three years is in the interest of the Group and its Shareholders as a whole.

As stated in the “Letter from the Board” of the Circular, the Group will seek Independent Shareholders’ approval should the actual payments required to be made to Sankei or any of its group companies for these three upcoming years exceed the annual caps as a result of growth in sales of the relevant automobile parts. The Group will also seek Independent Shareholders’ approval for the period after 2010 prior to expiry of the above annual cap in 2010.

We also understand from the Directors that it is a normal business practice for such agreements providing technology, technology support and know-how to produce automobile parts to exceed three years. In assessing whether it is a normal business practice for contracts of these types to be of such duration, we have reviewed the duration of samples of technology services agreements between the Group and certain Independent Third Parties and noted that certain agreements have duration longer than three years. We understand from the Directors that technology services agreements are entered into on a case-by-case basis and that there are only a few technology service providers that are capable of providing such services to the Group. We

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have also reviewed similar technology licence and trademark agreements as announced by other companies listed in Hong Kong or in the PRC (the “**Comparables**”), the summary of which are set forth below:

Name of company	Principal business	Place of listing	Stock code	Nature and services of licence agreement	Terms	Date of announcement/ circular
AviChina Industry and Technology Company Limited	Development, manufacture and sales of mini-sized vehicles, economy sedans and automobile engines, upgrade of aviation products for domestic and overseas customers and co-development and manufacture of helicopters with foreign helicopter manufacturers.	Hong Kong	2357	Technology licence to establish research and development centre, and provide technical training and technology instructions.	10	2 November 2005
China Resources Logic Limited	Semiconductor, air-conditioner compressor and office furniture businesses.	Hong Kong	1193	Technology licence for the manufacture of various types of rotary compressor products which are used for both residential and commercial air-conditioners.	10	6 July 2004
Geely Automobile Holdings Limited	Research, production, marketing and sales of sedans and related automobile components in the PRC.	Hong Kong	175	Technology licence for the use of the brand names, technology and other rights needed for manufacturing the London taxi models.	50	2 April 2007
Hang Ten Group Holdings Limited	Design, marketing, retail and wholesale of apparel and trademark licensing.	Hong Kong	448	Trademark licence for the exclusive right and licence to use the trademarks.	10	9 June 2004
Norstar Founders Group Limited	Manufacture and sale of automotive spare parts and construction decorative hardware products.	Hong Kong	2339	Technology licence for the non-exclusive licence to use certain technologies for the manufacture of certain friction-related automobile parts.	10	24 October 2006
TCL Multimedia Technology Holdings Limited	Manufacture and sale of colour television sets and trading of related components, and manufacture and sale of other audio-visual products.	Hong Kong	1070	Trademark licence for the use of certain registered trademarks for manufacture and sale of TV products in certain countries and regions in return for a royalty fee.	7	27 October 2006
Hunan Changfeng Motors Co.	Development, manufacture and sales of automotive and relative spare parts.	Shanghai	600991	Technology licence for the technology and trademark.	9	14 October 2004

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Name of company	Principal business	Place of listing	Stock code	Nature and services of licence agreement	Terms	Date of announcement/ circular
Jiangling Motors Corp Ltd.	Development, manufacture and sales of automotive.	Shenzhen	000550	Technology licence for the technology to manufacture automotive products and spare parts.	10	18 September 2007

Of the eight comparables, half of them are engaged in the automobile industry similar to the Group. As set out above, the services under the technology licence and trademark licence relate mainly to the licence to use certain technologies for manufacturing, the provision of technology supports and technical training to the respective company. The nature of which is similar to the Sankei Technology Services Agreements. We are of the view that it is appropriate to use the above examples as the comparables in deciding whether or not it is a normal business practice for the duration of Sankei Technology Services Agreements to be longer than three years. In addition, 5 out of 8 examples relates to technology licence in the automobile industry, which is consistent with the Directors' view that it is normal business practice of technology license agreements to have duration of longer than three years. Based on similar agreements of the Group with Independent Third Parties and the examples of other Hong Kong and PRC listed companies, we concur with the view of the Directors that it is a normal business practice for agreements of this type to be of duration longer than three years.

