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)

FINANCIAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL HIGHLIGHTS

- Turnover increased by approximately 40% to RMB1,966.5 million (2007: RMB1,408.7 million).
- Gross profit increased by approximately 30% to RMB713.4 million (2007: RMB550.4 million).
- Net profit attributable to equity holders of the Company increased by approximately 18% to RMB424.1 million (2007: RMB359.9 million).
- Basic earnings per share increased to RMB0.444 (2007: RMB0.405).
- Proposed final dividend of HK$0.151 per share (2007: HK$0.121).
- Capital expenditure decreased by approximately 21% to RMB256.6 million (2007: RMB326.0 million).
- Consolidated net asset value increased by approximately 12% to RMB3,347.2 million (2007: RMB2,996.6 million).
- Total interest-bearing debt was approximately RMB41.4 million (2007: RMB117.1 million); total interest-bearing debt to total assets and total interest-bearing debt to shareholder's equity were both approximately 1% (2007: approximately 3% and approximately 4% respectively).

The board of directors (the "Board" or "Directors") of Minth Group Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures for the year ended 31 December 2007 which have been reviewed by the audit committee of the Company as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Turnover	3	**1,966,464**	1,408,747
Cost of sales		**(1,253,111)**	(858,345)
Gross profit		**713,353**	550,402
Interest income		**37,053**	29,914
Other income		**66,545**	61,961
Other gains and losses		**(67,143)**	(51,238)
Distribution and selling expenses		**(54,718)**	(43,055)
Administrative expenses		**(146,523)**	(123,475)
Research expenditure		**(72,418)**	(49,921)
Interest on bank borrowings wholly repayable within five years		**(6,697)**	(6,936)
Share of losses of jointly controlled entities		**(24,585)**	(14,698)
Share of profits of associates		**30,055**	41,057
Profit before tax		**474,922**	394,011
Income tax expense	4	**(36,323)**	(28,196)
Profit for the year		**438,599**	365,815
Attributable to:			
Equity holders of the Company		**424,110**	359,865
Minority interests		**14,489**	5,950
		438,599	365,815
Dividends	5	**102,824**	78,763
Earnings per share	6		
Basic		**RMB0.444**	RMB0.405
Diluted		**N/A**	RMB0.402

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Non-current assets			
Property, plant and equipment		**929,220**	807,590
Prepaid lease payments		**179,311**	136,452
Goodwill		**15,276**	15,276
Other intangible assets		**25,576**	14,881
Interests in jointly controlled entities		**49,140**	29,762
Interests in associates		**77,455**	72,889
Loans to jointly controlled entities		**68,539**	—
Deferred tax assets		**11,462**	8,175
		1,355,979	1,085,025
Current assets			
Prepaid lease payments		**3,926**	3,276
Inventories		**344,732**	279,532
Loans to jointly controlled entities		**32,453**	65,669
Trade and other receivables	*7*	**451,116**	430,048
Tax recoverable		**4,762**	—
Other financial assets		**40,119**	606,172
Pledged bank deposits		**44,432**	9,924
Bank balances and cash		**1,429,601**	933,082
		2,351,141	2,327,703
Current liabilities			
Trade and other payables	*8*	**294,903**	284,666
Tax liabilities		**13,435**	12,950
Borrowings		**41,387**	117,099
		349,725	414,715
Net current assets		**2,001,416**	1,912,988
Total assets less current liabilities		**3,357,395**	2,998,013

(continued)

	2008	2007
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**98,414**	98,410
Share premium and reserves	**3,174,147**	2,859,159
Equity attributable to equity holders of the Company	**3,272,561**	2,957,569
Minority interests	**74,640**	39,066
Total equity	**3,347,201**	2,996,635
Non-current liabilities		
Deferred tax liabilities	**10,194**	1,378
	10,194	1,378
	3,357,395	2,998,013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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

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

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

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

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

In the year 2008, the Group has applied, for the first time, the following new amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 July 2009
4 Effective for annual periods beginning on or after 30 June 2009
5 Effective for annual periods beginning on or after 1 July 2008
6 Effective for annual periods beginning on or after 1 October 2008
7 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

