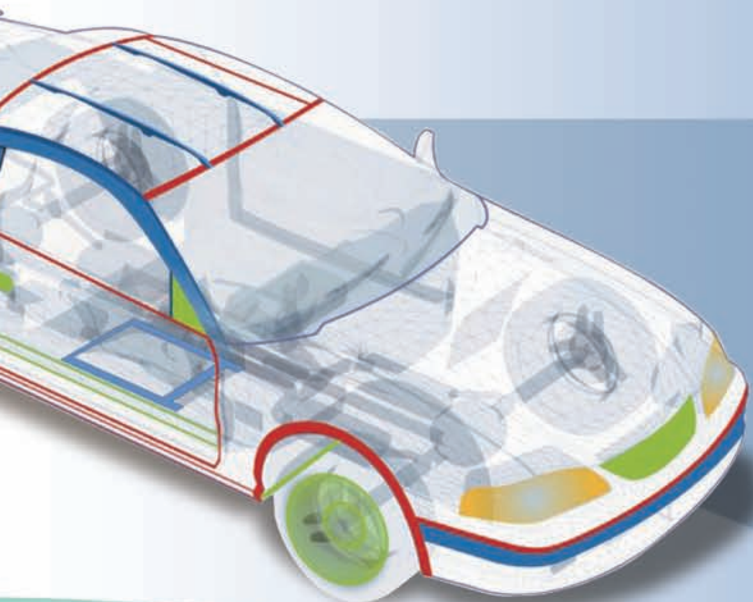


MINTH
敏實集團

MINTH GROUP LIMITED
敏 實 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 425

Annual Report 2008

Mission
Creating value for customers
Creating opportunities for employees
Creating benefits for society
Creating profit for shareholders

Vision
Endeavoring to become
a global auto parts industry leader

Values
Courtesy & Confidence
Care & Harmony
Practicality & Effectiveness
Innovation & Excellence

敏于思，實于行

INTELLIGENCE IS ACTIONAL

Contents

Corporate Information

The Board of Directors

Executive directors

Chin Jong Hwa *(Chairman)*
Shi Jian Hui *(CEO)*
Mu Wei Zhong *(Vice President)*
Zhao Feng *(Vice President)*

Non-executive directors

Mikio Natsume
Tokio Kurita
Zheng Yu

Independent non-executive directors

Wang Ching
Zhang Liren
Wu Fred Fong

Company Secretary

Loke Yu

Registered Office

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

Head Office in China

No. 8 Dagang No. 6 Road
Ningbo Economic and Technology
Development Zone
Postal Code 315800
China
Tel: (86 574) 8680-1018
Fax: (86 574) 8680-1020
Website: www.minthgroup.com

Principal Place of Business in Hong Kong

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

Principal Bankers

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road, Central
Hong Kong

Bank of China
Ningbo Development Zone sub-branch
21 Donghai Road
Ningbo Economic and Technology
Development Zone
China

China Construction Bank
Jiaxing branch
198 Ziyang Street
Jiaxing
China

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Corporate Information

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Legal Advisers to the Company

As to Hong Kong Law
Richards Butler
in association with Reed Smith LLP
20th Floor Alexandra House
16–20 Chater Road, Central
Hong Kong

As to PRC Law
Zhejiang T&C Law Firm
8/F Block A Dragon Century Square
1 Hangda Road
Hangzhou
China

As to Cayman Islands Law
Conyers Dill & Pearman
Century Yard, Cricket Square
Hutchins Drive, George Town
Grand Cayman, British West Indies

Stock Code

SEHK Code: 0425

Summary of Financial Information

A summary of the results and assets and liabilities of the Group for the last five financial years is as follows:

	For the year ended 31 December				
	2004 RMB'000	2005 RMB'000	2006 RMB'000	2007 RMB'000	**2008** **RMB'000**
Results					
Turnover	464,178	678,606	956,232	1,408,747	**1,966,464**
Profit before tax	151,009	210,287	289,589	394,011	**474,922**
Income tax expense	(6,251)	(12,179)	(14,483)	(28,196)	**(36,323)**
Profit for the year	144,758	198,108	275,106	365,815	**438,599**
Attributable to:					
Equity holders of the Company	123,091	195,067	268,701	359,865	**424,110**
Minority interests	21,667	3,041	6,405	5,950	**14,489**
	144,758	198,108	275,106	365,815	**438,599**

	As at 31 December				
	2004 RMB'000	2005 RMB'000	2006 RMB'000	2007 RMB'000	**2008** **RMB'000**
Assets and Liabilities					
Total assets	834,934	1,407,136	1,490,854	3,412,728	**3,707,120**
Total liabilities	(404,118)	(434,342)	(273,691)	(416,093)	**(359,919)**
	430,816	972,794	1,217,163	2,996,635	**3,347,201**
Equity attributable to equity holders of the Company	390,754	947,625	1,182,683	2,957,569	**3,272,561**
Minority interests	40,062	25,169	34,480	39,066	**74,640**
	430,816	972,794	1,217,163	2,996,635	**3,347,201**

Note: The Company was incorporated in the Cayman Islands on 22 June 2005 and became the holding company of the Group on 30 June 2005. The summary of assets and liabilities for 2004 and 2005 have been prepared on a combined basis as if the current group structure had been in existence throughout those years and have been extracted from the Company's prospectus dated 22 November 2005.

I hereby present to all our shareholders (the "Shareholders") the annual report of Minth Group Limited (hereinafter referred to as the "Company") and together with its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 December 2008 (hereinafter referred to as the "Review Period"). During the Review Period, the Company witnessed a smooth operation and obtained favorable results despite, at the same time, the global economy having to face severe challenges which greatly impacted the automotive industry. In this turbulent economy, the Group had nevertheless achieved steady growth which was attributable to the great efforts made by the management and all the employees, and also to the support and trust from the Shareholders and its business partners.

Financial Performance

The results of the Group represented a continuous growth during the Review Period. Despite a slight slowdown in the rate of growth as compared to that in the previous years, the upward momentum remained. Turnover for the year ended 31 December 2008 amounted to approximately RMB1,966,464,000, representing a growth of approximately 39.6% from approximately RMB1,408,747,000 in 2007.

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 margin in 2008 was approximately 36.3%, a decrease of approximately 2.8% compared to approximately 39.1% in 2007.

Net profit attributable to the Shareholders amounted to approximately RMB424,110,000, representing a growth of approximately 17.9% from approximately RMB359,865,000 in 2007.

Review on Operations

Earnings in-line with expectations

During the Review Period, faced with a very turbulent automotive market, the Group had been dedicated to building and strengthening its team, elevating its overall quality and core competence as well as seizing the opportunities. It had also effectively consolidated its sales network and its customer relationships and further enlarged its market share of its core products in the domestic market. Moreover, it made proper adjustment in its strategy of domestic and international network. By virtue of the above, the Company maintained a healthy and sound growth momentum. Despite the very challenging situation, the Group achieved an increase of approximately 17.9% in net profit attributable to Shareholders when compared to 2007, which was in-line with the previous operation targets set by the management and the profit forecast of the Group.

Adjustment in investment strategies

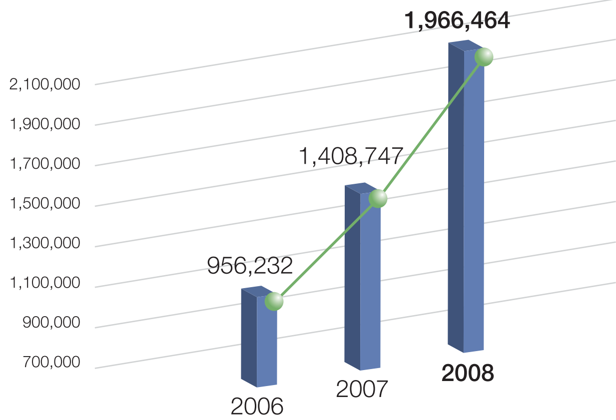
Upon the general completion of the Group's domestic network and the consolidation of its overseas investment network in 2007, the Group had concentrated on reviewing its current investment as to accumulate valuable experience that provide guidance for its further development strategies. During the year 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 expand its domestic production capacity, the Group had, during the Review Period, acquired certain land use right and plants through acquisition of the entire equity 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 Review Period, in view of advancing its level of vertical integration, the Group acquired 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 in Haimen Xinhai in order to protect the Group's overall interests.

R&D capabilities and business expansion

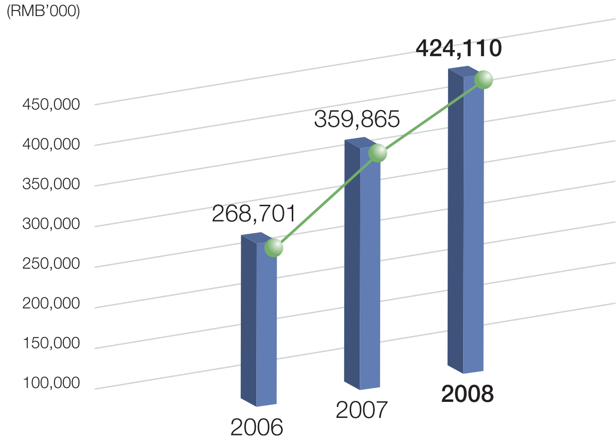
During the Review Period, the Group continued to put great efforts in enhancing its Research & Development ("R&D") capabilities and increasing its investment in technology development. Research expenditures increased by approximately 45.1% when compared to that of 2007. By virtue of the strong R&D capabilities, the Group was able to exploit more new products and more new businesses. During the Review Period, the Group had obtained 101 new projects including 40 overseas projects, which is expected to contribute significantly to the Group's revenue.

Amid unfavorable market conditions, the Group continued to actively explore the market, cautiously select customers and strengthen the relationship with them. Domestically, sales network has been maintained and 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 and managed to control its costs through reducing inventory and waste levels. In overseas markets, besides consolidating the existing relationships with its current customers, the Group had also entered into the supplier system 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 Review Period, in order to enhance risk control, the Group started buying credit insurance for its export receivables with China Export & Credit Insurance Corporation through some of the Group's subsidiaries in the People's Republic of China ("PRC"). The above insurance covers part of the export receivables from 1 November 2008 to 31 October 2009.

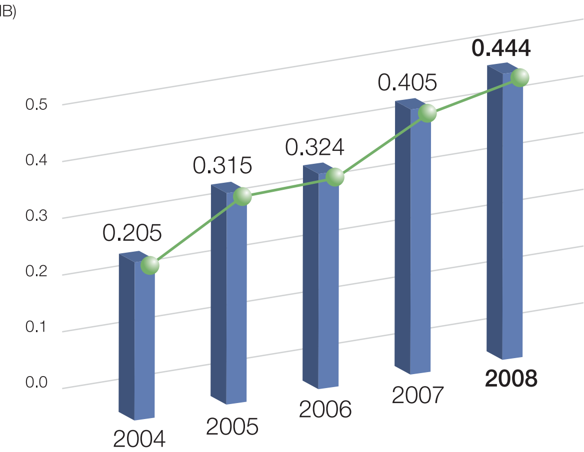
Turnover
(RMB'000)



Net profit attributable to shareholders
(RMB'000)



Earnings per Share (Basic)
(RMB)



On the other hand, during the Review Period, by cautiously selecting its suppliers, the Group set up its supplier entry and elimination systems to create a win-win situation with its suppliers and to optimize supply resource and supplier integration. A strategic procurement system was initiated during the Review Period which helped to improve the sourcing quality and to cut sourcing cost.

I am convinced that, in this global economic environment, advanced R&D capabilities and strong business development capabilities are the core competences of the Group, which, combined with our advanced strategic procurement system and information management system, laid a solid foundation. All these would help us overcome the severe challenges and pursue future development of the Group. The Group will continue its investments in R&D in future.

Open communication channels with investors

The Company has set up a professional team dedicated to open communication channels with Hong Kong and international investors, so as to ensure that investors receive timely and accurate information about the latest developments of the Company.

Future Prospect

I believe that, for the year or the years to come, the automotive industry to which the Company is closely tied will be full of challenges. But by virtue of the Company's good knowledge of the industry, appropriate and effective strategic layout as well as its consistent investment to advance its R&D capabilities, the Company will definitely sustain a steady growth aiming for a better future.

Acknowledgment

On behalf of the board (the "Board") of directors ("Directors") of the Company, I would like to thank all our managers and staff for their diligent services. We also want to thank all the Shareholders who have extended their trust and support to us. We believe that with the co-operation and support of all of you, we will create and deliver greater value for our investors in the future.

CHIN JONG HWA
Chairman
30 March 2009

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 adjustments in its sales and investment strategies and enhanced its internal control and information management system as well as its organizational structure. Thanks to the above efforts, although the Group experienced a slowdown in growth, which was contributed by the overall market condition, favourable results have nevertheless been achieved in terms of both turnover and net profit during the Review 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, the Group was awarded 101 new projects which are 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 buying 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 expand its domestic production capacity, the Group had, during the year under review, acquired certain land use right and plants through acquisition of the entire equity 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 advancing its level of vertical integration, the Group acquired a minority interest 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 is involved 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 2008, despite the great challenges especially in light of the deteriorating economic climate, the Group had achieved solid growth in terms of both turnover and 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

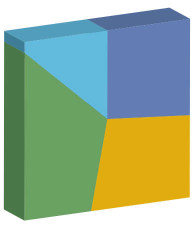
In 2008, the Group continued to focus on the production of its three core product categories and the products were mainly sold to the factories of the world's leading automakers.

Turnover analysis by product category is as follows:

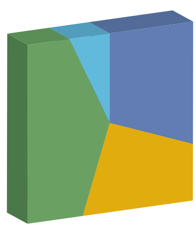
Product category	2008 RMB'000	2008 %	2007 RMB'000	2007 %
Trims	521,140	26.5	434,273	30.8
Decorative parts	523,486	26.6	342,897	24.3
Body structural parts	659,217	33.5	532,685	37.8
Others (Note)	262,621	13.4	98,892	7.1
Total	1,966,464	100.0	1,408,747	100.0

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

2008



2007



	2008	2007
Trims	26.5	30.8
Decorative parts	26.6	24.3
Body structural parts	33.5	37.8
Others	13.4	7.1

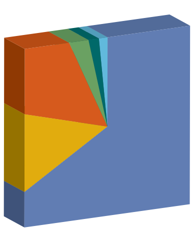
In 2008, the three core product categories achieved a turnover of approximately RMB1,703,843,000, of which the turnover of trims, decorative parts, and body structural parts of automobile were approximately RMB521,140,000, approximately RMB523,486,000, and approximately RMB659,217,000 respectively, or 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:

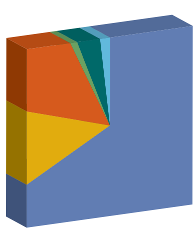
Origin of automobiles	2008 RMB'000	2008 %	2007 RMB'000	2007 %
Japanese automakers	1,305,175	66.4	949,822	67.4
European automakers	251,279	12.8	172,980	12.3
North American automakers	274,989	14.0	187,576	13.3
Korean automakers	63,231	3.2	14,648	1.0
Chinese automakers	41,728	2.1	58,955	4.2
Others (Note)	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.