CONCLUSION AND RECOMMENDATION FOR THE SANKEI TECHNOLOGY SERVICES AGREEMENT

Having considered:

- (i) the Group's long term cooperation and business relationship established with Sankei;
- (ii) the duration of the other technology services agreements entered into by the Group with the Independent Third Parties;
- (iii) the duration of similar technology licence agreements and trademark agreements of the Comparables; and
- (iv) the long term benefits of the Sankei Technology Services Agreements and whereby it can continue to secure the technology and know-how supply from Sankei to produce and sell the automobile parts to Guangzhou Honda and Dongfeng Honda (Wuhan) Automobile Co. Ltd,

we are of the view that the long term nature of the Sankei Technology Services Agreements is in the interests of the Company and its Shareholders as a whole and we concur with the Directors' view that it is a normal business practice for this type of agreements to be of duration longer than three years.

C. CONTINUING CONNECTED TRANSACTIONS WITH AISIN TIANJIN

1. Background

Aisin Tianjin is a sino-foreign equity joint venture company established in the PRC in 2001, and is principally engaged in the manufacture and sale of automobile body parts. Tianjin Shintai, an indirect subsidiary of the Company, entered into the Aisin Sale and Purchase Agreement, pursuant to which, Tianjin Shintai and/or its affiliates agreed to purchase semi-finished automobile materials from, and sell finished automobile parts to, Aisin Tianjin and/or its affiliates during the term of the Aisin Sale and Purchase Agreement.

Since Aisin Tianjin is a connected person of the Company, continuing transactions between members of the Group and Aisin Tianjin constitute continuing connected transactions under the Listing Rules.

2. Principal reasons and factors considered

In arriving at our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Aisin Continuing Connected Transactions, we have considered the following principal reasons and factors:

a. *Principal business of the Group*

The Group is principally engaged in the design, manufacture and sale of body structural parts, decorative parts and trim for passenger cars. As set out in the “Letter from the Board” of the Circular, Aisin Tianjin is principally engaged in the manufacture and sale of automobile body parts. Aisin Tianjin commenced to supply semi-finished automobile materials to Tianjin Shintai for finishing, and Tianjin Shintai in turn sold finished automobile parts to Aisin Tianjin from 2005. According to the Directors, such sale and purchase transactions between Tianjin Shintai and Aisin Tianjin will be continued in accordance with the terms of the Aisin Sale and Purchase Agreement.

Therefore, we are of the view that the Aisin Continuing Connected Transactions under the Aisin Sale and Purchase Agreement are in line with the principal business of the Group, and are in the ordinary and usual course of business of the Company.

b. *Strategic partnership*

According to the Directors, one of the Group’s strategies is to identify and strengthen the relationships with strategic clients who have growth potentials in the automobile industry and to collaborate with suppliers. Established in the PRC in 2001, Aisin Tianjin is a sino-foreign equity joint venture company whose controlling shareholder is an affiliate of Toyota. Aisin Tianjin is principally engaged in the manufacturing and sale of automobile parts, in particular for the Toyota passenger cars.

Since Aisin Tianjin is a substantial shareholder of Tianjin Shintai (as defined under the Listing Rules) and a strategic partner with the Group, the Directors believe that the Aisin Sale and Purchase Agreement will further strengthen the partnership between Aisin Tianjin

and the Group. The Directors envisaged that the cooperation and relationship of the Group with Toyota is also strengthened through the bonding with Aisin Tianjin, which is not only in line with the Group's business strategies but also beneficial to the Group in the long-run. As the Directors are in anticipation of Toyota's orders for new car models and a growing demand for cars made by Toyota in the PRC automobile market, they believe that the strategic alliance with Aisin Tianjin enables the Group to increase its supply of finished automobile parts to Aisin Tianjin in the future.

Having considered the benefits to the bonding with Aisin Tianjin and Toyota through the Aisin Continuing Connected Transactions, we are of the view that the Aisin Continuing Connected Transactions are in line with the business strategy of the Group and are in the interests of the Company and its Shareholders as a whole.

c. *Expansion of the product mix*

As advised by the Directors, it is the Company's strategy to look for opportunities in diversifying its revenue base by exploring new markets and developing new products. As advised by the Directors, the Group began to expand its products range to include new automobile parts such as door locks and other automobile parts (the "New Products") in 2008 according to Aisin Tianjin's request. The Directors believe that the Aisin Sale and Purchase Agreement provides an opportunity for the Group to diversify its product mix by producing the New Products to Aisin Tianjin and thereby expanding its revenue base. Therefore, we consider the Aisin Sale and Purchase Agreement is in the interest of the Company and its Shareholders as a whole.

d. *Growth Potential*

According to the Directors, Aisin Tianjin is a supplier to Toyota and the majority of the products that Tianjin Shintai sold to Aisin Tianjin are consumed in the manufacturing of Toyota cars in the PRC.