Business segments

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

Geographical segments

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

For the year ended 31 December 2008

	People's Republic of China ("PRC")	North America	Europe	Japan	Asia Pacific — others	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue						
External sales	1,580,252	135,045	83,095	82,934	85,138	1,966,464
Result						
Segment result	573,164	23,165	28,545	28,576	29,042	682,492
Interest income						37,053
Other unallocated income						66,545
Unallocated expenses						(309,941)
Interest on bank borrowings wholly repayable within five years						(6,697)
Share of losses of jointly controlled entities						(24,585)
Share of profits of associates						30,055
Profit before tax						474,922
Income tax expense						(36,323)
Profit for the year						438,599

For the year ended 31 December 2007

	PRC *RMB'000*	North America *RMB'000*	Europe *RMB'000*	Japan *RMB'000*	Asia Pacific — others *RMB'000*	Consolidated *RMB'000*
Revenue						
External sales	1,203,024	60,733	37,933	38,407	68,650	1,408,747
Result						
Segment result	464,031	20,745	13,938	14,761	36,059	549,534
Interest income						29,914
Other unallocated income						61,961
Unallocated expenses						(266,821)
Interest on bank borrowings wholly repayable within five years						(6,936)
Share of losses of jointly controlled entities						(14,698)
Share of profits of associates						41,057
Profit before tax						394,011
Income tax expense						(28,196)
Profit for the year						365,815

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

	2008		2007	
	RMB'000	***%***	*RMB'000*	*%*
PRC	**308,504**	**79.5**	289,108	79.1
North America	**26,474**	**6.8**	15,270	4.2
Europe	**25,890**	**6.7**	11,186	3.1
Japan	**13,970**	**3.6**	23,587	6.4
Asia Pacific	**13,166**	**3.4**	26,516	7.2
Total	**388,004**	**100.0**	365,667	100.0

No further analysis of segment information by business or geographic segments is presented as the goods sold to various markets were mainly produced from the same production facilities, which are located in the PRC.

4. INCOME TAX EXPENSE

	2008 *RMB'000*	2007 *RMB'000*
Current tax:		
Hong Kong	**7**	—
PRC Enterprise Income Tax	**30,121**	38,047
Other jurisdictions	**530**	—
	30,658	38,047
(Over) under provision in prior years:		
PRC Enterprise Income Tax	**(554)**	(1,676)
Other jurisdictions	**690**	—
	136	(1,676)
Deferred tax		
Current year	**5,299**	(8,175)
Attributable to a change in tax rate	**230**	—
	5,529	(8,175)
	36,323	28,196

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year ended 31 December 2008.

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

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax ("New Tax Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Tax Law, which have changed the tax rate to 25% for all the PRC enterprises from 1 January 2008.

According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39), certain group entities located in the PRC have been entitled to the following tax concession under the New Tax Law:

(1) The tax exemption and 50% deduction from foreign enterprise income tax for the foreign investment enterprises is still applicable until the end of the five-year transitional period under the New Tax Law.

(2) Those entities that previously enjoyed tax incentive rate at 15% would increase their applicable tax rate progressively to 25% over a five-year transitional period.

(3) Those entities which are located in specific provinces of Western China and engaged in a specific encouraged industry still enjoy a preferential tax rate of 15% under New Tax Law.

(4) Those entities which are qualified as "Hi-New Tech Enterprises" would enjoy a preferential tax rate of 15% under New Tax Law and subject to annual renewal.

Under the New Tax Law and implementation regulations issued by the State Council, PRC withholding income tax is applicable to interests and dividends payable to investors that are "non-tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to off-shore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. Under tax treaty, withholding tax rate on distributions to Hong Kong resident companies is 5%. Therefore, withholding tax has been provided for based on the anticipated dividends to be distributed by the PRC entities.

The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled under the New Tax Law.

5. DIVIDENDS

	2008	2007
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
Final — HK$0.121 per share (2007: HK$0.097)	**102,824**	78,763

In the annual general meeting held on 12 May 2008, a final dividend of HK$0.121 per share in respect of the year ended 31 December 2007 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.151 per ordinary share for the year ended 31 December 2008 has been proposed by the Directors and is subject to approval by the shareholders in the annual general meeting to be held on 15 May 2009.