2008



2007



	2008	2007
Japanese automakers	66.4	67.4
European automakers	12.8	12.3
North American automakers	14.0	13.3
Korean automakers	3.2	1.0
Chinese automakers	2.1	4.2
Others	1.5	1.8

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 approximately 1.3% against approximately 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 approximately RMB7,353,000 has been provided for by the Group based on the anticipated dividends to be distributed by the PRC entities of the Group under the Law of Corporate Income Tax of the PRC which came into effect on 1 January 2008 ("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 approximately 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 31 December 2007 to approximately RMB1,429,601,000 as at 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 between its internal divisions responsible for manufacture, purchase and sale respectively, which efficiently led 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.

The 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, please refer to note 26 to the consolidated financial statements. 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: approximately 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 of the Company ("Share Options") will be granted to eligible persons as rewards or incentives who have contributed or will contribute to the Group. For details, please refer to note 36 to the consolidated financial statements.

Purchase, Sale or Redemption

During the year ended 31 December 2008, 40,000 Share Options have been exercised by persons who are not directors of the Company and a total of 2,495,000 Share Options lapsed due to resignations of persons who were 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.

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 packages 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 the State Council, the Chinese 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.

Directors and Senior Management

Directors

Executive Directors

Chin Jong Hwa (秦榮華) ("Mr. Chin"), aged 51, is the Chairman and an executive director of the Company. He founded the Group in March 1997 and is the controlling shareholder of the Company. Mr. Chin graduated from China Urban Administration College. Mr. Chin has experience of over 20 years in management in the auto-parts industry and has been leading the management team since the founding of the Group. Mr. Chin is also active in various other organizations, including being a member of Ningbo People's Political Consultative Conference, vice-chairman of Ningbo Association of Enterprises with Foreign Investments, a director of the Ningbo Vocational Technical College, one of the consultants to the Ningbo Government for Hong Kong, Macao and Taiwan Affairs and executive vice-chairman of Jiaxing Association of Enterprises with Investments from Taiwan. Mr. Chin was awarded the title of Ningbo Honorary Citizen in 1999. He was appointed as a Director of the Group on 14 July 2005. As at 31 December 2008, Mr. Chin is interested in 45.75% shareholding interest in the Company through Linkfair Investments Limited ("Linkfair"), a company wholly owned by Mr. Chin. Save as aforesaid, Mr. Chin has no interests in the shares of the Company within the meaning of Part XV of the SFO as at 31 December 2008.

Shi Jian Hui (石建輝) ("Mr. Shi"), aged 37, is the Chief Executive Officer (CEO) and an executive director of the Company. Mr. Shi graduated from Zhejiang University of Technology where he majored in the machinery design and manufacturing and obtained an Executive Master of Business Administration ("EMBA") degree from the Cheung Kong Graduate School of Business in 2007. Mr. Shi has experience of over 14 years in the Chinese auto-parts industry since he joined one of Mr. Chin's companies in 1993. Prior to his current position as CEO, he assumed responsibility as general manager of operations (including leading both overseas and domestic business departments), head of the R&D Centre and was in charge of Human Resources Departments for the Group as a whole. Mr. Shi joined the Group in March 1997 and was appointed as a Director on 14 July 2005. As at 31 December 2008, save for his interest in 1,300,000 Share Options, Mr. Shi has no interests in the shares of the Company within the meaning of Part XV of the SFO as at 31 December 2008.

Mu Wei Zhong (穆偉忠) ("Mr. Mu"), aged 44, is the Vice President and an executive director of the Company. Mr. Mu has experience of over 20 years in engineering. Before joining one of Mr. Chin's companies in 1993, Mr. Mu worked at Zhejiang Shipyard as an assistant engineer. Prior to his current position as Vice President, Mr. Mu was in charge of the Group's overseas business and operations and before that served in various members of the Group as member of the production management team, sales manager, deputy manager, financial controller and general manager successively. Mr. Mu graduated from Wuhan University of Water Transportation Engineering with a bachelor's degree in Vessel Design and Manufacture. He obtained an EMBA degree from the School of Management, Fudan University in 2007. Mr. Mu joined the Group in March 1997 and was appointed as a Director on 14 July 2005. As at 31 December 2008, save for his interest in 1,100,000 Share Options in the Company, Mr. Mu has no interests in the shares of the Company within the meaning of part XV of the SFO.

Zhao Feng (趙鋒) ("Mr. Zhao"), aged 40, is the Vice President and an executive director of the Company with the overall responsibilities for the Group's sales. Mr. Zhao has experience of over 10 years in business management. Prior to joining the Group in 1999, Mr. Zhao was a technical supervisor, a purchase officer and an assistant general manager for another Chinese manufacturer. Since joining the Group, Mr. Zhao has worked successively as a purchase officer, manager of the business department and deputy general manager of business operations. Mr. Zhao joined the Group in March 1999 and was appointed as a Director on 22 December 2006. As at 31 December 2008, Mr. Zhao was interested in 1,100,000 Share Options in the Company. In addition, as at 31 December 2008, Ms. Zhu Chun Ya ("Ms. Zhu") was interested in 950,000 Share Options in the Company. Since Mr. Zhao is the spouse of Ms. Zhu, he was deemed to be interested in the 950,000 Share Options in which Ms. Zhu was interested in. Save as aforesaid, Mr. Zhao has no interests in the shares of the Company within the meaning of Part XV of the SFO as at 31 December 2008.

Non-executive Directors

Mikio Natsume (夏目美喜雄) ("Mr. Natsume"), aged 68, is a non-executive director of the Company and has more than 46 years of working experience in auto-parts manufacturing industry in Japan. Before joining the Company, Mr. Natsume had worked in Aisin Seiki Co., Ltd (which was named as Shinkawa Kogyo Co., Ltd before) since 1963, where he served as the manager of International Planning Department, director, executive director, and vice-chairman of the board successively. Mr. Natsume received his bachelor's degree in Economics in Kanagawa University. Mr. Natsume was a director of Aisin Seiki Co., Ltd and Exedy Corporation, both being companies listed on the Tokyo Stock Exchange. Mr. Natsume was appointed as a Director of the Company on 1 January 2008. As at 31 December 2008, Mr. Natsume has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Tokio Kurita (栗田関雄) ("Mr. Kurita"), aged 68, is a non-executive director of the Company and has more than 44 years of working experience in auto-parts manufacturing industry in Japan. Mr. Kurita graduated from the Keio University where he received his bachelor's degree in Engineering. Mr. Kurita is currently assuming responsibility as an advisor of Gifu Auto Body Industry Co., Ltd ("Gifu"). Prior to that he served as a vice-chief executive officer and chief executive officer successively in Gifu. Mr. Kurita worked for more than 30 years in Toyota Motor Corporation before he joined Gifu. Mr. Kurita was appointed as a Director of the Company on 1 January 2008. As at 31 December 2008, Mr. Kurita has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Zheng Yu (鄭豫) ("Ms. Zheng"), aged 41, is a non-executive director of the Company and has worked in computer industry both in China and the United States for many years before she accumulated over 13 years experience in management consulting industry. Ms. Zheng has worked with the Boston Consulting Group, and later in Roland Berger Strategy Consultants afterwards as senior partner responsible for the industrial and automotive industry business for Greater China. During the past 12 years, Ms. Zheng has extensive experience in various fields such as strategy development, brand management, organizational restructuring, global sourcing, joint venture strategy, and project management for both global and Chinese clients. Her industry experience includes automotive, industrial goods, consumer electronics, publishing, etc. Ms. Zheng is now the Managing Director for AIG Investment in charge of private equity investment in China. Ms. Zheng received her bachelor's degree in Computer Science in Beijing Normal University and Master of Business Administration in the University of Texas at Austin. Ms. Zheng was appointed as a Director of the Company on 1 January 2008. As at 31 December 2008, Ms. Zheng has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Independent Non-executive Directors

Wang Ching (王京) ("Dr. Wang"), aged 54, has been an independent non-executive director of the Company since 26 October 2005. Dr. Wang obtained his Ph.D. in Finance from Columbia University in the city of New York and has gained his experience from assuming various senior positions in banking and security industry. Dr. Wang is currently the managing director of Shanghai International Asset Management (HK) Co. Ltd., executive director of Shanghai International Shanghai Growth Investment Limited, independent non-executive director of China Singyes Solar Technologies Holding Limited and an adjunct Associate Professor of Global Management Education Institute, Shanghai University. As at 31 December 2008, Dr. Wang has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Zhang Liren (張立人) ("Mr. Zhang"), aged 62, has been an independent non-executive director of the Company since 26 October 2005. Mr. Zhang has experience of over 40 years in the automobile, electronic and mechanical industry. He is an executive director of Shanghai General Motors Corporation Limited specializing in the area of vehicle platform. He is also the general executive engineer of Pan Asia Auto Technology Centre. Prior to his current position, he was the director of Business Planning & Development Department and the senior manager of the Quality Control Department in Shanghai General Motors Corporation Limited. He was also the deputy chief engineer of Shanghai Auto Industry Technology Centre and a research officer in the Computer and Equipment Department in Shanghai Auto Research Institute. As at 31 December 2008, Mr. Zhang has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Wu Fred Fong (胡晃) ("Mr. Wu"), aged 62, is an independent non-executive director of the Company and has considerable experience in auditing, corporate planning, corporate finance investment, consulting and administration with public companies in Canada and Hong Kong. Mr. Wu holds a master degree in Business Administration in the Schulich School of Business, York University, Canada. Mr. Wu is a Chartered Accountant qualified in Canada and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Wu held the position of executive director in VODone Limited (formerly, Yanion International Holdings Limited), a public company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from the year 2000 until his retirement on 31 January 2008. Currently, Mr. Wu is the chief financial officer of Heng Xin China Holdings Limited. Mr. Wu was appointed as an independent non-executive director of the Company and Chairman of the Audit Committee of the Company on 1 January 2009. As at 31 December 2008, Mr. Wu has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Heng Kwoo Seng (邢詒春) ("Mr. Heng"), was an independent non-executive director of the Company and has resigned with effect from 1 January 2009, the Company would like to extend its gratitude to Mr. Heng for his valuable contributions to the Company in the past years.

Senior Management

Loke Yu (陸海林) ("Dr. Loke") , aged 59, was appointed as Company Secretary of the Company in June 2007. He has over 30 years of experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration Degree from the Universiti Teknologi Malaysia and a Doctor of Business Administration Degree from University of South Australia. 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 Accountants. As at 31 December 2008, Dr. Loke has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Bao Jian Ya (包建亞) ("Ms. Bao"), aged 37, is the Chief Financial Officer ("CFO") of the Company. Ms. Bao graduated from Shanghai University of Finance & Economics in 1993 where she majored in international accounting. She has experience of over 15 years in accounting and financial management. Prior to joining the Group in March 2005 and assuming the responsibility of financial controller of the Company, she was the financial controller of another Chinese manufacturer. She was nominated as CFO of the Group on 22 December 2006. As at 31 December 2008, save for her interest in 950,000 Share Options in the Company, Ms. Bao has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Yu Yue Ping (俞岳平) ("Mr. Yu"), aged 50, is the head of the R&D Department of the Company. Mr. Yu graduated from Zhejiang University majoring in precision machinery. Mr. Yu also holds a Master's degree offered by the No. One Research Institute of the Ministry of Aerospace Industry. Prior to joining the Group in 1999, he was chairman of the mechanical engineering department in Ningbo University. He also used to be the deputy general manager and chief engineer of another Chinese manufacturer. As at 31 December 2008, save for his interest in 950,000 Share Options in the Company, Mr. Yu has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Hsieh Cheng-Hsien (謝政憲) ("Mr. Hsieh"), aged 42, is the general manager of the Group's Quality Centre. Mr. Hsieh joined the Group in May 2004. Mr. Hsieh currently assumes the responsibility of general manager of the Group's Technical Centre. Prior to joining the Group, he spent ten years at Taiwan CAC (Chinese Automobile Co., Ltd.) responsible for supplier management and product development. Mr. Hsieh spent two years with General Motors in Taiwan in charge of global purchasing and another two years at Brilliance China Automotive Holdings Limited responsible for the purchasing system and planning. As at 31 December 2008, save for his interest in 950,000 Share Options in the Company, Mr. Hsieh has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Zhu Chun Ya (朱春亞) ("Ms. Zhu"), aged 38, is the general manager of the Human Resources Centre of the Group. Ms. Zhu graduated from Jiangnan University where she majored in Package Engineering. Prior to joining the Group in 1999, she was a teacher at the Mechanical Engineering Department in Ningbo University. Since joining the Group, Ms. Zhu has worked as manager of the Purchasing Department and assistant to general manager of the Group. Ms. Zhu has over 8 years of human resources management experience. Ms. Zhu was interested in 950,000 Share Options in the Company. In addition, Mr. Zhao was interested in 1,100,000 Share Options in the Company. Since Ms. Zhu is the spouse of Mr. Zhao, she is deemed to be interested in the 1,100,000 Share Options in which Mr. Zhao is interested in. As at 31 December 2008, save as aforesaid, Ms. Zhu has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Liu Yan Chun (劉艷春) ("Mr. Liu"), aged 44, is the general manager of Jiaxing Minhui Automotive Parts Co., Ltd, Jiaxing EL Triumph Automotive Parts Co., Ltd. and Jiaxing Minth Hashimoto all of which are the indirect subsidiaries of the Company. Mr. Liu graduated from Harbin Institute of Technology in 1989 with a major of industry management engineering. Mr. Liu has been engaged in production management since his graduation. Since joining the Group, Mr. Liu has worked in promoting the quality system of QS 9000 and TS 16949 and subsequently in factory management. As at 31 December 2008, save for his interest in 950,000 Share Options in the Company, Mr. Liu has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Kang Qi Zheng (康齊正) ("Mr. Kang"), aged 40, is the general manager of the Group's Technical Center (Ningbo). Mr. Kang graduated from Northwestern Polytechnical University in 1991 where he majored in Aerodynamics. Mr. Kang has experience of over 17 years in the auto-parts industry of China. Mr. Kang had been engaged in technology research and management before he joined one of Mr. Chin's companies in 1993. Prior to his current position as general manager of the Group's Technical Center (Ningbo), Mr. Kang was the assistant to general manager of the Group's Technical Center (Ningbo) and the deputy general manager of the Group's Technical Center (Ningbo). As at 31 December 2008, save for his interest in 800,000 Share Options in the Company, Mr. Kang has no interests in the shares of the Company within the meaning of Part XV of the SFO.

Corporate Governance Practice

The Group commits to maintaining and ensuring a high level of corporate governance standards and continuously reviews and improves our corporate governance and internal control practices. Set out below are the principles of corporate governance as adopted by the Company during the financial year under review.

Distinctive Roles of Chairman, Chief Executive Officer ("CEO") and Senior Management

Mr. Chin Jong Hwa, the Chairman of the Board, is responsible for leading the Board in establishing and monitoring the implementation of strategies and plans to create values for shareholders. Mr. Shi Jian Hui, the CEO, is responsible for managing the operations of the Group's businesses, proposing strategies to the Board and the effective implementation of the strategies and policies adopted by the Board.

The senior management is delegated to assist the executive Directors with the implementation of business operations and reports to the CEO.

The Board

As of 31 December 2008, there are ten members on the Board, which are the Chairman, the CEO, two other executive Directors, three non-executive Directors ("NEDs") and three independent non-executive Directors ("INEDs").