Toyota is one of the largest automobile producers globally with total sales of approximately 26,289 billion yen and a net profit of approximately 1,717 billion yen for the year ended 31 March 2008. Total sales of Toyota in the PRC and its total sales of the cars manufactured in the PRC are on increasing trends from 2002 to 2006. In particular, the sales of cars manufactured in the PRC has increased significantly from 5,000 units in year 2002 to 285,800 units in year 2006, with a CAGR of approximately 175%.

The Directors anticipated that Toyota will continue to introduce new car models in the PRC and the automobile parts manufactured under the Aisin Continuing Connected Transactions will continue to contribute to the revenue base of the Company. Therefore, we consider the Aisin Sale and Purchase Agreement will provide a growth prospect for the Group's business and revenue.

Having taken into account the above, in particular that the Aisin Continuing Connected Transactions (i) are in line with the Group's principal activities; (ii) can strengthen the Group's bonding with its strategic partnership; (iii) allows the Group to diversify its revenue

base through the introduction of New Products according to Aisin Tianjin's request; and (iv) represent a growth potential for the Group; we consider the Aisin Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

e. Pricing Basis

(i) *Purchase of semi-finished automobile materials from Aisin Tianjin and/or its affiliates*

Pursuant to the Aisin Sale and Purchase Agreement, the prices for the semi-finished automobile materials to be supplied by Aisin Tianjin to Tianjin Shintai shall be negotiated by the parties on an arm's length basis by reference to market conditions at the prevailing time and if there is no market price for a particular material, an agreed price consisting of the cost incurred in supplying that material plus a reasonable profit acceptable to both parties.

As confirmed by the Directors, the finished automobile parts Tianjin Shintai sold to Aisin Tianjin are tailor-made in accordance with Aisin Tianjin's particular requirements. Aisin Tianjin supplies the semi-finish automobile materials which are necessary for Tianjin Shintai to produce the finished automobile parts to Aisin Tianjin for Toyota's particular car models, and Aisin Tianjin is the sole supplier to Tianjin Shintai in this regard. Based on Aisin Tianjin's stringent requirements on the products quality and complex technical requirements, the Directors consider it is not practical for Tianjin Shintai to procure other independent third party suppliers to supply these semi-finished automobile materials which are essential in the production of the finished automobile parts Tianjin Shintai sold to Aisin Tianjin currently.

Furthermore, the finished automobile parts produced from the semi-finished automobile materials supplied by Aisin Tianjin, will then be sold back to Aisin Tianjin. An agreed price for the finished automobile parts to Aisin Tianjin will consist of the cost incurred in supplying the semi-finished automobile materials plus a reasonable profit acceptable to both parties. Therefore, the costs for the semi-finished automobile materials supplied by Aisin Tianjin could be effectively transferred to the finished automobile parts Tianjin Shintai charged to Aisin Tianjin.

Based on the above, we are of the view that the terms for the purchases of the semi-finished automobile materials from Aisin Tianjin by Tianjin Shintai under the Aisin Sale and Purchase Agreement are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

2. *Sales of finished automobile parts to Aisin Tianjin and/or its affiliates*

Under the Aisin Sale and Purchase Agreement, the prices for the finished automobile parts to be supplied by Tianjin Shintai to Aisin Tianjin shall be negotiated by the parties on an arm's length basis by reference to market conditions at the prevailing time and if there is no market price for a particular automobile part, an agreed price consisting of the cost incurred in supplying that automobile part plus a reasonable profit acceptable to both parties.

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According to the Directors, the finished automobile parts Tianjin Shintai sold to Aisin Tianjin are tailor-made based on Aisin Tianjin's particular requirements. According to the Directors, the selling price charged by Tianjin Shintai to Aisin Tianjin will not be less than the all-in costs incurred plus a reasonable margin. We have reviewed the market selling prices of the automobile parts that are similar to those that are sold by Tianjin Shintai to Aisin Tianjin and noted that the prices sold to Aisin Tianjin were no less favourable to the Company than the prevailing market prices of similar automobile parts.