6. EARNINGS PER SHARE

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

	2008	2007
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to equity holders of the Company)	**424,110**	359,865

	2008	2007
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**954,532**	888,668
Effect of dilutive potential ordinary shares:		
Options	**—**	6,426
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**954,532**	895,094

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the share options exercised on 12 March 2008.

No dilutive earnings per share has been presented because the exercise prices of the Company's options were higher than the average market price for the year ended 31 December 2008.

7. TRADE AND OTHER RECEIVABLES

	2008	2007
	RMB'000	*RMB'000*
Trade receivables		
— associates	**13,504**	25,094
— jointly controlled entities	**15,090**	5,811
— third parties	**366,946**	314,633
Less: allowance for doubtful debts	**(25,398)**	(1,120)
	370,142	344,418
Bill receivables	**17,862**	21,249
	388,004	365,667
Other receivables	**16,384**	21,692
Less: allowance for doubtful debts	**(154)**	(1,133)
	404,234	386,226
Prepayments	**46,882**	43,822
Total trade and other receivables	**451,116**	430,048

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

	2008	2007
	RMB'000	*RMB'000*
Age		
0–90 days	**359,954**	350,505
91–180 days	**16,224**	8,686
181–365 days	**7,610**	6,271
1–2 years	**4,216**	205
	388,004	365,667

8. TRADE AND OTHER PAYABLES

	2008	2007
	RMB'000	*RMB'000*
Trade payables		
— associates	**4,349**	3,326
— jointly controlled entities	**16,038**	2,462
— third parties	**156,441**	148,742
	176,828	154,530
Bill payables	**—**	11,035
	176,828	165,565
Payroll and welfare payables	**27,008**	30,670
Advance from customers	**9,475**	4,836
Consideration payable of acquisition of property, plant and equipment	**20,644**	32,192
Dividend payable to minority owners of subsidiaries	**1,372**	1,372
Technology support services fees payable	**22,489**	20,143
Others	**37,087**	29,888
	294,903	284,666

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

	2008	2007
	RMB'000	*RMB'000*
Age		
0 to 90 days	**169,708**	163,763
91 to 180 days	**5,407**	554
181 to 365 days	**179**	267
1–2 years	**917**	907
Over 2 years	**617**	74
	176,828	165,565

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

During the year 2008, the global passenger vehicle market, including the Chinese market, encountered big challenges. The annual production and sales volume of passenger vehicles in China reached 6,737,745 units and 6,755,609 units respectively, representing an increase of approximately 5.59% and approximately 7.27% respectively as compared with the same period of 2007. Generally speaking, the production and sales volume experienced a steady growth in the first half of 2008 and a slowdown in the second half of 2008.

During the year 2008, the Group continued to focus on maintaining its current sales network and its core customers whilst anticipating and controlling customer risk. The strategic procurement system was preliminarily constructed during the year. The Group cautiously selected its suppliers and continued to increase its investments in its research and development ("R&D"). In the meantime, the Group adopted some proper adjustments in its sales and investment strategy and enhanced internal control and information management system as well as organizational restructuring. Thanks to the above efforts, although the Group experienced a slowdown in growth, which was contributed by the overall market condition, favourable results have been nevertheless achieved both in turnover and net profit during the period which outperformed the Group's peers in the industry, thus further consolidating its leading position in the domestic market.

Company Overview

Business and market layout

During the year 2008, domestic business of the Group grew steadily and the sales network was well maintained and further consolidated. Despite the impact of the economic crisis during the year, the production and sales volume of the Group's key customers registered a modest increase. The Group continued to work closely with such customers. Apart from the projects under development, it was awarded 101 new projects which is expected to contribute significantly to the Group's revenue. In terms of sales management, the Group has put more emphasis on timely communications with its customers so as to reduce its inventory and waste levels. At the same time, the Group paid close attention to risk control and building up future partnerships when engaging new customers, new products and new businesses. During the year under review, the leading position of the Group in the domestic market has been further consolidated and expanded.