The INEDs are considered by the Board to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgments. The Board considered that each of the INEDs brings his own relevant expertise to the Board and its deliberations.

None of the INEDs has any business or financial interests with the Group nor has any relationship with other Directors and confirmed their independences to the Group.

The Board met regularly during the year and on ad hoc basis as required by business needs. The Board's primary purpose is to set and review the overall strategic development of the Group and to oversee the achievement of the plans to enhance Shareholders' value. Daily operational decisions are delegated to the executive Directors. The Board met six times during the year and the Directors' attendance is shown in the table on page 21 of the annual report. Non-executive Directors and independent non-executive Directors are allowed to seek advice from independent professional consultants while performing their responsibilities and the costs are to be borne by the Company. The Board has conducted a review of the effectiveness of the system of internal control of the Group.

Mr. Zhao Feng, Dr. Wang Ching, Mr. Zhang Liren and Mr. Wu Fred Fong will retire and all shall offer themselves for re-election in the forthcoming annual general meeting ("Annual General Meeting") of the Company.

Each of the member of the Board, including the Chairman and the CEO, does not have any significant financial, business and family relationship among one another.

The term of appointment for all NEDs is for one year.

Audit Committee

The Group has established an Audit Committee with written terms of reference as suggested under the Code of Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and adopted with reference to "A Guide for Effective Audit Committees" published by the Hong Kong Institute of Certified Public Accountants. As of 31 December 2008, the Audit Committee comprises all INEDs namely Mr. Heng Kwoo Seng, Dr. Wang Ching and Mr. Zhang Liren. As of 31 December 2008, the chairman of the Audit Committee is Mr. Heng Kwoo Seng. Each member can bring to the Audit Committee his valuable experience in reviewing financial statements and evaluating significant control and financial issues of the Group who among themselves posses a wealth of management experience in the accounting profession or commercial sectors. The Audit Committee has held 2 meetings during the year and the relevant Directors' attendance is shown in the table on page 21 of the annual report.

The main duties of the Audit Committee are as follows:

(i) to review the half-year and annual financial statements before they are submitted to the Board for approval;

(ii) to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(iii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(iv) to review the Company's financial controls, internal controls and risk management systems;

(v) to review the Group's financial and accounting policies and practice;

(vi) to review and monitor the effectiveness of the internal audit function; and

(vii) to review the terms and conditions of connected transactions of the Group.

The Audit Committee reviewed the financial statements of the Group for the year ended 31 December 2008 prior to recommending the financial statements to the Board for approval. The Board was informed that the Audit Committee had conducted a review of the effectiveness of the system of internal control of the Group. The Board has not taken a different view from that of the Audit Committee regarding the selection, resignation or dismissal of the external auditors.

Effective on 1 January 2009, Mr. Heng Kwoo Seng resigned as the chairman of the Audit Committee in light of his intention to focus on his other business commitments. Mr. Wu Fred Fong was elected as the new chairman of the Audit Committee effective from 1 January 2009.

Remuneration Committee

The Company established a remuneration committee ("Remuneration Committee") in November 2005. Its terms of reference are summarized as follows:

(i) to evaluate the performance of the executive Directors in order to make recommendations to the Board on the remuneration policy of the Group;

(ii) to determine the salaries and compensation packages of the Directors and senior management; and

(iii) to manage and determine the Group's Share Option Scheme.

During the year 2008, the Remuneration Committee determined the policy for the remuneration of executive directors of the Company, assessed their performance and approved the terms of their service contracts.

The Remuneration Committee comprises NEDs, namely Mr. Shaw Sun Kan, Gordon (resigned on 1 April 2008) and Ms. Zheng Yu, and INEDs, namely Mr. Heng Kwoo Seng (resigned with effect from 1 January 2009), Dr. Wang Ching, and Mr. Zhang Liren.

Mr. Shaw Sun Kan, Gordon's resignation as the chairman of the Remuneration Committee was effective from 1 April 2008 in light of his intention not to offer for re-election at the 2008 annual general meeting. Ms. Zheng Yu was elected as the new chairman of the Remuneration Committee.

The Remuneration Committee held 3 meetings during the Review Period to discuss remuneration related matters and the relevant Directors' attendance is shown in the table set out on page 21 of the annual report.

In order to attract, retain, and motivate executives and key employees serving the Group, the Company has adopted the Share Option Scheme in 2005. Such incentive schemes enable the eligible persons to obtain an ownership interest in the Company and thus rewards the participants who contribute to the success of the Group's operations.

Details of the amount of Directors' emoluments are set out in note 12 to the consolidated financial statements and details of the 2005 Share Option Scheme are set out in the Directors' Report and note 36 to the consolidated financial statements.

Nomination of Directors

The Board is responsible for considering the suitability of an individual to act as a Director, and approving and terminating the appointment of a Director. The Company has not established a Nomination Committee. The Company currently does not have any plans to set up a Nomination Committee considering the small size of the Board.

The Chairman is responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional Director is considered necessary. The Chairman proposes the appointment of such candidates to each member of the Board for consideration. In relation to the appointment of Mr. Wu Fred Fong as an independent non-executive Director effective on 1 January 2009, each member of the Board reviewed the qualifications of the relevant candidate, i.e. Mr. Wu Fred Fong for determining the suitability to the Group on the basis of his qualifications, experiences and background.

Composition of the Board and the Directors' attendance record for the year ended 31 December 2008

	The Board	Audit Committee	Remuneration Committee
Number of Meetings	6	2	3
Executive Directors			
Chin Jong Hwa *(Chairman)*	6		
Shi Jian Hui *(CEO)*	6		
Mu Wei Zhong *(Vice President)*	5		
Zhao Feng *(Vice President)*	6		
Non-executive Directors			
Shaw Sun Kan, Gordon (resigned on 1 April 2008)	2	1	1
Mikio Natsume	4		
Tokio Kurita	4		
Zheng Yu	5		2
Independent Non-executive Directors			
Heng Kwoo Seng	6	2	3
Wang Ching	6	2	3
Zhang Liren	5	2	3

Looking Forward

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take the necessary actions to ensure compliance with the provisions of the Code.

Independence Information

The Company has received, from each of the INEDs, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs independent.

Compliance with the Code and Compliance with the Model Code

Save as disclosed in this annual report, the Company has complied with the Code as set out during the year under review.

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("Model Code") as the code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard as set out in the Model Code.

Auditor's Remuneration

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the year under review, the Company is required to pay an aggregate of approximately HK$3,500,000 to the external auditor for its audit services. Additionally, the compensation payable for its engagement for non-audit functions amounted to RMB700,000.

Directors' and Auditor's Responsibilities for Accounts

The Directors' responsibilities for the accounts and the responsibilities of the external auditor to the Shareholders are set out on page 37 of the annual report.

Looking Forward

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavors to take necessary actions to ensure compliance with the provisions of the Code.

Directors' Report

The board ("Board") of directors ("Directors") of Minth Group Limited (the "Company") is pleased to present the annual report and the audited financial statements of the Company and its subsidiaries ("Group") for the year ended 31 December 2008.

Principal Activities

The Company acts as an investment holding company while its subsidiaries are engaged in design, manufacturing, processing, developing and sales of automobile body parts and moulds of passenger cars.

Results

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 39 of the annual report.

Dividends

The Board recommends the payment of a final dividend of HK$0.151 per share for the year ended 31 December 2008 to the Shareholders on the Company's register of members on 12 May 2009, amounting to approximately HK$144,136,000.

Property, Plant and Equipment

During the year, the Group incurred approximately RMB209,995,000 for the acquisition of property, plant and equipment. Details of these and other movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.

Share Capital and Reserves

As at the date of this report since the adoption of the share option scheme of the Company ("Share Option Scheme"), 40,000 Share Options which was granted to the grantees other than the Directors have been exercised and 2,495,000 Share Options lapsed due to resignations of persons who were not directors of the Company.

Except for the above disclosure, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of its listed securities during the year ended 31 December 2008 ("Review Period").

Movements in the reserves of the Group and the Company during the year are set out on page 42 of the annual report.

The Company's reserves available for distribution represent the share premium, contributed surplus and profit which in aggregate amounted to approximately RMB3,072 million as at 31 December 2008. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of the Company's memorandum and articles of association ("Articles") and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends shall be distributed out of the retained profits or other reserves, including the share premium account, of the Company.

Debentures

During the Review Period, the Company did not issue any debentures.

Financial Summary

A summary of the results of the assets and liabilities of the Group for the last five financial years is set out on page 4 of the annual report. The results do not constitute a part of the audited financial statements.

Major Suppliers and Customers

For the year ended 31 December 2008, the largest customer accounted for approximately 16.2% of the Group's revenue, and the five largest customers accounted for approximately 51.2% of the Group's revenue.

The purchases for the year ended 31 December 2008 attributable to the Group's largest supplier and five largest suppliers were approximately 9.7% and 24.5% of the Group's total cost of goods sold respectively.

None of the Directors, their respective associates or the existing shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital), has any interests in the Group's five largest suppliers and/or customers for the year ended 31 December 2008.

Directors

The Directors of the Company during the year and up to the date of this report were:

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

Non-executive Directors:
Shaw Sun Kan, Gordon (Resigned on 1 April 2008)
Mikio Natsume
Tokio Kurita
Zheng Yu

Independent Non-executive Directors:

Heng Kwoo Seng	(Resigned with effect from 1 January 2009)
Wang Ching	
Zhang Liren	
Wu Fred Fong	(Appointed on 1 January 2009)

In accordance with Article 86 of the Articles, Mr. Wu Fred Fong will retire from office and, being eligible, offer himself for re-election at the forthcoming Annual General Meeting.

In accordance with Article 87 of the Articles, Mr. Zhao Feng, Dr. Wang Ching, and Mr. Zhang Liren will retire from office, and all being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Directors' Service Contracts

Save as disclosed above, none of the Directors proposed for re-election at the forth coming Annual General Meeting has entered into a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Appointment of Independent Non-executive Directors

Apart from Mr. Wu Fred Fong, each of the independent non-executive Directors was nominated on 26 October 2005 for a fixed term of one year and was re-elected on 1 December 2006, 1 December 2007, and 1 December 2008 respectively with one-year extension.

Mr. Wu Fred Fong was appointed as an independent non-executive Director on 1 January 2009 for a fixed term of one year.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company considers all of the independent non-executive Directors are independent.

Biographical Details of Directors and Senior Management

Brief biographical details of the Directors and senior management are set out on pages 15 to 18 of the annual report.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 December 2008, the interests and short positions of the Directors and the chief executives of the Company in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (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) and the Model Code 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 (Note 1)	436,664,000	45.75%
Shi Jian Hui	Company	Long position	Beneficial owner	1,300,000 (Note 2)	0.14%
Mu Wei Zhong	Company	Long position	Beneficial owner	1,100,000 (Note 2)	0.12%
Zhao Feng	Company	Long position	Beneficial owner and interest of spouse (Note 3)	2,050,000 (Note 3)	0.21%

Note 1: Linkfair is beneficially interested in 436,664,000 Shares. Linkfair is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 436,664,000 Shares held by Linkfair. Since Ms. Wei Ching Lien ("Ms. Wei") is the spouse of Mr. Chin, she was deemed to be interested in 436,664,000 shares in which Mr. Chin was deemed to be interested.

Note 2: These figures represent the total number of shares over which Share Options granted under the Share Option Scheme are exercisable. Upon exercise of the Share Options, Mr. Shi and Mr. Mu will acquire 1,300,000 and 1,100,000 Shares respectively.

Note 3: These figures represent the total number of Shares over which Share Options granted under the Share Option Scheme are exercisable. Upon exercise of the options under the Share Option Scheme, Mr. Zhao and his spouse, Ms. Zhu, will acquire 1,100,000 and 950,000 Shares respectively. Since Mr. Zhao is the spouse of Ms. Zhu, he is deemed to be interested in the 950,000 Shares in which Ms. Zhu is interested in.

Other than as disclosed above, as at 31 December 2008, none of the Directors, chief executives and their associates had 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).

Share Option Scheme

The Share Option Scheme was adopted pursuant to a written resolution of all the then shareholders of the Company passed on 13 November 2005.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All Directors, employees, and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the date on which the Share Option Scheme is adopted.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares of the Company in issue on the Listing Date ("General Scheme Limit"). The Company may renew the General Scheme Limited with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in the Company in issue as at the date of the shareholders' approval.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit").

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined and notified by the Board to each grantee, at the time of making an offer of the grant of an option which shall not expire later than 10 years from the date of grant of the option. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is neither any performance target that needs to be achieved before the option can be exercised nor any minimum period for which an option must be held before it can be exercised.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer of grant; and (iii) The Nominal value of the Shares.

As at the date of 31 December 2008, the total number of Share Options the Company granted to the employees and some of the Directors and their connected persons amounted to 41,600,000 Share Options. The number of Shares Options that could still be granted under the Share Option Scheme was 39,065,000, representing 4.09% of the Shares of the Company in issue as at 31 December 2008.

Details are as follows:

Name and status of participants	Number of Shares (Note) As of 1 January 2008	Granted during the Period	Exercised during the Period	Lapsed during the Period	As of 31 December 2008	Date of Grant (Note 2)	Exercise Period (Note 3)	Subscription Price (HKD) (Note 4)
Directors, Chief executives, and substantial shareholders and their respective connected persons								
Mr. Shi Jian Hui	250,000	—	—	—	250,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	250,000	—	—	—	250,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
		400,000	—	—	400,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
		400,000	—	—	400,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
Mr. Mu Wei Zhong	250,000	—	—	—	250,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	250,000	—	—	—	250,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
		300,000	—	—	300,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
		300,000	—	—	300,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
Mr. Zhao Feng	250,000	—	—	—	250,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	250,000	—	—	—	250,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
		300,000	—	—	300,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
		300,000	—	—	300,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
Ms. Zhu Chun Ya	250,000	—	—	—	250,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
(Note 1)	250,000	—	—	—	250,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
		225,000	—	—	225,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
		225,000	—	—	225,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
Subtotal	2,000,000	2,450,000	—	—	4,450,000			
Other Participants	9,400,000	—	40,000 (Note 5)	605,000	8,755,000	1-2-2007	1-2-2008 to 12-11-2010	6.31
	9,400,000	—	—	1,370,000	8,030,000	1-2-2007	1-2-2009 to 12-11-2010	6.31
		9,175,000	—	260,000	8,915,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
		9,175,000	—	260,000	8,915,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
Subtotal	18,800,000	18,350,000	40,000	2,495,000	34,615,000			
Total	20,800,000	20,800,000	40,000	2,495,000	39,065,000			

Note: Numbers of shares in the Company over which options granted under the Share Option Scheme are exercisable.

Note 1: Spouse of Mr. Zhao, and general manager of the Group's Human Resources Centre.

Note 2: The closing price of the Share immediately before the date on which the Share Options were granted on 4 July 2008, i.e. on 3 July 2008 was HK$5.05.

Note 3: The option period for the Share Options granted on 1 February 2007 is for three years nine months and eleven days and such Share Options will vest in tranches beginning on the first anniversary of the date of grant as to 50%, and the remainder vesting on the second anniversary of the date of grant. The option period for the Share Options granted on 4 July 2008 is for five years four months and eight days and such Share Options will vest in tranches beginning on 1 February 2010 as to 50% and the remainder vesting on 1 February 2011.