Accordingly, we concur with the Directors that the terms of the Aisin Sale and Purchase Agreement in respect of the sale of the finished automobile parts by Tianjin Shintai to Aisin Tianjin are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

Having considered the above, we are of the view that the terms of the Aisin Sale and Purchase Agreement between Tianjin Shintai and Aisin Tianjin are fair and reasonable, on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

f. Annual caps

Set out below are the actual amounts of purchase paid and sales received by the Group under the Aisin Sale and Purchase Agreement during the three years ended 31 December 2007 and the four months ended 30 April 2008:

	For the year ended 31 December			For the four months ended
	2005	2006	2007	30 April
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>2008</i> <i>RMB</i>
Purchase of semi-finished automobile materials from Aisin Tianjin	3,900,000	12,750,000	27,228,000	46,364,643
Sale of finished automobile parts to Aisin Tianjin	5,600,000	16,955,000	35,448,000	50,551,435

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The original annual caps previously approved by the Shareholders for the year 2008 and the new annual caps for the Aisin Continuing Connected Transactions for each of the four years ending 31 December 2011 are set out as follow:

	For the year ending 31 December			
	2008	2009	2010	2011
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Purchase Cap	160,000,000 (Previously approved annual cap: RMB25,000,000)	150,000,000	140,000,000	150,000,000
Sales Cap	200,000,000 (Previously approved annual cap: RMB158,000,000)	200,000,000	180,000,000	190,000,000

(i) *The Purchase Caps*

The Directors, when determining the Purchase Caps for each of the four years ending 31 December 2011, have made reference to the historical purchase record and the estimated future purchase demand.

According to the information provided by the Company, we compared the purchase originally assumed and budgeted by the Company when determining the annual cap for 2008 in August 2006, the purchase of semi-finished automobile materials from Aisin Tianjin for the first four months of 2008 had substantially increased from the purchase made in 2007 due to the production of New Products for Aisin Tianjin. The Directors anticipate that the demand of the New Products will continue to increase and the sales volume of the business will continue to grow in 2008 and accordingly, the amount of the semi-finished automobile materials to be purchased by the Group from Aisin Tianjin will exceed the original annual cap for the year 2008.

In view of the aforesaid, the Directors have reviewed the original annual cap for the year 2008 and consider it necessary to increase such annual cap to the proposed value shown in the table above based on the total values of the continuing connected transactions conducted in the four months ended 30 April 2008 which amounted to approximately RMB46 million and the expected increase in purchase of semi-finished automobile materials and the growth in sales volume of this business in 2008.

We have reviewed the Company's financial information for the four months ended 30 April 2008 and the purchase forecast for 2008 to 2011 provided by the Directors and noted that the proposed Purchase Cap from Aisin Tianjin for the year 2008 is in line

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with the growth trend as evidenced by the actual transaction amounts for the four months ended 30 April 2008. Therefore, we consider the Purchase Caps for the year ending 2008 are fair and reasonable.

We also note that the Purchase Caps from 2008 to 2010 are proposed to decrease slightly year by year. We have discussed with the Directors and understood that it is mainly because the Directors expect the Company would reduce wastage of the semi-finished automobile materials as it becomes more familiar and efficient with manufacturing the New Products. Yet, the Directors believe new car models will be introduced in 2011 so the Company will begin to manufacture new automobile parts again at that time.

According to the Directors, since the New Products Tianjin Shintai sold to Aisin Tianjin in 2008 are tailor-made in accordance with Aisin Tianjin's requirements, it will take time for Tianjin Shintai to master all the techniques and process requirements for the production. Therefore, most of the semi-finished materials Tianjin Shintai required to manufacture the finished automobile parts for Aisin Tianjin will be purchased from Aisin Tianjin. The estimated total purchase amount to the total sale amount in 2008 will be higher than 2007 since the demand for the New Products is stronger than expected and Tianjin Shintai is still learning the techniques of manufacturing the New Products.

The Directors believe that as Tianjin Shintai gains more experience in manufacturing the New Products, it will be more efficient in the usage of materials and less wastage, which will in turn allow them to reduce the amount of purchase. As a result, the expected total purchase amount to the total sale amount in 2009 and 2010 are expected to return to the level of 2007.

In 2011, the Directors forecast that new car models will begin to replace the old one. The Company will have to learn how to manufacture the automobile parts for the new car models again in 2011 while sales of the old automobile parts begin to decline. Wastage is expected to increase due to the time it takes to manufacture the automobile parts for the new car models efficiently and as a result, the expected total purchase amount to the total sale amount in 2011 are expected to be higher than 2010.