During the year 2008, especially in the second half of the year, the global passenger vehicle market encountered deterioration in demand which led to a big decline in both production and sales volumes. Meanwhile, the growth of the Chinese market had also slowed down. The Group was inevitably affected by the market downturn. However, by virtue of its consistent low cost advantage, good customer relationship, reliable delivery and high quality assurance, the Group was awarded 40 new overseas projects and successfully entered into the supplier systems of PSA Peugeot-Citroen ("Peugeot-Citroen") and Fiat S.p.A ("Fiat") in Europe, Ford Motor Company ("Ford") and Nissan Motor Co., Ltd ("Nissan") in North America and PACCAR Inc ("PACCAR"). During the year under review, in order to enhance risk control, the Group started to buy credit insurance for its export receivables with China Export & Credit Insurance Corporation through some of the Group's subsidiaries in the PRC. The above insurance covers part of the export receivables from 1 November 2008 to 31 October 2009.

During the year 2008, for the purpose of establishing strategic alliance, the Group formed a joint-venture partnership with DURA Automotive Handels and Beteiligungs GmbH ("DURA"), a major global auto-parts supplier and one of the business partners of the Group. The Group also established the joint venture MINTH AAPICO (Thailand) CO., Limited ("MINTH AAPICO") with AAPICO Hitech Public Company Limited ("AAPICO"). Moreover, in order to further improve its domestic network, the Group had, during the year under review, acquired the controlling interests in Jiaxing Situ Automotive Parts Co., Ltd. ("Situ"), Jiaxing Guowei Automotive Parts Co., Ltd. ("Guowei") and Huzhou Minhai Automotive Parts Co., Ltd. ("Huzhou Minhai"). During the year under review, in view of advancing its vertical integration level, the Group acquired a minority interests in Haimen Xinhai Special Chrome Plating Co., Ltd. ("Haimen Xinhai"). However Haimen Xinhai suffered losses from a fire accident. Given the current market turmoil, and to avoid further losses, the Group decided to sell its interests of Haimen Xinhai in order to protect the Group's overall interests.

During the year 2008, the Group reviewed its globalization strategy more cautiously. Its offices in Europe, Australia and its subsidiary in Japan mainly focused on customer communication, after-sales service and information collection. The newly established production base in Thailand aimed at business development in the passenger vehicle market in Southeast Asia and consolidating its global alliance with its customers such as Nissan. After operating in North America for a year, the North American team involved itself in sales service, account management, after-sales service and information collection. More importantly they accumulated very valuable experiences in overseas investments and operations which enhanced the Group's expertise in setting up operations overseas.

Research and development

The Group believes that under the current market situation, R&D capability accounts for the core competence of the Group in sustaining its leadership in future.

During the year 2008, the revenue of the Group substantially increased which was partly attributable to the new products and new process technologies within the current core product categories, including the application of automated product line which greatly increased the production capacity and efficiency so as to ensure a very stable product quality. In addition, R&D in new product categories, such as the projects of automated automotive parts and driving-aided system, all laid a solid foundation for the future development of the Group.

During the financial year 2008, the Group submitted 23 patent applications in the PRC which were accepted by the State Intellectual Property Office of the PRC for examination. Meanwhile, 35 patents were approved and granted during the year.

The Group will continue to invest in R&D in the future.

Results

During the year under review, despite the big challenges especially in light of the deteriorating economic climate, the Group had achieved solid growth both in turnover and in profit attributable to shareholders.

In 2008, consolidated turnover of the Group was approximately RMB1,966,464,000 representing an increase of approximately 39.6% compared to approximately RMB1,408,747,000 in 2007. This was mainly due to the persistent exploration of the new markets and the consolidation in existing markets.

Profit attributable to shareholders of the Company was approximately RMB424,110,000, representing an increase of approximately 17.9% compared to approximately RMB359,865,000 in 2007. This was mainly due to the Group's continuous focus on cost and expense control when there was continuous turnover growth. Meanwhile, given the actual economic condition, the management had also made provision for bad and doubtful debts and conducted asset impairment allowance for other assets where necessary. Generally speaking, the Group still sustained stable profitability.