Note 4: The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes.

Note 5: The weighted average closing price of the Share immediately before the dates on which the Share Options were exercised during the Review Period is HK$7.81.

During the year ended 31 December 2008, 40,000 Share Options which was granted to the grantees other than the Directors have been exercised and 2,495,000 Share Options lapsed due to resignations of persons who were not directors of the Company.

Apart from the Share Option Scheme as disclosed above, no option was granted, exercised, cancelled or lapsed during as at the date of this report since adoption.

Particulars of the Company's Share Option Scheme are set out in note 36 to the consolidated financial statements.

Directors' Rights in Purchasing Shares or Debenture

Save as disclosed in this annual report, at no time during the year was the Company, its holding company or its subsidiaries a party to any arrangements which enabled the Directors to acquire benefits by means of acquisition of Shares in or debenture of the Company or any other body corporate.

Directors' Interests in Contracts of Significance

Save as disclosed in this annual report, no contracts of significance in relation to the Group's business to which the Company, its subsidiaries, the controlling shareholder of the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during the year.

Management Contract

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Substantial Shareholders

(a) Interests or short positions in the Company

As at 31 December 2008, 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	436,664,000 (Note 1)	45.75%
Linkfair	Beneficial owner	Long position	436,664,000 (Note 2)	45.75%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	85,950,000 (Note 3)	9.00%
Deutsche Bank Aktiengesellschaft	Beneficial owner, investment manager and person having a security interest in Shares	Long position	67,050,600 (Note 4)	7.02%
		Short position	12,000	0.00%
Coleman Charles P. III	Interest of controlled corporations	Long position	55,004,000 (Note 5)	5.76%
Tiger Global Management, L.L.C.	Interest of controlled corporations	Long position	55,004,000 (Note 5)	5.76%

Note 1: As at 31 December 2008, Linkfair was beneficially interested in 436,664,000 Shares. Linkfair was wholly-owned by Mr. Chin and he was therefore deemed to be interested in the entire 436,664,000 Shares held by Linkfair. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei was deemed to be interested in the 436,664,000 Shares in which Mr. Chin was deemed to be interested.

Note 2: Linkfair, a company wholly-owned by Mr. Chin Jong Hwa, was interested in 436,664,000 Shares.

Note 3: 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.

Note 4: Deutsche Bank Aktiengesellschaft has security interest in long position of 67,050,600 Shares in accordance with Part XV of the SFO. Of these Shares, Deutsche Investment Management Americas Inc. and Deutsche Asset Management (Asia) Limited have direct interest in 2,668,000 and 3,366,000 Shares respectively. Both of these entities are controlled subsidiaries of Deutsche Bank Aktiengesellschaft.

Note 5: Tiger Global, Ltd. was beneficially interested in 20,995,027 Shares. Tiger Global L.P. was beneficially interested in 32,947,396 Shares. Tiger Global II, L.P. was beneficially interested in 1,061,577 Shares. Tiger Global Management, L.L.C. is the investment manager of Tiger Global Ltd., Tiger Global L.P. and Tiger Global II, L.P. 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 Tiger Global, L.P. and Tiger Global II, L.P. 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..

(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.
Jiaxing Minth Hashimoto Automotive Parts Co., Ltd.	FALTEC Co., Ltd.
Changchun Minth Automotive Parts Co., Ltd.	Changchun Kedi Equipment Technology Co., Ltd.
MINTH AAPICO (Thailand) Co., Limited	AAPICO HITECH Public Company Limited

Other than as disclosed above, as at 31 December 2008, 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 or any of its associated corporations (within the meaning of Part XV of the SFO).

Purchase, Sale or Redemption of Securities

During the year ended 31 December 2008, 40,000 Share Options which was granted to the grantees other than the Directors have been exercised, 2,495,000 Share Options lapsed due to resignations of persons who were not directors of the Company.

Except for the above disclosure, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of its listed securities during the year 2008.

Connected Transactions and Continuing Connected Transactions

During the Review Period, the following connected transaction and continuing connected transactions have been entered into by the Group. Save as disclosed herein, these transactions complied with Chapter 14A of the Listing Rules requirements in relation to reporting, announcement and/or independent shareholders' approval:

(a) Entering into a sale and purchase agreement with Aisin Tianjin Body Parts Co., Ltd. ("Aisin Tianjin")

An indirect wholly-owned subsidiary of the Company entered into a share transfer agreement in 10 May 2006 with Aisin Tianjin pursuant to which the Group and Aisin Tianjin own 80% interest and a 20% interest in Tianjin Shintai Automotive Parts Co., Ltd. ("Tianjin Shintai") respectively. Aisin Tianjin therefore becomes a connected person of the Company within the meaning of Listing Rules by virtue of it being a substantial shareholder of one of the subsidiaries of the Company.

Tianjin Shintai and Aisin Tianjin (on behalf of and for itself and/or its subsidiaries) entered into a sale and purchase agreement ("Sale and Purchase Agreement") on 19 July 2006, 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 (collectively "Aisin Group"). The specific products would depend on the car models and terms as to quantity, quality and price will be agreed between the parties thereto from time to time under separate specific transactional agreements.

The price of the products supplied under the Sale and Purchase Agreement shall be negotiated by the parties on an arm's length basis by reference to market conditions at the relevant 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. The Sale and Purchase Agreement was for a term from the date that the requisite approval of the Shareholders had been obtained to 31 December 2008 and was capable of automatic renewal for another term of three years unless either party gives three months' termination notice prior to the expiry of the term. The Sale and Purchase Agreement was renewed for a further three years up to and including 31 December 2011 as approved by the independent shareholders at the extraordinary general meeting of the Company on 26 June 2008.

The aggregate amount of purchases from, and sales to, Aisin Group under the Sale and Purchase Agreement for the twelve months ended 31 December 2008 was approximately RMB135,352,000 and approximately RMB121,541,000 respectively, which did not exceed the maximum of RMB160,000,000 and RMB200,000,000 as approved by the independent shareholders at the extraordinary general meeting of the Company on 26 June 2008.

(b) Agreement relating to Guangzhou Minhui Automobile Parts Co., Ltd. ("Guangzhou Minhui") as supplemented by two supplemental agreements dated 31 July 2005 and 10 November 2005, respectively between Decade Industries Limited ("Decade") and Sankei Giken Holdings Co., Ltd. ("Sankei Giken Holdings")

Decade, an indirect wholly-owned subsidiary of the Company, entered into an agreement on 20 June 2005 with Sankei Giken Holdings as supplemented by a supplemental agreement dated 31 July 2005 and a second supplemental agreement dated 10 November 2005, pursuant to which Decade undertook to Sankei Giken Holdings that during a period of 36 months commencing from 1 January 2006, the dividend distribution to be made by Guangzhou Minhui to Sankei Giken Holdings would be approximately US$393,385 (equivalent to approximately HK$3.07 million) per year and any shortfall will be made up by Decade. In the event that during any of the three years ending 31 December 2008, the dividend distribution to be made by Guangzhou Minhui to Sankei Giken Holdings is more than US$393,385, the amount in excess shall be paid by Sankei Giken Holdings to Decade. Sankei Giken Holdings currently holds a 30% interest in Guangzhou Minhui and by virtue of it being a substantial shareholder of Guangzhou Minhui (an indirect non wholly-owned subsidiary of the Company), Sankei Giken Holdings is a connected person of the Company.

The Group will make a payment in 2009 of approximately US$393,385 to Sankei Giken Holdings and in consideration thereof, Sankei Giken Holdings would pay to Decade all the dividend distribution to be made by Guangzhou Minhui to it for the year ended 31 December 2008.

(c) Technology services provided by Sankei Giken Kogyo Co., Ltd. ("Sankei Giken") to the Group

Guangzhou Minhui, an indirect non-wholly owned subsidiary of the Company, entered into three technology services agreements with Sankei Giken, a wholly-owned subsidiary of Sankei Giken Holdings, (a connected person of the Company since February 2001 by way of its 30% shareholding in one of the Company's subsidiaries, Guangzhou Minhui) on 12 June 2002, 27 February 2004, and 1 March 2004, respectively (collectively, the "Technology Services Agreements"). Guangzhou Minhui also entered into three new technology services agreements with Sankei Giken on 17 July 2007 and 13 August 2008. Wuhan Minhui also entered into three new technology services agreements with Sankei Giken on 28 February 2006, 18 April 2006 and 1 February 2008 respectively (collectively, the "New Technology Services Agreements").

Pursuant to the Technology Services Agreements and the New Technology Services Agreements, Sankei Giken agreed to provide technology, technology support and know-how for certain types of auto-parts to Guangzhou Minhui, Ningbo Shintai, Jiaxing Minhui and Wuhan Minhui and to grant non-exclusive rights to use the technology know-how in relation to the manufacture of auto-parts for Guangzhou Honda Automobile Co., Ltd. (in respect of Guangzhou Minhui), and Dongfeng Honda (Wuhan) Automobile Co. Ltd. (in respect of Ningbo Shintai, Wuhan Minhui and Jiaxing Minhui). The technology support provided by Sankei Giken includes the design, installation, operation of the auto-parts and to provide training to the Group's staff. The term for the Technology Services Agreements are for five years or six years (and five years to seven years for the New Technology Services Agreements) commencing from the date when registration procedures with the relevant Chinese governmental authorities are completed. The price for such technology, technology support and know-how under the Technology Services Agreements are set by reference to the prevailing market prices. The structure of payment of such prices under the Technology Services Agreements and the New 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.

During the Review Period, the aggregate consideration for the above-mentioned transactions between the Group and Sankei Giken amounted to approximately RMB5,664,000, which did not exceed the annual cap of RMB18,000,000 for the year ended 31 December 2008.

(d) Technology services provided by FALTEC Co., Ltd. (together with the former Altia Hashimoto, "FALTEC Group") to the Group

Pursuant to a share transfer agreement ("Share Transfer Agreement") between Altia Hashimoto Co., Ltd. ("Altia Hashimoto") and Minth Investment Limited ("Minth Investment"), a wholly-owned subsidiary of the Company, dated 28 September 2007, Altia Hashimoto transferred its 15% interest in Jiaxing Minth Hashimoto Automotive Parts Co., Ltd ("Jiaxing Minth Hashimoto") to Minth Investment. As a result of the Share Transfer Agreement, Jiaxing Minth Hashimoto became an indirect non-wholly owned subsidiary of the Company. 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. FALTEC Group are mainly involved in the business of automobile part and accessory production and development. The Group has been entering into technology services agreements ("FALTEC Technology Services Agreements") since 2003 and a framework technology services agreement on 28 September 2007 ("FALTEC Master Framework Agreement") with Altia Hashimoto until Altia Hashimoto was 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.

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. 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/or tools provided by FALTEC Group) which are paid on an ad hoc basis.

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 other 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 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.

During the Review Period the aggregate consideration for the above-mentioned transactions between the Group and FALTEC Group amounted to approximately RMB23,879,000, which did not exceed the annual cap of RMB70,000,000 for the year ended 31 December 2008.

(e) Agreement in relation to the sale and purchase of land between the Group and AAPICO Hitech Public Company Limited

The Company and one of its indirect wholly-owned subsidiaries, Sinoone Holdings Limited ("SINOONE"), have entered into the Agreement with AAPICO Hitech Public Company Limited ("AAPICO") on 7 January 2008 for the establishment of the joint venture Company MINTH AAPICO (Thailand) CO., LIMITED ("MINTH AAPICO") in Thailand. The joint venture company MINTH AAPICO is owned as to 60% by SINOONE and 40% by AAPICO. MINTH AAPICO is therefore an indirect non-wholly owned subsidiary of the Company and AAPICO is therefore a connected person of the Company by virtue of it being a substantial shareholder of the Company's subsidiary owning 40% of the joint venture company. SINOONE then on 2 May 2008 transferred its 60% interest in MINTH AAPICO to Enboma Investments Limited ("Enboma"). The transfer of the joint venture interest from SINOONE to Enboma was a result of the Company's decision to restructure its investment holding companies. On 4 July 2008, MINTH AAPICO and AAPICO entered into an agreement (the "Agreement") in relation to the sale and purchase of the land in Thailand and the transaction contemplated by the Agreement constituted a connected transaction of the Company.

According to the Agreement in relation to the sale and purchase of the land, MINTH AAPICO agreed to pay 36,000,000Bht as total consideration (approximately HK$8,449,500 at the time) to purchase a plot of land located in Tambol Mab Yang Porn, Pluak Daeng District, Rayong Province, Thailand with an area of 20Rai (approximately 32,000 square metres). The land is used for producing auto-parts. Upon signing of the Agreement, MINTH AAPICO should pay 30% of the total consideration to AAPICO, the second and third instalment, each being 30% of the total consideration, should be payable within 30 days after the preceding instalment payment. The final instalment, being 10% of the total consideration, should be paid upon the transfer of the relevant title deeds of the land. The consideration would be paid from the internal financial resources of MINTH AAPICO out of its capital.

The consideration of the land has been determined after arm's length negotiations between MINTH AAPICO and AAPICO. In addition, the Board had taken into account some recent land transfers in the market and note that the current price per Rai is lower than those transactions. The Directors (including the independent non-executive Directors) are of the view that the Agreement was entered into on normal commercial terms after arm's length negotiations between the parties. They consider that the terms of the Agreement fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group acquired (the "Acquisition") 100% of the issued share capital of Talentlink Development Ltd. and its subsidiary ("Talentlink") and Magic Figure Investments Ltd. and its subsidiaries ("Magic Figure") for a total consideration of RMB88,593,000, further details of which are set out in note 32 to the consolidated financial statements. Prior to the publication of the annual report, the Company is seeking confirmation from the Stock Exchange as to whether the Acquisition would, in the opinion of the Stock Exchange, constitute a connected transaction as the ultimate vendors were the relatives of Mr. Chin Jong Hwa (the Company's chairman and controlling shareholder). As at the date of publication of this annual report, such enquiries with the Stock Exchange are ongoing and an announcement will be made as and when appropriate.

The independent non-executive Directors reviewed the connected transaction and continuing connected transactions set out herein and in note 38 to the consolidated financial statements, and confirmed that, during the year ended 31 December 2008, such transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms, or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company also confirmed that the connected transaction and the continuing connected transactions:

(i) have been approved by the Board;

(ii) have been entered into in accordance with the pricing policies of the Group with reference to similar transactions with independent third parties;

(iii) have been entered into in accordance with the term of the relevant agreements governing the transactions; and

(iv) have not exceeded the relevant cap amount for the financial year ended 31 December 2008 as set out in the Company's previous announcements.

Further details of the transactions and relationships of the connected parties are also set out in note 38 to the financial statements.

Remuneration Policy

Remuneration policy of the Group is set by the Remuneration Committee, making reference to legal framework, market condition and performance of the Group and individual staff. The remuneration policy and remuneration packages of the Directors and senior management staff of the Group are reviewed by the Remuneration Committee, making reference to the prevailing market practice, his/her duties and responsibilities within the Group and his/her contribution of the Group.

As a matter of good faith, Ms. Zheng Yu will waive her annual salary as Director from January 2009 onwards until further notice.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees, details of the Share Option Scheme are set out on pages 27 to 29 of the annual report.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

Compliance with the Code and Compliance with Model Code

None of the Directors is aware of any information that would reasonably indicate that the Company was not at any time during the period under review in compliance with the Code as set out in the Listing Rules.