For analysis purpose, we derived a "Purchase Caps to Sales Caps ratio" and compared the ratio across the years 2005 to 2011 as follow:

	For the year ended			For the year ending			
	31 December			31 December			
	2005	2006	2007	2008	2009	2010	2011
Purchase Caps to Sales Caps ratio (the "Ratio")	0.70	0.75	0.77	0.80	0.75	0.78	0.79

As advised by the Directors, the increase in the Company's sales will also lead to the increase in the Company's purchase of semi-finished automobile materials. As noted above, the Ratio for the three years ended 31 December 2007 ranged from approximately 0.70 to approximately 0.77 and the Ratio for the four years ending 31 December 2011 will remain at approximately 0.80 which indicate that (i) the Ratio for

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the four years ending 31 December 2011 will be in line with the Ratio for the three years ended 31 December 2007; and (ii) the Purchase Caps for the four years ending 31 December 2011 increase in proportional with the Sales Caps during the same period. Accordingly, we consider the Purchase Caps for the four years ending 31 December 2011 are fair and reasonable. Overall, we consider the Purchase Caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

(ii) *The Sales Caps*

In arriving at the above estimates of the proposed Sales Caps for the finished automobile parts, the Directors have considered the historical sales and Aisin Tianjin's future demand for the Group's finished automobile parts, which is expected to stabilize after Aisin Tianjin reached its capacity limit.

As noted above, the sales amount of finished parts from Tianjin Shintai to Aisin Tianjin for the four months ended 30 April 2008 is over the total sales amount in 2007. According to the Directors, the sharp increase in the sales in 2008 is principally attributed to the unexpected strong demand for the Group's New Products and the consistence demand for the Group's other automobile parts from Aisin Tianjin. We have reviewed the Company's financial information for the four months ended 30 April 2008 and the sale forecast for 2008 to 2011 provided by the Directors and noted that the proposed sales to Aisin Tianjin for the year 2008 is in line with the growth trend as evidenced by the actual transaction amounts for the four months ended 30 April 2008.

We understand from the Directors that, the 2008 Sales Cap has taken into account certain car models which are already in production. The Sales Caps for the two years ending 31 December 2009 are on a stable trend as demand of the relevant car models are expected to reach a plateau when they reach the middle of their product life cycles. Yet, the Sales Cap of 2010 drops by 10% from 2009 due to the anticipation that these car models will enter into a later stage of their product life cycles and the demand for them is expected to decline.

According to the Directors' past experience, they believe that the lifecycle of a car model will last for approximately three years in general. The Directors are of the view that new car models launched in 2008 will be phased out and replaced by new car models in 2011. Thus, the Sales Cap of 2011 rebound back by 10% from 2010.

Having taken into consideration of the above, we are of the opinion that the Sales Caps for the four years ending 31 December 2011 are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM KINGSWAY

CONCLUSION AND RECOMMENDATION FOR THE AISIN CONTINUING CONNECTED TRANSACTIONS

Having considered the above principal factors and reasons, in particular,

- (i) the background of and the reasons for carrying out the Aisin Continuing Connected Transactions contemplated under the Aisin Sale and Purchase Agreement;
- (ii) the basis of price determination of the semi-finished automobile materials supplied by Aisin Tianjin and of the finished automobile parts Tianjin Shintai sold to Aisin Tianjin; and
- (iii) the basis of setting the corresponding annual caps for purchases and sales;

we are of the view that the Aisin Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group. The terms of the Aisin Sale and Purchase Agreement, including the Sales Caps and the Purchase Caps, are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Aisin Sale and Purchase Agreement, the Sales Caps and the Purchase Caps.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Chu Tat Hoi
Executive Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) or required to be notified to the Company or the Stock Exchange by the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Interests or short positions in the shares of the Company and its associated corporations

Name of Director	Company/Name of Associated Corporation	Long/Short position	Nature of Interest	Total Number of Shares	Percentage of the Company's Issued Share Capital
Chin Jong Hwa	Company	Long position	Interest of controlled corporation (<i>Note 1</i>)	420,000,000	44.00%
			Beneficial owner	524,000	0.05%
Shi Jian Hui	Company	Long position	Beneficial owner	500,000 (<i>Note 2</i>)	0.05%
Mu Wei Zhong	Company	Long position	Beneficial owner	500,000 (<i>Note 2</i>)	0.05%
Zhao Feng	Company	Long position	Beneficial owner and interest of spouse (<i>Note 3</i>)	1,000,000 (<i>Note 2 & 3</i>)	0.10%

Note 1: Linkfair is beneficially interested in 420,000,000 Shares. Linkfair is wholly-owned by Chin Jong Hwa and he is therefore deemed to be interested in the entire 420,000,000 Shares held by Linkfair.