Product Sales

In 2008, the Group continued to focus on the production of its three core product categories and products were mainly sold to the factories of the world's leading automakers.

Turnover analysis by product category is as follows:

	2008		2007	
Product category	***RMB'000***	*%*	*RMB'000*	*%*
Trims	**521,140**	**26.5**	434,273	30.8
Decorative parts	**523,486**	**26.6**	342,897	24.3
Body structural parts	**659,217**	**33.5**	532,685	37.8
Others	**262,621**	**13.4**	98,892	7.1
Total	**1,966,464**	**100.0**	1,408,747	100.0

Note: Includes moulds, steering shaft, headliner, door lock, PVC material and others.

In 2008, the three core product categories achieved a turnover of approximately RMB1,703,843,000, of which the turnover of trims, decorative parts, and body structural parts of automobile were approximately RMB521,140,000, approximately RMB523,486,000, and approximately RMB659,217,000 respectively, or a proportion of approximately 26.5%, approximately 26.6% and approximately 33.5% of the Group's total turnover respectively. The proportion of core product categories to the total turnover was approximately 86.6%, which decreased slightly by approximately 6.3% as compared to approximately 92.9% in 2007.

Turnover by regions based on origin of automobiles is as follows:

	2008		2007	
Origin of automobiles	***RMB'000***	**%**	*RMB'000*	%
Japanese automakers	**1,305,175**	**66.4**	949,822	67.4
European automakers	**251,279**	**12.8**	172,980	12.3
North American automakers	**274,989**	**14.0**	187,576	13.3
Korean automakers	**63,231**	**3.2**	14,648	1.0
Chinese automakers	**41,728**	**2.1**	58,955	4.2
Others *(Note)*	**30,062**	**1.5**	24,766	1.8
Total	**1,966,464**	**100.0**	1,408,747	100.0

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

Overseas Market Sales

During the year under review, the Group's turnover from overseas markets was approximately RMB386,212,000, representing an increase of approximately 87.7% as compared to 2007, with the proportion in the Group's total turnover increasing to approximately 19.6% in 2008 from approximately 14.6% in 2007.

Gross Profit

The gross profit for the financial year ended 31 December 2008 amounted to approximately RMB713,353,000 representing an increase of approximately 29.6% as compared to approximately RMB550,402,000 in 2007. The gross profit margin in 2008 was approximately 36.3%, a decrease of 2.8% as compared to approximately 39.1% in 2007. This was mainly due to the margin contraction among auto-parts companies driven by the deteriorating global economy. In this context, however, the Group pursued the strategy of material localization, joint procurement and production improvement activities to cut cost. It also launched new products to increase its value so as to mitigate the effect of macro economy.

Other Income

Other income amounted to approximately RMB66,545,000 in 2008, with an increase of approximately RMB4,584,000 from approximately RMB61,961,000 in 2007.

Other Gains and Losses

During the year 2008, other gains and losses amounted to net losses of approximately RMB67,143,000, an increase of net losses of approximately RMB15,905,000 as compared to net losses of approximately RMB51,238,000 in 2007. This was mainly due to the allowance for bad and doubtful debts amounted to approximately RMB25,683,000 and allowance for inventories amounted to approximately

RMB5,178,000, and change in fair value of other financial assets amounted to approximately RMB17,853,000, which mainly attributed to the gain on the financial assets that the Group had invested in 2007 and matured in 2008.

Distribution and Selling Expenses

Distribution and selling expenses of the Group amounted to approximately RMB54,718,000 in 2008, an increase of approximately 27.1% from approximately RMB43,055,000 in 2007, but still lower than the growth in turnover. This was mainly attributable to the effective control of distribution and selling expenses.

Administrative Expenses

Administrative expenses of the Group amounted to approximately RMB146,523,000 in 2008, an increase of approximately 18.7% from approximately RMB123,475,000 in 2007, approximately 7.5% as compared to the Group's turnover as of the year ended 31 December 2008, representing a decrease of 1.3% against 8.8% of 2007, as a result of the Group's strict control over administrative expenses despite the Group's expansion and increased expenditures.