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

Material Litigation and Arbitration

The Group did not engage in any litigation or arbitration of material importance during the year ended 31 December 2008.

Subsequent Event

No significant events occurred since the balance sheet date which would have a material adverse impact on the financial position of the Company.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

Auditor

A resolution will be proposed at the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Minth Group Limited
Chin Jong Hwa
Chairman

30 March 2009

Independent Auditor's Report

Deloitte.
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TO THE SHAREHOLDERS OF MINTH GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Minth Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 108, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of the consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2009

Consolidated Income Statement

For the year ended 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Turnover	6	**1,966,464**	1,408,747
Cost of sales		**(1,253,111)**	(858,345)
Gross profit		**713,353**	550,402
Interest income	7	**37,053**	29,914
Other income	8	**66,545**	61,961
Other gains and losses	9	**(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	19	**(24,585)**	(14,698)
Share of profits of associates	20	**30,055**	41,057
Profit before tax		**474,922**	394,011
Income tax expense	10	**(36,323)**	(28,196)
Profit for the year	11	**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	13	**102,824**	78,763
Earnings per share	14		
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	15	**929,220**	807,590
Prepaid lease payments	16	**179,311**	136,452
Goodwill	17	**15,276**	15,276
Other intangible assets	18	**25,576**	14,881
Interests in jointly controlled entities	19	**49,140**	29,762
Interests in associates	20	**77,455**	72,889
Loans to jointly controlled entities	23	**68,539**	—
Deferred tax assets	21	**11,462**	8,175
		1,355,979	1,085,025
Current assets			
Prepaid lease payments	16	**3,926**	3,276
Inventories	22	**344,732**	279,532
Loans to jointly controlled entities	23	**32,453**	65,669
Trade and other receivables	24	**451,116**	430,048
Tax recoverable		**4,762**	—
Other financial assets	25	**40,119**	606,172
Pledged bank deposits	26	**44,432**	9,924
Bank balances and cash	26	**1,429,601**	933,082
		2,351,141	2,327,703
Current liabilities			
Trade and other payables	27	**294,903**	284,666
Tax liabilities		**13,435**	12,950
Borrowings	28	**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)

Consolidated Balance Sheet

At 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Capital and reserves			
Share capital	29	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	21	10,194	1,378
		10,194	1,378
		3,357,395	2,998,013

The consolidated financial statements on pages 39 to 108 were approved and authorised for issue by the Board of Directors on 30 March 2009 and are signed on its behalf by:

Shi Jian Hui
DIRECTOR

Zhao Feng
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to equity holders of the Company RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2007	86,345	421,673	276,199	19,511	30,814	11,159	(6,359)	—	343,341	1,182,683	34,480	1,217,163
Exchange difference arising on translation of foreign operations and net loss recognised directly in equity	—	—	—	—	—	—	(680)	—	—	(680)	—	(680)
Revaluation reserve recognised upon acquisition of businesses from interests in jointly controlled entities	—	—	—	2,068	—	—	—	—	—	2,068	—	2,068
Acquisition of additional interests in subsidiaries (note 30)	—	—	—	5,660	—	—	—	—	—	5,660	(7,737)	(2,077)
Net income (expense) recognised directly in equity	—	—	—	7,728	—	—	(680)	—	—	7,048	(7,737)	(689)
Profit for the year	—	—	—	—	—	—	—	—	359,865	359,865	5,950	365,815
Total recognised income and expense for the year	—	—	—	7,728	—	—	(680)	—	359,865	366,913	(1,787)	365,126
Recognition of share-based payments	—	—	—	—	—	—	—	13,264	—	13,264	—	13,264
Transfer to reserve fund	—	—	—	—	59,181	—	—	—	(59,181)	—	—	—
Acquisition of businesses (note 31)	—	—	—	—	—	—	—	—	—	—	5,772	5,772
Dividends paid to minority interests	—	—	—	—	—	—	—	—	—	—	(4,247)	(4,247)
Dividends recognised as distribution (note 13)	—	—	—	—	—	—	—	—	(78,763)	(78,763)	—	(78,763)
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	4,848	4,848
Shares issued	12,065	1,496,097	—	—	—	—	—	—	—	1,508,162	—	1,508,162
Transaction costs attributable to issue of shares	—	(34,690)	—	—	—	—	—	—	—	(34,690)	—	(34,690)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Other reserve RMB'000	Statutory surplus reserve fund RMB'000	Enterprise expansion fund RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to equity holders of the Company RMB'000	Minority interests RMB'000	Total RMB'000
At 31 December 2007	98,410	1,883,080	276,199	27,239	89,995	11,159	(7,039)	13,264	565,262	2,957,569	39,066	2,996,635
Exchange difference arising on translation of foreign operations and net loss recognised directly in equity	—	—	—	—	—	—	(17,450)	—	—	(17,450)	(606)	(18,056)
Net expense recognised directly in equity	—	—	—	—	—	—	(17,450)	—	—	(17,450)	(606)	(18,056)
Profit for the year	—	—	—	—	—	—	—	—	424,110	424,110	14,489	438,599
Total recognised income and expense for the year	—	—	—	—	—	—	(17,450)	—	424,110	406,660	13,883	420,543
Recognition of share-based payments	—	—	—	—	—	—	—	10,928	—	10,928	—	10,928
Transfer to reserve fund	—	—	—	—	35	—	—	—	(35)	—	—	—
Dividends recognised as distribution (note 13)	—	—	—	—	—	—	—	—	(102,824)	(102,824)	—	(102,824)
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	21,691	21,691
Exercise of share options	4	262	—	—	—	—	—	(38)	—	228	—	228
Transfer to other reserve for share options forfeited after the vesting date	—	—	—	584	—	—	—	(584)	—	—	—	—
At 31 December 2008	98,414	1,883,342	276,199	27,823	90,030	11,159	(24,489)	23,570	886,513	3,272,561	74,640	3,347,201

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the paid-in capital of subsidiaries acquired pursuant to the group reorganisation in June 2005.

As stipulated by the relevant laws and regulations for foreign investment enterprise in the Mainland China (the "PRC"), the PRC subsidiaries are required to maintain a statutory surplus reserve fund which is non-distributable. Appropriations to such reserves are made out of profit after taxation of the statutory financial statements of the PRC subsidiaries. The amount and basis of allocation are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up its prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue.

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Operating activities			
Profit before tax		474,922	394,011
Adjustments for:			
Finance costs		6,697	6,936
Interest income		(37,053)	(29,914)
Share of profits of associates		(30,055)	(41,057)
Unrealised profits arising from transactions with associates		(484)	512
Share of losses of jointly controlled entities		24,585	14,698
Unrealised profits arising from transactions with jointly controlled entities		(222)	280
Depreciation of property, plant and equipment		75,451	59,482
Amortisation of other intangible assets		7,097	4,645
Release of prepaid lease payments		3,053	3,116
Discount on acquisition of additional interests in subsidiaries	30	—	(778)
Discount on acquisition of businesses	31	—	(392)
Share-based payment expense		10,928	13,264
(Gain) loss on fair value changes of financial assets designated at FVTPL		(17,853)	2,078
Loss on disposal of property, plant and equipment		485	359
Allowance for inventories		5,178	927
Allowance for bad and doubtful debts		25,683	868
Net foreign exchange losses		58,770	49,797
Operating cash flows before movements in working capital		607,182	478,832
Increase in inventories		(70,378)	(50,289)
Increase in trade and other receivables		(33,903)	(162,722)
Increase in trade and other payables		21,631	29,817
Cash generated from operations		524,532	295,638
Income taxes paid		(35,071)	(27,148)
Net cash from operating activities		489,461	268,490

(Continued)

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Investing activities			
Interest received		**23,000**	29,914
Dividends received from associates		**35,378**	19,206
Proceeds on disposal of an associate		**200**	—
Proceeds on redemption of other financial assets		**584,680**	—
Proceeds on disposal of property, plant and equipment		**1,552**	11,226
Purchases of property, plant and equipment		**(207,909)**	(262,660)
Addition of investment in an associate		**(9,605)**	—
Addition of investment in jointly controlled entities		**(17,203)**	(38,049)
Investment in other financial assets		**(40,000)**	(642,968)
Prepaid rentals for lease premium for land		**(16,041)**	(63,375)
Purchases of other intangible assets		**(17,792)**	(8,449)
Acquisition of additional interests in subsidiaries	30	**—**	(5,857)
Acquisition of businesses	31	**—**	12,348
Acquisition of assets, and assumption of liabilities through acquisition of subsidiaries	32	**(32,462)**	—
Loans to jointly controlled entities		**(71,388)**	(65,669)
Loan to a third party		**(10,000)**	(73,000)
Repayment from a third party		**10,000**	73,000
Repayment from jointly controlled entities		**2,380**	—
Increase in pledged bank deposits		**(34,508)**	(6,905)
Net cash from (used in) investing activities		**200,282**	(1,021,238)
Financing activities			
Interest paid		**(6,697)**	(6,936)
Dividends paid to equity holders of the Company		**(102,824)**	(78,763)
Dividends paid to minority owners of subsidiaries		**—**	(2,875)
Repayment of bank loans		**(701,156)**	(122,572)
New bank loans raised		**638,367**	209,096
Proceeds from exercise of share options		**228**	—
Proceeds from issue of shares		**—**	1,508,162
Expenses on issue of shares		**—**	(34,690)
Capital contributions from minority owners of subsidiaries		**21,691**	4,848
Net cash (used in) from financing activities		**(150,391)**	1,476,270
Net increase in cash and cash equivalents		**539,352**	723,522
Cash and cash equivalents at beginning of the year		**933,082**	232,071
Effect of foreign exchange rate changes		**(42,833)**	(22,511)
Cash and cash equivalents at the end of the year		**1,429,601**	933,082
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**1,429,601**	933,082

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, develop, manufacture, process and sales of automobile body parts and moulds. The principal activities of the Company's subsidiaries are set out in note 39.

In the opinion of the Directors, the immediate and ultimate holding 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 current year, 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.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

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. Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. Significant Accounting Policies (Continued)

Business combinations (Continued)

For business combination that involves more than one exchange transaction through successive share purchases, each exchange transaction is treated separately, using the cost of the transaction and fair value information at the date of each exchange transaction, to determine the amount of any goodwill associated with that transaction. The acquiree's net assets are stated at fair value at the date of acquisition when control is achieved. Any adjustment to those fair values relating to previously held interests of the Group is a revaluation and is credited to other reserve. This revaluation reserve will be recognised in the retained profits upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.

Acquisition of additional interests in subsidiaries

On acquisition of additional interests in subsidiaries, the excess of the cost of the acquisition over the fair values of the underlying assets and liabilities attributable to the additional interests in subsidiaries is debited to goodwill, the difference between the cost of the acquisition and the goodwill on acquisition and the carrying values of the underlying assets and liabilities attributable to the additional interests in subsidiaries is charged directly to other reserve.

Goodwill

Goodwill arising on an acquisition of a business and additional interests in a subsidiary represent the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business recognised at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business or additional interests in a subsidiary is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in a subsequent period.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. Significant Accounting Policies (Continued)

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3. Significant Accounting Policies (Continued)

Jointly controlled entities (Continued)

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress and freehold land over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Freehold land is carried at cost less any recognised impairment loss.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

3. Significant Accounting Policies (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Prepaid lease payments

The up-front payments to acquire leasehold interest in land are accounted for as operating leases and are stated at cost and released over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

3. Significant Accounting Policies (Continued)

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. The grants are recognised as other income in the consolidated income statement when there is reasonable assurance that the grants will be received and the Group comply with conditions attaching to them, if any.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The carrying amount of deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. Significant Accounting Policies (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired.

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets other than goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified into loans and receivables and financial assets at fair value through profit or loss ("FVTPL"). All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL represent those designated at FVTPL on initial recognition.

A financial asset may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, loans to jointly controlled entities, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including borrowings, trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to other reserve.

4. Key Sources of Estimation Uncertainty

The following is the key assumption concerning the future, and other key source of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial instruments not quoted in active market

The directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. In relation to the structured deposits set out in note 25, they are valued using a discounted cash flow analysis based on the terms of the instrument and assumptions supported by market rates. As at 31 December 2008, the carrying amount of the financial instruments is approximately RMB40 million (2007: RMB606 million). Details of such financial instruments are disclosed in note 25.

5. Financial Instruments

(a) Categories of financial instruments

	2008 RMB'000	2007 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	1,979,259	1,394,055
Financial assets designated as at fair value through profit or loss (FVTPL)	40,119	606,172
Financial liabilities		
Amortised cost	326,815	396,929

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, pledged bank deposits, loans to jointly controlled entities, borrowings, trade and other payables, and financial assets designated as at fair value through profit or loss (FVTPL). Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

The Group's exposure to foreign currency risk is arising mainly from:

(1) The Company and certain subsidiaries have bank balances denominated in foreign currencies.

(2) Several subsidiaries of the Company also have foreign currency sales and purchases and certain trade receivables and payables of these subsidiaries are denominated in foreign currencies.

(3) The Company and several subsidiaries also have borrowings denominated in foreign currencies.

5. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) *Currency risk (Continued)*

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2008 RMB'000	2007 RMB'000	**2008 RMB'000**	2007 RMB'000
USD	**57,294**	117,747	**316,044**	1,311,899
EURO	**99**	6,048	**12,883**	6,688
JPY	**22,142**	30,290	**3,131**	1,422
HKD	**3,287**	3,056	**306**	16,987
	82,822	157,141	**332,364**	1,336,996

The management will continue to monitor foreign currency risk exposure and consider hedging against it should the need arises.

Sensitivity analysis

This sensitivity analysis details the Group's sensitivity to a 5% increase and decrease in functional currency against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where functional currency strengthen 5% (2007: 5%) against the relevant currency. A negative number indicates a decrease in post-tax profit. For a 5% (2007: 5%) weakening of functional currency against the relevant currency, there would be an equal and opposite impact on the post-tax profit.

	2008 RMB'000	2007 RMB'000
USD	**(11,379)**	(56,864)
EURO	**(562)**	(30)
JPY	**836**	1,375
HKD	**131**	(663)

5. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan to a jointly controlled entity, time deposits and borrowings. (see notes 23, 26 and 28)

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate borrowings and loans to jointly controlled entities. (see notes 23, 26 and 28)

The Group has not entered any interest rate hedging contracts. The management closely monitors such risks and will consider hedging significant interest rate risk exposure should the need arise. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Prime rate arising from the Group's bank balance amounting to approximately RMB458 million and loans to jointly controlled entities amounting to approximately RMB98 million.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate financial instruments (including bank balances, loans to jointly controlled entities and borrowings) at the balance sheet date. The analysis is prepared assuming the balances outstanding at the balance sheet date were outstanding for the whole year. A 10 basis point increase or decrease on variable-rate bank balances and 50 basis point increase or decrease on variable-rate loans to jointly controlled entities and borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates on bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease approximately by RMB400,000 (2007: increase approximately by RMB800,000). If interest rates on loans to jointly controlled entities and borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease approximately by RMB40,000 (2007: decrease/increase approximately by RMB400,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances, loans to jointly controlled entities and borrowings.