Note 2: The total number of Shares over which options granted under the share option scheme of the Company are exercisable.

Note 3: Upon exercise of the options under the share option scheme of the Company, Mr. Zhao Feng and his spouse, Ms. Zhu Chun Ya, would each acquire 500,000 Shares respectively. Since Mr. Zhao Feng is the spouse of Ms. Zhu Chun Ya, he is deemed to be interested in 500,000 Shares in which Ms. Zhu Chun Ya is interested in.

Other than as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives and their associates has any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

3. SUBSTANTIAL SHAREHOLDERS

(a) Interests or short positions in the Company

As at the Latest Practicable Date, the interests or short positions of substantial shareholders, other than the Directors or the chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO are as follows:

Name of Substantial Shareholder	Capacity	Long/Short position	Number of Shares	Percentage of the Company's Issued Share Capital
Wei Ching Lien	Interest of spouse	Long position	420,524,000 <i>(Note 1)</i>	44.06%
Linkfair	Beneficial owner	Long position	420,000,000 <i>(Note 2)</i>	44.00%
Charles P. Coleman III	Interest of controlled corporations	Long position	55,004,000 <i>(Note 3)</i>	5.76%
Tiger Global Management, L.L.C.	Interest of controlled corporations	Long position	55,004,000 <i>(Note 3)</i>	5.76%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	76,572,000 <i>(Note 4)</i>	8.02%

Note 1: Since Wei Ching Lien is the spouse of Chin Jong Hwa, she was deemed to be interested in 420,524,000 Shares in which Chin Jong Hwa was deemed to be interested.

Note 2: Linkfair is a company wholly owned by Mr. Chin Jong Hwa, a director and chairman of the Company and who is also Linkfair's director.

Note 3: Tiger Global Management, L.L.C. is the investment manager of and is deemed to be interested in the Shares held by Tiger Global, Ltd., Tiger Global, L.P. and Tiger Global II, L.P.. Tiger Global Performance, L.L.C. is the general partner of and is deemed to be interested in the Shares held by Tiger Global, L.P. and Tiger Global II, L.P.. Charles P. Coleman III is the managing member of Tiger Global Management, L.L.C. and Tiger Global Performance, L.L.C. and is deemed to be interested in the Shares held by Tiger Global Management, L.L.C. and Tiger Global Performance, L.L.C., and in turn, in the Shares held by Tiger Global, Ltd., Tiger Global, L.P. and Tiger Global II, L.P.

Note 4: According to the information disclosed to the Company under Division 2 and 3 of Part XV of the SFO, these shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.

(b) Interests or short positions in other members of the Group

Member of the Group	Name of the corporation who directly or indirectly owns 10% or more equity in other members of the Group
Guangzhou Minhui Automobile Parts Co., Ltd.	Sankei Giken Holdings Co., Ltd.
Tianjin Shintai Automobile Parts Co., Ltd.	Aisin Tianjin Body Parts Co., Ltd.
嘉興敏橋	FALTEC Co., Ltd.
Changchun Minth Automotive Parts Co., Ltd.	Changchun Kedi Equipment Technology Co., Ltd.

Other than as disclosed above, as at the Latest Practicable Date, the Company had not been acknowledged by any person of any interests or short positions in any Shares, underlying shares and debentures of the Company corporations (within the meaning of Part XV of the SFO) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member Group.

4. LITIGATION

So far as the directors of the Company are aware, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries are engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the directors of the Company had entered into, or proposed to enter into, any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. COMPETING INTEREST

As at the Latest Practicable Date, Chin Jong Hwa (“Mr. Chin”), the Chairman of the Company, had 25% equity interests in Ningbo Free Trade Zone Tech Giant Machines Co., Ltd. (“Ningbo Tech Giant”).