Research Expenditure

Research expenditure of the Group in 2008 amounted to approximately RMB72,418,000, an increase of approximately 45.1% from approximately RMB49,921,000 in 2007, mainly due to the Group's investment in R&D in order to maintain its core competence and sustainable development.

Interest on Bank Borrowings

The Group's interest on bank borrowings for 2008 was approximately RMB6,697,000, which remained at similar level as compared to approximately RMB6,936,000 in 2007.

Taxation

The Group's tax expenses increased from approximately RMB28,196,000 in 2007 to approximately RMB36,323,000 in 2008, representing an increase of approximately RMB8,127,000, among which withholding tax amounted to RMB7,353,000 has been provided for by the Group based on the anticipated dividends to be distributed by the PRC entities under the New Tax Law.

The effective tax rate increased from approximately 7.2% for 2007 to approximately 7.6% for 2008, representing a slight increase of 0.4%.

Minority Interests

The Group's net profits attributable to minority interests for 2008 amounted to approximately RMB14,489,000, an increase of approximately RMB8,539,000 from approximately RMB5,950,000 in 2007. The increase was mainly due to the increase in the net profits of the Group's three non wholly-owned subsidiaries.

Working Capital and Financial Information

Cash and bank balances increased from approximately RMB933,082,000 as at financial year ended 31 December 2007 to approximately RMB1,429,601,000 as at financial year ended 31 December 2008 mainly due to its increase in operating profits and maturity of the other financial assets that the Group had invested in 2007.

Current ratio increased from approximately 5.6 in 2007 to approximately 6.7 in 2008. The Company's gearing ratio as at 31 December 2008 was approximately 1.1% (2007: approximately 3.4%), which was a percentage based on the interest-bearing loans and borrowings divided by total assets.

As at 31 December 2008, the balance for inventory was approximately RMB344,732,000, among which the amount of moulds was approximately RMB125,257,000. Inventories turnover days reduced to approximately 59 days in 2008 from approximately 68 days in 2007, mainly due to the Group's strengthened inventory management and the adoption of lean production in controlling inventory balance.

Receivables turnover days reduced to approximately 60 days in 2008 from approximately 65 days in 2007, mainly due to the Group's strengthened trade account receivable control and follow-ups.

The payables turnover days reduced to approximately 43 days in 2008 from approximately 52 days in 2007, which was attributable to the Group's sufficient cash position which enabled it to attain a lower sourcing cost. Meanwhile, at the year-end of 2008, the Group increased the frequency of communication amongst the sections of manufacture, purchase and sale, which led, efficiently, to the decrease of both the amount of purchase and the accounts payables represented on closing balance.

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

Commitments

As at 31 December 2008, the Group had the following commitments:

	RMB'000
Operating lease	**8,450**
Capital commitments	**76,994**

Operating lease payments represent the minimum rental payable by the Group for certain of its properties. Capital commitments refer to contracts signed on purchases of property, plants and equipment which had not been provided in the financial statements as capital expenditure.

Interest Rate and Foreign Exchange Risks

As at 31 December 2008, the Group's bank loan balance was approximately RMB41,387,000, with the equivalent of RMB34,173,000 denominated in United States dollars ("USD") and the remaining equivalent of RMB7,214,000 denominated in Japanese yen ("JPY"), all at floating interest rates. The aforesaid borrowings had no seasonality and would mature within one year.

Majority of the Group's sales and procurements are settled in Renminbi ("RMB"). With the expansion of its overseas operations, the management of the Company is closely monitoring the foreign currency risk.

All cash and cash equivalents of the Group are mainly denominated in RMB, USD and Hong Kong dollars ("HKD"). Remittance of funds out of the PRC is subject to the exchange control restrictions imposed by the PRC government.