Credit risk

As at 31 December 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

5. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are state-owned banks in PRC and those banks with high credit-ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk on trade receivables and loans to jointly controlled entities. At 31 December 2008, the Group's ten largest customers accounted for approximately 48% (2007: 58%) of the total trade receivables. As at 31 December 2008, the Group's loans to jointly controlled entities were from the two jointly controlled entities of the Group. The management of the Group has entered some credit insurance arrangements for these major customers with certain insurance institutions. The Group reviews recoverable amount of individual jointly controlled entity at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts, if any. In these regards, the directors of the Company consider that the credit risk of the Group has been significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 80% (2007: 79%) of the total trade receivables as at 31 December 2008.

Liquidity risk

The Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future.

5. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

	Weighted average interest rate %	Within one to three months RMB'000	Three months to six months RMB'000	Six months to one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2008						
Non-derivative financial liabilities						
Trade and other payables	—	285,428	—	—	285,428	285,428
Borrowings	2.75	380	380	41,499	42,259	41,387
		285,808	380	41,499	327,687	326,815
2007						
Non-derivative financial liabilities						
Trade and other payables	—	279,830	—	—	279,830	279,830
Borrowings	5.33	6,847	105,925	6,814	119,586	117,099
		286,677	105,925	6,814	399,416	396,929

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities carried at cost or amortised cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The fair value of other financial assets (i.e. the structured deposits) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

5. Financial Instruments (Continued)

(d) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 28, and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. 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.

6. Business and Geographical Segments (Continued)

Geographical segments

The following tables provide 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

	PRC RMB'000	North America RMB'000	Europe RMB'000	Japan RMB'000	Asia Pacific — Others RMB'000	Consolidated RMB'000
Revenue						
External sales	1,580,252	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

6. Business and Geographical Segments (Continued)

Geographical segments (Continued)

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 RMB'000	2008 %	2007 RMB'000	2007 %
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 — Others	**13,166**	**3.4**	26,516	7.2
Total	**388,004**	**100.0**	365,667	100.0

6. Business and Geographical Segments (Continued)

Geographical segments (Continued)

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

7. Interest Income

	2008 RMB'000	2007 RMB'000
Interest on bank deposits	33,415	25,245
Interest on loan receivables	3,638	4,669
Total interest income	37,053	29,914

8. Other Income

	2008 RMB'000	2007 RMB'000
Government grants received (note)	44,789	18,298
Technology consulting income	1,176	13,817
Tax refund on reinvestment	—	12,681
Sales of scrap and raw materials	8,796	10,407
Property rental income (note 11)	2,736	2,549
Discount on acquisition of additional interests in subsidiaries (note 30)	—	778
Discount on acquisition of businesses (note 31)	—	392
Others	9,048	3,039
Total	66,545	61,961

Note: The amount represents the incentive subsidies granted by the PRC local government authorities to the Group for incentive of the group entities involving in hi-tech know-how industry and product development activities. The government grants have been approved by and received from the PRC local government authorities.

9. Other Gains and Losses

	2008 RMB'000	2007 RMB'000
Loss on disposal of property, plant and equipment	(485)	(359)
Net foreign exchange losses	(53,650)	(48,801)
Change in fair value of financial assets designated as at FVTPL	17,853	(2,078)
Allowance for bad and doubtful debts	(25,683)	—
Allowance for inventories	(5,178)	—
Total	(67,143)	(51,238)

10. 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 (note 21)		
Current year	5,299	(8,175)
Attributable to a change in tax rate	230	—
	5,529	(8,175)
	36,323	28,196

10. Income Tax Expense (Continued)

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 of the 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 specific encouraged industries 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.

Besides, pursuant to the approval of the local tax authority, one of the group entities located in Guangzhou Economic & Technology Development Zone is entitled to enjoy a preferential tax rate of 10% in 2008.

Under the New Tax Law and implementation regulations issued by the State Council, PRC withholding income tax is applicable to interest 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.

10. Income Tax Expense (Continued)

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.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2008		2007	
	RMB'000	%	RMB'000	%
Profit before tax	474,922		394,011	
Tax at the applicable income tax rate of 25% (2007: 15%)	118,731	25.0	59,102	15.0
Tax effect of share of net profits of associates and jointly controlled entities	(1,368)	(0.3)	(3,954)	(1.0)
Tax effect of expenses not deductible for tax purpose	20,062	4.2	7,806	2.0
Tax effect of tax losses/deductible temporary differences not recognised as deferred tax assets	733	0.2	671	0.2
Utilisation of tax losses/deductible temporary differences previously not recognised as deferred tax assets	(1,119)	(0.2)	(4,553)	(1.1)
Effect of tax exemptions granted to PRC subsidiaries	(105,228)	(22.2)	(31,786)	(8.1)
Withholding income tax provision on dividends from PRC	7,353	1.5	—	—
Tax effect of different tax rates of subsidiaries	(2,021)	(0.4)	1,413	0.3
Deferred tax charged at different income tax rate	(956)	(0.2)	1,173	0.3
Under (over) provision in respect of prior years	136	—	(1,676)	(0.4)
Tax charge and effective tax rate for the year	36,323	7.6	28,196	7.2

The applicable income tax rate of 25% adopted is the unified statutory rate of the PRC subsidiaries effective from 1 January 2008, while most of the PRC subsidiaries enjoyed 50% tax exemption based on the statutory rate for the year ended 31 December 2008. The applicable income tax rate of 15% adopted for the year ended 31 December 2007 was the domestic rate in the respective regions of PRC where the operations of the Group are substantially based.

11. Profit for the Year

	2008 RMB'000	2007 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories as expense	1,253,111	858,345
Directors' remuneration (note 12)	3,421	3,366
Other staff's retirement benefits scheme contributions	8,852	10,497
Other staff's share-based payments	9,948	12,307
Other staff costs	174,331	134,608
Total staff costs	196,552	160,778
Less: Staff costs included in research expenditure	(23,418)	(14,975)
	173,134	145,803
Auditor's remuneration	4,172	3,592
Depreciation for property, plant and equipment	75,451	59,482
Less: Depreciation included in research expenditure	(7,157)	(5,345)
	68,294	54,137
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditure)	7,097	4,645
Release of prepaid lease payments	3,053	3,116
Operating lease rentals of buildings	5,926	2,601
Research expenditure (note)	72,418	49,921
Property rental income	(4,683)	(3,274)
Less: Outgoings	1,947	725
	(2,736)	(2,549)

Note: The amount represents expenses incurred in the research phase for the design of new moulds of the Group.

12. Directors' and Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the eleven (2007: nine) directors were as follows:

		Others emoluments			
	Fees RMB'000	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2008					
Executive directors:					
Chin Jong Hwa ("Mr. Chin")	—	—	—	—	—
Shi Jian Hui	—	634	352	3	989
Mu Wei Zhong	—	508	314	3	825
Zhao Feng	—	462	314	4	780
	—	1,604	980	10	2,594
Non-executive directors:					
Mikio Natsume (note 1)	134	—	—	—	134
Tokio Kurita (note 1)	134	—	—	—	134
Zheng Yu (note 1)	160	—	—	—	160
Shaw Sun Kan Gordon (note 2)	—	—	—	—	—
	428	—	—	—	428
Independent non-executive directors:					
Heng Kwoo Seng (note 3)	133	—	—	—	133
Wang Ching	133	—	—	—	133
Zhang Liren	133	—	—	—	133
	399	—	—	—	399

12. Directors' and Employees' Emoluments (Continued)

(a) Directors' emoluments (Continued)

		Others emoluments			
	Fees RMB'000	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2007					
Executive directors:					
Mr. Chin	—	100	—	3	103
Shi Jian Hui	—	661	319	33	1,013
Mu Wei Zhong	—	473	319	33	825
Chin Jung Huang (note 4)	—	228	—	—	228
Zhao Feng	—	406	319	34	759
	—	1,868	957	103	2,928
Non-executive directors:					
Shaw Sun Kan Gordon	—	—	—	—	—
Independent non-executive directors:					
Heng Kwoo Seng	146	—	—	—	146
Wang Ching	146	—	—	—	146
Zhang Liren	146	—	—	—	146
	438	—	—	—	438

Notes:

(1) Appointed as a non-executive director of the Company with effect from 1 January 2008.

(2) Resigned as non-executive director of the Company with effect from 12 May 2008.

(3) Resigned as independent non-executive director of the Company with effect from 1 January 2009.

(4) Passed away during the year ended 31 December 2007. Upon his death, he ceased to be a director of the Company.

During the year ended 31 December 2008, one director waived emoluments of RMB600,000 (2007: one director waived emoluments of RMB500,000).

12. Directors' and Employees' Emoluments (Continued)

(b) Employees' emoluments

During the year, the five highest paid individuals included three directors (2007: three directors), details of whose emoluments are set out above. The emoluments of the remaining two (2007: two) highest paid individuals were as follows:

	Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirements benefits scheme contributions RMB'000	Total RMB'000
2008	**1,024**	**526**	**—**	**1,550**
2007	1,115	701	—	1,816

Their emoluments were within the following bands:

	2008 No. of employees	2007 No. of employees
HK$ nil to HK$1,000,000	**2**	1
HK$1,000,000 to HK$1,500,000	**—**	1

13. Dividends

	2008 RMB'000	2007 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.

14. 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 RMB'000	2007 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 '000	2007 '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.

15. Property, Plant and Equipment

	Freehold land RMB'000	Buildings RMB'000	Furniture and equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Construction in progress RMB'000	Total RMB'000
COST								
At 1 January 2007	—	234,574	25,910	3,795	17,353	367,373	47,370	696,375
Exchange adjustments	—	—	(40)	—	—	—	—	(40)
Additions	4,806	28,271	15,493	1,134	2,740	51,056	145,366	248,866
Acquired on acquisition of businesses (note 31)	—	1,463	3,811	—	353	36,386	3,144	45,157
Disposals	—	—	(3,821)	—	(460)	(10,501)	—	(14,782)
Transfers	1,986	82,626	3,607	336	480	53,958	(142,993)	—
At 31 December 2007	6,792	346,934	44,960	5,265	20,466	498,272	52,887	975,576
Exchange adjustments	742	(46)	(38)	—	(19)	—	—	639
Additions	—	4,485	18,721	3,895	1,237	39,726	128,297	196,361
Acquired on acquisition of assets (note 32)	—	—	23	—	—	—	2,063	2,086
Disposals	—	—	(922)	(39)	(776)	(2,274)	(206)	(4,217)
Transfers	—	35,429	2,017	1,965	—	24,583	(63,994)	—
At 31 December 2008	7,534	386,802	64,761	11,086	20,908	560,307	119,047	1,170,445
DEPRECIATION								
At 1 January 2007	—	23,647	6,976	2,035	5,845	73,204	—	111,707
Exchange adjustments	—	—	(6)	—	—	—	—	(6)
Provided for the year	—	13,383	6,681	699	3,242	35,477	—	59,482
Eliminated on disposals	—	—	(164)	—	(129)	(2,904)	—	(3,197)
At 31 December 2007	—	37,030	13,487	2,734	8,958	105,777	—	167,986
Exchange adjustments	—	(16)	(13)	—	(3)	—	—	(32)
Provided for the year	—	16,330	8,524	1,587	3,322	45,688	—	75,451
Eliminated on disposals	—	—	(666)	(11)	(451)	(1,052)	—	(2,180)
At 31 December 2008	—	53,344	21,332	4,310	11,826	150,413	—	241,225
CARRYING AMOUNT								
At 31 December 2008	7,534	333,458	43,429	6,776	9,082	409,894	119,047	929,220
At 31 December 2007	6,792	309,904	31,473	2,531	11,508	392,495	52,887	807,590

15. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Freehold land	0%
Buildings	2.6%–5.8%
Furniture and equipment	9%–18%
Leasehold improvements	18%
Motor vehicles	18%
Plant and machinery	9%

The freehold land are located in United States of America and Japan respectively.

16. Prepaid Lease Payments

	2008 RMB'000	2007 RMB'000
Prepaid lease payments	**183,237**	139,728
Analysed for reporting purposes as:		
Current asset	**3,926**	3,276
Non-current asset	**179,311**	136,452
	183,237	139,728

The carrying amount represents the prepayment of rentals for medium-term land use rights situated in the PRC for a period of 50 years or the remaining period of the right, if shorter.

17. Goodwill

	2008 RMB'000	2007 RMB'000
COST		
At 1 January	**15,276**	10,718
Arising on acquisition of additional interests in subsidiaries (note 30)	**—**	4,558
At 31 December	**15,276**	15,276

The goodwill held by the Group as at 31 December 2008 arose on the acquisition of a subsidiary, Jiaxing Minrong Automotive Parts Co., Ltd. ("Jiaxing Minrong") in 2006 and on the acquisition of the remaining interest in Jiaxing Minrong (details set out in note 30) in 2007.

Impairment test of goodwill

As at 31 December 2008, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (2007: RMB15,276,000). The recoverable amount of the cash-generating unit is determined based on a value in use calculation which uses discounted cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 15.54% (2007: 13.44%) per annum.

Cash flow projection during the budget period for the cash-generating unit is based on reasonable expected gross margins and considering the inflation in raw materials price during the budget period. Management believes that any reasonably possible change in these key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of those cash-generating units.

18. Other Intangible Assets

	Patent RMB'000	Technical know-how RMB'000	Total RMB'000
COST			
At 1 January 2007	1,621	16,508	18,129
Additions	—	8,449	8,449
Acquired on acquisition of businesses (note 31)	—	32	32
At 31 December 2007	1,621	24,989	26,610
Additions	—	17,792	17,792
Written off	—	(152)	(152)
At 31 December 2008	1,621	42,629	44,250
AMORTISATION			
At 1 January 2007	540	6,544	7,084
Charge for the year	324	4,321	4,645
At 31 December 2007	864	10,865	11,729
Charge for the year	324	6,773	7,097
Eliminated on written off	—	(152)	(152)
At 31 December 2008	1,188	17,486	18,674
CARRYING VALUES			
At 31 December 2008	433	25,143	25,576
At 31 December 2007	757	14,124	14,881

The other intangible assets included above have finite useful lives over which the assets are amortised. The amortisation period for both patent and technical know-how is five years.

19. Interests in Jointly Controlled Entities

As at 31 December 2008 and 31 December 2007, the Group had interests in the following significant jointly controlled entities:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group 2008	2007	Paid-in capital	Principal activities
Jiaxing Kittel-Minth Automotive Parts Co., Ltd. (Note a)	PRC	50%	50%	US$3,000,000	Manufacture of automotive parts
Plastic Trim International, Inc. ("PTI") (Note b)	United States of America ("USA")	49.82%	47.82%	US$16,700,000	Manufacture of plastic injection moulding and extrusion
Jiaxing Dura Minth Automotive Parts Co., Ltd. (Note c)	PRC	49%	—	US$5,000,000	Manufacture of automotive parts

Note a: The Group holds 50% of a jointly controlled entity named Constant Gain International Limited established in British Virgin Islands, which has 100% entity interest in Jiaxing Kittel-Minth Automotive Parts Company Limited.

Note b: The entity was incorporated on 4 April 2007 as a joint venture primarily plastic injection moulding and extrusion business. In 2008, the Group capitalised a loan to the entity amounting to US$4,160,000 (equivalent to RMB29,121,000), together with the injection from another joint venture partner and the interest shared by the Group is increased to 49.82%.