Ningbo Tech Giant is primarily engaged in the manufacture and sale of brake callipers, a product that is not manufactured by the Group. Despite that Mr. Chin is a director of Ningbo Tech Giant, he is not involved in the day to day management of Ningbo Tech Giant. Except for Mr. Chin, there is no

overlapping of directorships between the Company and Ningbo Tech Giant. The number of directors of Ningbo Tech Giant is six and each shareholder shall be entitled to appoint three directors. The two directors appointed by Mr. Chin are ex-employees of the Group. Mr. Chin intends to sell his stake in Ningbo Tech Giant and before then, he remains a director and intends to continue to be a director of Ningbo Tech Giant. As the Group does not manufacture brake callipers and has no current intention to manufacture brake callipers, Mr. Chin and the other directors of the Company do not consider that the business of Ningbo Tech Giant competes or is likely to compete, either directly or indirectly, with the Group's business.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the directors of the Company were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DIRECTOR' INTERESTS IN CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the directors of the Company was materially interested in any contracts or arrangements entered into by any members of the Group subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

9. CONSENT AND QUALIFICATIONS OF THE EXPERTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualifications
Kingsway Capital Limited	A licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO

Kingsway has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its name, its letter of advice dated 10 June 2008 and the references to its name in the form and context in which it was included.

As at the Latest Practicable Date, Kingsway did not have any shareholding in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, neither Kingsway nor any of the Directors have any direct or indirect interests in any assets which had been since 31 December 2007, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreements are available for inspection at the principal place of business in Hong Kong of the Company during normal business hours except Saturday, Sunday and public holidays at 7/F., Allied Kajima Building, 138 Gloucester Road, Hong Kong for a period of 14 days from the date of this circular.

11. MISCELLANEOUS

- (a) The company secretary and qualified accountant of the Company is Loke Yu. Dr. Loke is a fellow of The Institute of Chartered Accountants in England and Wales; Hong Kong Institute of Certified Public Accountants; and The Hong Kong Institute of Directors. He is also an Associate member of The Institute of Chartered Secretaries and Administrators and a member of Malaysian Institute of Accountant.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The principal place of business of the Company is at 7/F., Allied Kajima Building, 138 Gloucester Road, Hong Kong.
- (d) The branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The principal share registrar and transfer office of the Company is Butterfield Fund Services (Cayman) Limited.
- (f) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

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)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Minth Group Limited (“Company”) will be held at 20th Floor, Alexandra House, 16–20 Chater Road, Central, Hong Kong at 10:00 a.m. on 26 June 2008 to consider and, if thought fit, passing, with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** the continuing connected transactions pursuant to (i) the agreements entered into between members of the Company and its subsidiaries (the **“Group”**) and members of FALTEC Co., Ltd. (the **“FALTEC Group”**) (or Altia Hashimoto Co., Ltd., as the case may be) and (ii) the framework agreement dated 27 September 2007 entered into between FALTEC Group and JiaXing Minth-Hashimoto Auto motive Parts Co., Ltd., in relation to the provision of production licences and production know-how of certain automobile parts by the FALTECH Group to the Group, further details of which are set out in the Company’s circular (**“Circular”**) dated 10 June 2008, together with the annual caps stated in the Circular be and are hereby approved and any one director be and are hereby authorised to exercise all the powers of the Company and take all other steps are they may in their opinion to be desirable or necessary in connection with the aforesaid agreements and generally to exercise all the powers of the Company as they deem desirable or necessary in connection with the foregoing.”
2. **“THAT** the continuing connected transactions pursuant to a sale and purchase agreement dated 19 July 2006 entered into between Tianjin Shintai Automotive Parts Co., Ltd. (**“Tianjin Shintai”**) and Aisin Tianjin Body Parts Co., Ltd. for the purpose of purchasing semi-finished automobile materials and selling finished automobile parts by Tianjin Shintai and/or its affiliates, further details of which are set out in the Circular, together with the annual caps stated in the Circular be and are hereby approved and any one director be and are hereby authorised to exercise all the powers of the Company and take all other steps are they may in their opinion to be desirable or necessary in connection with the aforesaid agreements and generally to exercise all the powers of the Company as they deem desirable or necessary in connection with the foregoing.”

For and on behalf of the Board
Minth Group Limited
Chin Jong Hwa
Chairman

Hong Kong, 10 June 2008

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

7/F., Allied Kajima Building
138 Gloucester Road,
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the offices of the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time of the above meeting or any adjourned meeting.
3. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto and if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

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