As at 31 December 2008, the Group's cash equivalents denominated in currencies other than the functional currencies of the respective group entities amounted to approximately RMB247,145,000, with approximately RMB243,205,000 denominated in USD, approximately RMB3,125,000 denominated in JPY, and the remaining approximately RMB815,000 denominated in HKD and Euro. In order to minimize the foreign exchange risks, the Group has delegated a team responsible for the planning of related work.

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2008.

Mortgaged Assets

As of 31 December 2008, the Group had borrowed approximately USD5,000,000 (equivalent to approximately RMB34,173,000) by mortgaging a fixed deposit of RMB42,600,000 with maturity period of one year. This loan is to be settled in USD (2007: Nil).

Capital Expenditure

During the year 2008, the Group's investment in property, plant and equipment, construction in progress and land use rights amounted to approximately RMB256,557,000 (2007: RMB326,035,000). These capital expenditures were attributable to the advancement of R&D capabilities and production capacity expansion.

Employees

As at 31 December 2008, the Group had 3,492 employees, a decrease of 314 from 2007. The total employee costs in 2008 accounted for approximately 10.0% of the Group's total turnover, a decrease of approximately 1.4% from approximately 11.4% in 2007. This was mainly due to the Group's optimization of its human resources which led to the increase in per capita sales.

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

Share Option Scheme

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

Purchase, Sale or Redemption

Since the adoption of the Share Option Scheme to the date of this announcement, 40,000 Share Options have been exercised by persons who are not directors of the Company. 2,495,000 Share Options lapsed due to resignations of persons who are not directors of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2008.

Compliance with the Code on Corporate Governance Practices

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

Compliance with Model Code for Security Transactions

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

Review by the Audit Committee

An audit committee of the Company ("Audit Committee") was established by the Company to review and supervise the financial reporting process and internal control of the Group. The annual results of the Group for the year ended 31 December 2008 have been reviewed by the Audit Committee of the Company.

FUTURE DEVELOPMENT

Market

During the year 2008, the passenger vehicle industry encountered unprecedented challenges and this situation is not expected to change in the short run. While the global passenger market was at a downturn owing to the global economic crisis, domestic market was impacted as well with an indication of slowdown in growth, but the upward momentum remained. Meanwhile, the outsourcing trend among global passenger vehicle manufacturers by increasing purchasing from relatively low cost countries and regions such as China to reduce cost will become more apparent. The Group is expected to benefit from this outsourcing trend.

PRC Policy Environment

In the year to come, the Chinese government is expected to continue to announce more stimulus package to help the passenger vehicle industry. According to the "Stimulus Package Relating to Car & Steel Industry" approved on 14 January 2009 and announced on 20 March 2009 by State Council, the government will implement positive consumption policies to stabilize and expand demand for buying cars. The policies focused on industry consolidation and restructuring, new energy vehicles as well as self-directed innovation so as to revitalize the automotive industry. The Ministry of Industry and Information Technology of the PRC has lately sought public opinion in relation to "Automobile Industry Development Policy" promulgated in 2004 by the National Development and Reform Commission ("NDRC") for its proposed modification in the near future. The Group believes that these policies tend to be very positive to the future prospects of the Group and will be the directions to the Group's development strategies.

Outlook

According to industry projections, under the impact of global economic crisis, the growth of the Chinese passenger vehicle market in 2009 will be well below the previous years. A slowdown in the frequency of new model launches in the Chinese market and a weakening demand in the export markets are expected. However by virtue of the Company's good knowledge of the industry, appropriate and effective strategy implementation, consistent investment to advance its R&D capabilities, improved internal control, promotion of its advanced information management system as well as its organizational restructuring and its improvement in operational efficiency, the Company will definitely find its way in the turmoil and sustain a steady growth in the future.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.151 per share to Shareholders whose names appear on the register of members of the Company on 12 May 2009 and the proposed final dividend will be paid on or about 10 June 2009. The payment of dividends shall be subject to the approval of the shareholders at the forthcoming annual general meeting to be held on 15 May 2009 ("AGM").

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2008 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from 8 May 2009 to 12 May 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final proposed dividend and eligible for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Computershare Hong Kong Investor Services Limited located at Shop 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 pm on 7 May 2009.

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

Hong Kong, 30 March 2009

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