Note c: The entity set up on 31 March 2008 as a joint venture which is engaged in manufacturing of automotive parts business.

Jointly controlled entities accounted for using the equity method of accounting.

	2008 RMB'000	2007 RMB'000
Cost of unlisted investment in jointly controlled entities	90,228	43,905
Exchange adjustments	(2,582)	—
Share of post-acquisition losses	(38,506)	(14,143)
Interests in jointly controlled entities	49,140	29,762

19. Interests in Jointly Controlled Entities (Continued)

The summarised audited financial information in respect of the Group's jointly controlled entities which are accounted for using the equity method is set out below:

	2008 RMB'000	2007 RMB'000
Current assets	**156,972**	127,885
Non-current assets	**164,409**	194,631
Current liabilities	**157,336**	154,253
Non-current liabilities	**65,511**	106,781

	2008 RMB'000	2007 RMB'000
Revenue	**454,846**	260,269
Losses for the year	**(49,274)**	(30,344)
Share of the losses for the year	**(24,585)**	(14,698)

20. Interests in Associates

As at 31 December 2008 and 31 December 2007, the Group had interests in the following associates:

Name of entities	Country of incorporation and operation	Attributable equity interest of the Group	Paid-in capital	Principal activities
Ningbo Tokai Minth Automotive Parts Co., Ltd.,	PRC	48%	US$4,800,000	Manufacture of automotive parts
Guangzhou Tokai Minth Automotive Parts Co., Ltd.	PRC	48%	US$2,500,000	Manufacture of automotive parts

20. Interests in Associates (Continued)

On 29 February 2008, the Group acquired 40% of the issued share capital of 海門鑫海特種鍍飾有限公司 ("Xinhai") from a third party, neither connected nor related to the Group, for a consideration of RMB9,605,000. Subsequent to the acquisition, Xinhai suffered a loss of approximately RMB9,405,000. On 31 October 2008, the Group disposed Xinhai to the same third party for a consideration of RMB200,000.

	2008 RMB'000	2007 RMB'000
Cost of unlisted investment in associates	28,881	28,881
Share of post-acquisition profits, net of dividends received	48,574	44,008
Share of net assets	77,455	72,889

The summarised audited financial information in respect of the Group's associates is set out below:

	2008 RMB'000	2007 RMB'000
Total assets	196,412	197,830
Total liabilities	35,048	45,977
Net assets	161,364	151,853
Group's share of net assets of associates	77,455	72,889

	2008 RMB'000	2007 RMB'000
Revenue	296,132	296,084
Profit for the year	58,695	85,535
Group's share of the associates' profit for the year	30,055	41,057

21. Deferred Taxation

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current year:

Deferred tax assets

	Allowance for doubtful debts RMB'000	Allowance for inventories RMB'000	Unrealised profit for inter-group transactions RMB'000	Temporary difference of expense RMB'000	Total RMB'000
At 1 January 2007	—	—	—	—	—
Credit to consolidated income statement for the year	398	410	6,478	889	8,175
At 31 December 2007	398	410	6,478	889	8,175
(Charge) credit to consolidated income statement for the year	(290)	692	4,004	(889)	3,517
Effect of change in tax rate	(18)	(43)	(169)	—	(230)
At 31 December 2008	90	1,059	10,313	—	11,462

Deferred tax liability

	Temporary difference of income RMB'000	Fair value adjustment on acquisition of prepaid lease payments RMB'000	Withholding tax on undistributed dividends RMB'000	Total RMB'000
At 1 January 2007	—	—	—	—
Arising from acquisition of business (note 31)	—	(1,378)	—	(1,378)
At 31 December 2007	—	(1,378)	—	(1,378)
(Charge) credit to consolidated income statements for the year	(1,500)	37	(7,353)	(8,816)
At 31 December 2008	(1,500)	(1,341)	(7,353)	(10,194)

21. Deferred Taxation (Continued)

At the balance sheet date, the Group has unused tax losses of RMB3.4 million (2007: RMB4.9 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. RMB0.5 million tax losses will expire in 2011 and RMB2.9 million tax losses will expire in 2013.

At the balance sheet date, the Group has deductible temporary differences of RMB24,953,000 (2007: nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the New Tax Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not yet been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB351,255,000 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. Inventories

	2008 RMB'000	2007 RMB'000
Raw materials	81,601	63,744
Work in progress	89,650	58,729
Finished goods	48,224	47,322
Moulds	125,257	109,737
	344,732	279,532

23. Loans to Jointly Controlled Entities

	Maturity date	Effective interest rate	Carrying amount 2008 RMB'000	Carrying amount 2007 RMB'000
Variable-rate loan receivable	31 August 2008	LIBOR+1.0% (note 1)	—	33,679
Variable-rate loan receivable	6 June 2009/ 7 June 2008	PRIME+0.5% (notes 2 and 3)	29,274	31,990
Variable-rate loan receivable	five business days following written notice	PRIME–0.5% (notes 4 and 5)	68,539	—
Fixed-rate loan receivable	7 January 2009	6.0%	3,179	—
			100,992	65,669
Analysed as				
Current			32,453	65,669
Non-current (note 5)			68,539	—
			100,992	65,669

Notes:

1. During the year ended 31 December 2008, the Group capitalised a loan to PTI, which the loan arose in the year ended 31 December 2007, amounting to US$4,160,000, equivalent to approximately RMB29,121,000. The remaining balance of the amount outstanding at 31 December 2007 was settled by PTI during the year ended 31 December 2008.

2. Included in the amount is the amount of interest receivables of approximately RMB842,000 (2007: nil) which does not carry interest.

3. During the year ended 31 December 2008, both the Group and the jointly controlled entity agreed to extend the maturity date of the amount from 7 June 2008 to 6 June 2009.

4. Included in the amount is the amount of interest receivables of approximately RMB193,000 (2007: nil) which does not carry interest.

5. Pursuant to the loan agreement, there is no fixed maturity date for the loan to a jointly controlled entity, the amount will become payable upon the call of the Group five days in advance. The directors consider that the Group will not ask for the repayment within the following 12 months, therefore, the loan is presented as a non-current asset in the financial statement.

Loans to jointly controlled entities are denominated in USD and RMB, the functional currency of the relevant group entity respectively.

24. Trade and Other Receivables

	2008 RMB'000	2007 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 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 RMB'000	2007 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

24. Trade and Other Receivables (Continued)

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. 87% (2007: 97%) of the trade receivables with high credit scoring under the internal credit control system are neither past due nor impaired.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB18,501,000 (2007: RMB8,877,000) which are past due at the reporting date. However, the directors have considered the credit quality of the relevant customers and concluded that the Group is not required to provide for impairment loss. The average age of these receivables is 207 days (2007: 176 days).

Ageing of trade receivables which are past due but not impaired

	2008 RMB'000	2007 RMB'000
Age		
0–90 days	**3,184**	—
91–180 days	**5,173**	2,516
181–365 days	**6,257**	6,266
1–2 years	**3,887**	95
	18,501	8,877

The Group has provided fully for all receivables over 2 years because historical experience is such that receivables that are past due beyond 2 years are generally not recoverable.

Movement in the allowance for doubtful debts

	2008 RMB'000	2007 RMB'000
Balance at beginning of the year	**2,253**	5,871
Impairment losses recognised on receivables	**25,683**	868
Amounts written off as uncollectible	**(2,384)**	(4,486)
Balance at end of the year	**25,552**	2,253

24. Trade and Other Receivables (Continued)

Movement in the allowance for doubtful debts (Continued)

Included in the allowance for doubtful debts is impairment of RMB25,683,000 (2007: RMB868,000) recognised in respect of trade and other receivables on individual basis with an aggregate carrying amount of RMB35,056,000 (2007: RMB2,428,000) which the counterparties have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

The Group's trade receivables which are not denominated in the functional currencies of the respective group entities are as follows:

Original currency	USD RMB'000	JPY RMB'000	EURO RMB'000
As at 31 December 2008	72,819	2	10,592
As at 31 December 2007	52,055	248	1,198

25. Other Financial Assets

	2008 **RMB'000**	2007 RMB'000
Financial assets designated as at fair value through profit or loss (FVTPL)	**40,119**	606,172

2008

As at 31 December 2008, the Group has one outstanding contract of structured deposits with the Bank of East Asia for a period of one month. The entire contract has been designated as financial assets at fair value through profit or losses on initial recognition. The significant terms and conditions relating to the financial assets as FVTPL are as follows:

Principal Protected 1 month Basket Linked RMB Medium Term Note.

Notional amount	Issue date	Maturity date	Coupon	Interest rate
RMB40,000,000	01/12/2008	05/01/2009	Not applicable	Note

Note: Interest rate is related to EURO exchange rate to USD. When the fluctuation of EURO exchange rate to USD is within 0.005, the annual interest rate is 0.72%; when it is between 0.005 and 0.200, the annual interest rate is 3.25%; when it is beyond 0.200, the annual interest rate is 6.00%.

The structured deposits were settled at RMB40,119,000 on 5 January 2009 and no additional gain or loss on fair value changes of financial assets designated at FVTPL was resulted subsequent to year end.

25. Other Financial Assets (Continued)

2007

As at 31 December 2007, the Group has three outstanding contracts of structured deposits with two banks for a period of one year. The entire contracts have been designated as financial assets at fair value through profit or loss on initial recognition. The significant terms and conditions relating to the financial assets as FVTPL are as follows:

(i) One Year Range Accrual Callable Euro Medium Term Note

Notional amount	Value date	Redemption date	Coupon	Interest rate
US$50,000,000	24/08/07	24/08/08 (subject to Early Redemption)	Quarterly, 30/360	variable

Interest rate is related to the 3 months USD Libor published daily on Reuters page LIBOR01 at 11:00 am, London time. Coupon Payment Dates: Every 3 months starting 3 months from Issue Date (15/08/07) until Redemption Date.

Issue Price: Issued at 100%

(ii) One Year Range Accrual Callable Euro Medium Term Note

Notional amount	Value date	Redemption date	Coupon	Interest rate
US$30,000,000	31/08/07	31/08/08 (subject to Early Redemption)	Quarterly, 30/360	variable

Interest rate is related to the 3 months USD Libor published daily on Reuters page LIBOR01 at 11:00 am, London time. Coupon Payment Dates: Every 3 months starting 3 months from Issue Date (17/08/07) until Redemption Date.

Issue Price: Issued at 100%

The above two products are issued by (SGA) Société Générale Acceptance N.V. ("Issuer") and are callable by the Issuer at par starting from the first coupon payment date and on every coupon payment date thereafter with a prior notice of 5 Business Days.

Fair values are measured using a discounted cash flow method and based on market yield of USD denominated AA grade bond with maturity same as the Euro Medium Term Notes. Discount rates of 4.99% and 4.97% per annum were applied respectively for US$50 million and US$30 million structured deposits.

25. Other Financial Assets (Continued)

(iii) Principal Protected 12 month Basket Linked Euro Medium Term Note

Notional amount	Issue date	Maturity date	Coupon	Interest rate
US$5,000,000	21/12/07	22/12/08	Not applicable	variable

Interest rate is related to USD exchange rate to Philippine Pesos/Indonesian Rupiah/Malaysian Ringgit/Singapore Dollar.

Issue Price: Issued at 100%

This product is issued by HSBC. Fair value is estimated using a discounted cash flow method, which includes some assumptions supported by market rates adjusted for specific features of these instruments. Discount rate of 4.65% per annum was applied.

As at 31 December 2008, the total fair value gain including interest income for the financial assets set out above is RMB17,853,000 and has been charged to the consolidated income statement (2007: fair value loss of RMB2,078,000).

26. Bank Balances and Pledged Bank Deposits

Bank balances carry interest at market rates which range from 0.36% to 4.14% per annum (2007: 0.72% to 4.50%). The pledged deposits carry fixed interest rate of 2.52% and 4.14% per annum (2007: 3.33%). The pledged deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits represents deposits pledged to banks to secure short-term banking facilities granted to the Group for purchases of materials for manufacturing and are therefore classified as current assets.

The Group's pledged bank deposits and certain bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	USD RMB'000	HKD RMB'000	EURO RMB'000	JPY RMB'000
As at 31 December 2008	243,205	276	539	3,125
As at 31 December 2007	647,568	16,987	5,125	270

27. Trade and Other Payables

	2008 RMB'000	2007 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 average credit period on purchases of goods is 45 days to 90 days. The Group has financial risk management policies in place to ensure that all payables will be settled within the credit timeframe.

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

	2008 RMB'000	2007 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

27. Trade and Other Payables (Continued)

The Group's trade payables which are not denominated in the functional currencies of the respective group entities are as follows:

Original currency	USD RMB'000	JPY RMB'000	EURO RMB'000
As at 31 December 2008	15,083	2,514	99
As at 31 December 2007	6,735	5,380	6,027

28. Borrowings

	2008 RMB'000	2007 RMB'000
Bank loans	41,387	117,099
Secured	34,173	6,812
Unsecured	7,214	110,287
	41,387	117,099
Fixed-rate bank loans	—	6,812
Variable-rate bank loans	41,387	110,287
	41,387	117,099
Carrying amount repayable:		
On demand or within one year	41,387	117,099

The Group has variable-rate bank loans which carry interest at LIBOR. Interest is repriced every one month or three months.

28. Borrowings (Continued)

The range of effective interest rates on the Group's bank loans are as follows:

	2008 RMB'000	2007 RMB'000
Effective interest rate:		
Fixed-rate bank loans	–	6.0%
Variable-rate bank loans	2.5% to 3.45%	1.0% to 7.8%

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	USD RMB'000	JPY RMB'000
As at 31 December 2008	34,173	7,214
As at 31 December 2007	98,482	18,617

The proceeds of the borrowings were used to provide additional working capital for the Group.

29. Share Capital of the Company

	Number of shares		Share capital	
	2008 '000	2007 '000	2008 HK$'000	2007 HK$'000
Ordinary shares of HK$0.1 each				
Authorised				
At beginning and end of year	5,000,000	5,000,000	500,000	500,000

29. Share Capital of the Company (Continued)

	Number of shares		Share capital	
	2008	2007	2008	2007
	'000	'000	RMB'000	RMB'000
Issued and fully paid				
At beginning of year	954,500	830,000	98,410	86,345
Exercise of share options	40	—	4	—
Issued of shares by private placement under general mandate	—	124,500	—	12,065
At end of year	954,540	954,500	98,414	98,410

On 5 July 2007, arrangements were made for a private placement to independent private investors of 124,500,000 shares of HK$0.1 each in the Company held by Mr. Chin, the chairman of the Company, at a price of HK$12.50 per share.

Pursuant to a subscription agreement of the same date, Mr. Chin subscribed for 124,500,000 new shares of HK$0.1 each in the Company at a price of HK$12.5 per share. The proceeds were used to increase production capacity and sales of the Group in China and abroad. These new shares were issued under the general mandate granted to the directors pursuant to the resolution of the shareholders passed in the general meeting held on 8 May 2007 and rank pari passu with other shares in issue in all respects.

30. Acquisition of Additional Interests in Subsidiaries

On 1 January 2007, the Group acquired remaining interests of 30% in Jiaxing Minrong Automotive Parts Co., Ltd. ("Jiaxing Minrong") and 20% in Jiaxing EL Triumph Automotive Parts Co., Ltd. ("Jiaxing EL Triumph") for a total consideration of RMB5,857,000. After the acquisition, Jiaxing Minrong and Jiaxing EL Triumph are indirectly wholly owned subsidiaries of the Company. The amount of goodwill, other reserve and discount arising as a result of the acquisition were RMB4,558,000, RMB5,660,000 and RMB778,000 respectively.

30. Acquisition of Additional Interests in Subsidiaries (Continued)

The acquisition prices were agreed through negotiation between the Group and the minority shareholders.

	Jiaxing Minrong RMB'000	Jiaxing EL Triumph RMB'000	Total RMB'000
Net assets acquired	5,127	2,610	7,737
Goodwill (Note a)	4,558	—	4,558
Reserve on acquisition (Note a)	(5,660)	—	(5,660)
Discount on acquisition (Note b)	—	(778)	(778)
Total consideration satisfied by:			
Cash	4,025	1,832	5,857

Note a: Goodwill attributable to 70% interests in Jiaxing Minrong at the acquisition date is RMB10,718,000. Goodwill recognised in relation to the acquisition of the 30% additional interests represents the goodwill notionally attributable to the 30% interests determined on the same basis as the notionally adjusted goodwill for the purpose of impairment testing.

Note b: Discount on acquisition of additional 20% interests in Jiaxing EL Triumph represented the excess of net assets acquired over the consideration.

31. Acquisition of Businesses

On 30 April 2007, 31 August 2007 and 30 September 2007, the Group acquired 50%, 15% and 50% of the issued share capital of Ningbo Xinhong Precious Machine Co., Ltd ("Ningbo Xinhong"), Jiaxing Minth Hashimoto Automotive Co., Ltd ("Jiaxing Minth Hashimoto") and Jiaxing Shinyou Mould Tech Co., Ltd ("Jiaxing Shinyou") for a total consideration of RMB24,556,000. These entities were jointly controlled entities before the acquisitions. These acquisitions have been accounted for using the purchase method. The total discounts arising as the result of the acquisitions were RMB392,000.

31. Acquisition of Businesses (Continued)

The net assets acquired in the transactions, and the discount arising, are as follows:

	Ningbo Xinhong RMB'000	Jiaxing Minth Hashimoto RMB'000	Jiaxing Shinyou carrying amount RMB'000	Jiaxing Shinyou Fair value adjustments RMB'000	Jiaxing Shinyou Fair value RMB'000	Total RMB'000
Net assets acquired:						
Property, plant and equipment	6,161	1,402	37,594	—	37,594	45,157
Prepaid lease payments	—	80	1,959	5,514	7,473	7,553
Other intangible assets	—	—	32	—	32	32
Inventories	380	15	10,265	—	10,265	10,660
Trade and other receivables	4,494	19	15,734	—	15,734	20,247
Bank balances and cash	440	10,093	4,097	—	4,097	14,630
Trade and other payables	(694)	(64)	(34,703)	—	(34,703)	(35,461)
Deferred tax liability	—	—	—	(1,378)	(1,378)	(1,378)
	10,781	11,545	34,978	4,136	39,114	61,440
Less: Interests in jointly controlled entities held prior to the acquisition						(28,652)
Revaluation reserve on previously held interests						(2,068)
Minority interests						(5,772)
Discount on acquisition						(392)
Total consideration satisfied by:						
Cash						2,282
Advances to joint venture partners						22,274
						24,556
Net cash inflow arising on acquisition:						
Cash consideration paid						(2,282)
Bank balances and cash acquired						14,630
						12,348

The entities acquired contributed approximately RMB1 million to the Group's profit for the period between the date of acquisition and 31 December 2007.

32. Acquisition of Assets, and Assumption of Liabilities Through Acquisition of Subsidiaries

On 29 April 2008, the Group acquired 100% of the issued share capital of Talentlink Development (HK) Limited ("Talentlink") and its subsidiary, namely Huzhou Minhai Automotive Parts Co., Ltd., (together referred as to the "Talentlink Group") and Magic Figure Investments Limited ("Magic Figure") and its subsidiaries, namely Jiaxing Situ Automotive Parts Co., Ltd. and Jiaxing Guowei Automotive Parts Co., Ltd. (together referred as to the "Magic Figure Group"), from the relatives of Mr. Chin, for a total consideration of RMB88,593,000, representing cash payment of RMB25,985,000 and settlement of outstanding other payables of acquiree prior to the acquisition of RMB62,608,000. These acquisitions were accounted for as acquisition of assets and assumption of liabilities as the acquired subsidiaries do not constitute to a business.

The net assets acquired in the transactions are as follows:

	Talentlink Group's carrying amount RMB'000	Magic Figure Group's carrying amount RMB'000	Elimination RMB'000 (note)	Total RMB'000
Net assets acquired:				
Property, plant and equipment	—	2,086	—	2,086
Prepaid lease payments	—	41,848	—	41,848
Other receivables	2,309	51,474	(53,774)	9
Bank balances and cash	53,495	2,636	—	56,131
Other payables	(52,103)	(75,760)	53,774	(74,089)
	3,701	22,284	—	25,985
Total consideration satisfied by:				
Cash				25,985
Settlement of other payables				62,608
				88,593
Net cash outflow arising on acquisitions:				
Cash consideration paid				(25,985)
Settlement of other payables				(62,608)
Bank balances and cash acquired				56,131
				(32,462)

Note: The amount represented current accounts between the Magic Figure Group and the Talentlink Group prior to the acquisition.

33. Major Non-cash Transactions

During the year ended 31 December 2008, as disclosed in note 19, the Group capitalised a loan to a jointly controlled entity as investment in the entity amounting to US$4,160,000 (equivalent to RMB29,121,000).

During the year ended 31 December 2007, the Group acquired equity interests of Ningbo Xinhong, Jiaxing Minth Hashimoto and Jiaxing Shinyou for a total consideration of RMB24,556,000. The consideration was partially settled by advances to the Group's joint venture partners with carrying amount of RMB22,274,000.

34. Operating Leases

The Group as lessee

At the balance sheet date, the Group had commitments to make the following future minimum lease payments in respect of buildings rented under non-cancellable operating leases which fall due as follows:

	2008 RMB'000	2007 RMB'000
Within one year	4,260	2,420
In the second to fifth year inclusive	4,190	3,152
	8,450	5,572

Operating lease payments represent rentals payable by the Group for certain of its properties. The leases terms are negotiated from 1 to 5 years and rentals are fixed for the terms.

The Group as lessor

The Group rents out a part of its buildings under operating lease. Property rental income earned during the year was RMB4,683,000 (2007: RMB3,274,000).

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008 RMB'000	2007 RMB'000
Within one year	3,045	1,023
In the second to fifth year inclusive	2,022	—
	5,067	1,023

35. Commitments

	2008 RMB'000	2007 RMB'000
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	76,994	13,713
Capital injection to associates, authorised but not contracted for:	–	19,722

36. Share-based Payment Transactions

Equity-settled share option scheme

The Company's share option scheme (the Scheme), was adopted pursuant to a resolution passed on 13 November 2005 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 13 November 2015. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 December 2008, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 39,065,000 (2007: 20,800,000), representing 4.1% (2007: 2.2%) of the shares of the Company in issue at balance sheet date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors, or any of their respective associates in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 28 days of the date of grant, upon payment of HK$1.00. In respect of the share options granted in 2008, 50% of the total granted options can be exercised after 1 February 2010 and the remaining 50% of options can be exercised after 1 February 2011. The exercise price is HK$5.34 which was determined as the average closing price of the shares of the Company on the daily quotations of the Stock Exchange for the business days preceding the date of grant of the options.

36. Share-based Payment Transactions (Continued)

Equity-settled share option scheme (Continued)

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Exercise period	Exercise price HK$	Fair value at grant date HK$
2007A	01/02/07	01/02/07 to 31/01/08	01/02/08 to 12/11/10	6.31	0.97
2007B	01/02/07	01/02/07 to 31/01/09	01/02/09 to 12/11/10	6.31	1.26
2008A	04/07/08	04/07/08 to 31/01/10	01/02/10 to 12/11/13	5.34	0.76
2008B	04/07/08	04/07/08 to 31/01/11	01/02/11 to 12/11/13	5.34	0.96

The following tables disclose movements of the Company's share options held by employees during the year ended 31 December 2008 and 2007:

Option type	Outstanding at 01/01/2008	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at 31/12/2008
2007A	10,400,000	—	(40,000)	(605,000)	—	9,755,000
2007B	10,400,000	—	—	(1,370,000)	—	9,030,000
2008A	—	10,400,000	—	(260,000)	—	10,140,000
2008B	—	10,400,000	—	(260,000)	—	10,140,000
	20,800,000	20,800,000	(40,000)	(2,495,000)	—	39,065,000
Exercisable at the end of the year						9,755,000
Weighted average exercise price	HK$6.31	HK$5.34	HK$6.31	HK$6.04	—	HK$5.81

36. Share-based Payment Transactions (Continued)

Equity-settled share option scheme (Continued)

Option type	Outstanding at 01/01/2007	Granted during year	Exercised during year	Forfeited during year	Expired during year	Outstanding at 31/12/2007
2007A	—	10,400,000	—	—	—	10,400,000
2007B	—	10,400,000	—	—	—	10,400,000
	—	20,800,000	—	—	—	20,800,000
Exercisable at the end of the year						—
Weighted average exercise price	—	HK$6.31	—	—	—	HK$6.31

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$7.80.

The estimated fair values of the options in 2008A and 2008B at the grant date are HK$17,888,000 (2007A and 2007B: HK$23,192,000). These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	Option type			
	2008A	**2008B**	2007A	2007B
Grant date share price	**HK$5.09**	**HK$5.09**	HK$6.31	HK$6.31
Exercise price	**HK$5.34**	**HK$5.34**	HK$6.31	HK$6.31
Expected volatility	**34.4%**	**34.1%**	31.1%	30.3%
Expected life	**1.75 years**	**2.80 years**	1.40 years	2.52 years
Risk-free rate	**2.43%**	**2.86%**	3.99%	3.96%
Expected dividend yield	**2.95%**	**2.95%**	2.06%	2.06%

Expected volatility was determined by using the historical volatility of the share price of entities in the same industry over the previous 1.75 and 2.80 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expense of RMB10,928,000 for the year ended 31 December 2008 (2007: RMB13,264,000) in relation to share options granted by the Company.

36. Share-based Payment Transactions (Continued)

Equity-settled share option scheme (Continued)

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

37. Retirement Benefits Scheme

The employees of the Group's PRC subsidiaries are members of the state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

During the year ended 31 December 2007, the Group made a discretionary contribution of approximately RMB6,101,000 to a retirement benefit scheme. The Group did not make such contributions during the year ended 31 December 2008.

The total cost charged to income of RMB8,862,000 (2007: RMB10,600,000) represents contributions paid to these schemes by the Group in respect of the current accounting period.

38. Related Party Transactions and Connected Transactions

Saved as disclosed in note 23 and note 32, the Group has the following significant transactions with related/connected parties during the year:

Relationship with related/ connected party	Nature of transactions	2008 RMB'000	2007 RMB'000
Jointly controlled entity, in which the Company has 50% equity interest	Sales of finished goods	18,395	12,148
	Purchase of raw materials	29,258	12,311
	Proceeds from disposal of property, plant and equipment	310	336
	Acquisition of equipments	2	89
	Property rentals income	1,173	2,227
	Testing services income	59	68
	Testing services charges	197	—
	Interest income	179	709
	Sales of raw materials	—	46

38. Related Party Transactions and Connected Transactions (Continued)

Relationship with related/ connected party	Nature of transactions	2008 RMB'000	2007 RMB'000
Jointly controlled entity, in which the Company has 49% equity interest	Sales of finished goods	**5,823**	—
	Sales of raw materials	**1,167**	—
	Sales of moulds	**1,688**	—
	Purchases of raw materials	**32,871**	—
	Proceeds from disposal of property, plant and equipment	**997**	—
	Property rentals income	**1,083**	—
	Testing services income	**28**	—
Jointly controlled entity, in which the Company has 49.82% (2007: 47.82%) equity interest	Sales of finished goods	**15,658**	—
	Sales of raw materials	**430**	—
	Purchase of raw materials	**3,902**	—
	Property rentals income	**631**	284
	Interest income	**3,004**	2,432
	Testing services charges	**554**	—
	Administration services charges	**5,887**	—
	Consulting services income	**—**	193
Associate in which the Company has 40% equity interest	Purchase of raw materials	**16,748**	—
Associates, in which the Company has 48% equity interest	Sales of finished goods	**64,832**	84,398
	Sales of raw materials	**9,020**	6,971
	Purchase of raw materials	**18,679**	12,017
	Acquisition of equipment	**47**	—
	Property rentals income	**1,147**	2,380
	Testing services income	**69**	239
	Testing services charges	**164**	—
	Technology support services income	**441**	319
	Technology support services charges	**46**	66
	Proceeds from disposal of property plant and equipment	**—**	6,380
Minority owners of subsidiaries	Sales of finished goods	**136,856**	35,718
	Purchase of raw materials	**122,166**	27,265
	Purchase of moulds	**86**	4,278
	Technology support services charges	**15,944**	9,949
	Purchase of intangible assets	**13,600**	5,479
	Purchase of freehold land	**5,701**	—
Companies in which Mr. Chin has joint control	Property rentals income	**126**	187

38. Related Party Transactions and Connected Transactions (Continued)

The transactions mentioned above also include connected transactions or continuing connected transactions as defined in Chapter 14A of the Stock Exchange's listing rules.

The directors represented that they considered the above transactions were carried out in the Group's ordinary and usual course of business and in accordance with the term of agreements governing these transactions.

The remuneration of directors and other members of key management during the year was as follows:

	2008 RMB'000	2007 RMB'000
Short-term benefits	4,459	4,245
Post-employment benefits	17	199
Share-based payments	2,352	2,551
	6,828	6,995

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

39. Subsidiaries

Details of the Company's subsidiaries as at 31 December 2008 and 31 December 2007 are as follows:

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2008	2007	Issued shares	Principal activities
Decade Industries Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Forecast Industries Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Mindway Holdings Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Sinoone Holdings Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Wealthfield Holdings Limited (Note i)	British Virgin Islands	100%	100%	US$1	Investment holding

39. Subsidiaries (Continued)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2008	2007	Issued shares	Principal activities
Cheerplan Holdings Limited (Note i)	British Virgin Islands	100%	100%	US$1	Investment holding
Franshoke Investments Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Enboma Investments Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Magic Figure Investments Limited (Note ii)	British Virgin Islands	100%	—	US$1	Investment holding
明炻投資有限公司 (Minth Investment Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
司諾(香港)有限公司 (Sinoone (HK) Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
時銘(香港)有限公司 (Decade (HK) Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
睿途(香港)有限公司 (Mindway (HK) Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
展圖(香港)有限公司 (Cheerplan (HK) Limited)	Hong Kong	100%	100%	HK$10,000	Investment holding
泰琳發展有限公司 (Talentlink Development (HK) Limited) (Note ii)	Hong Kong	100%	—	HK$10,000	Investment holding
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co., Ltd.) ("Fuzhou Shintai")	PRC as a wholly-owned foreign investment enterprise ("WOFE")	100%	100%	US$1,050,000	Manufacture, process and sales of automobile body parts
重慶長泰汽車零部件有限公司 (Chongqing Changtai Automobile Spare Parts Co., Ltd.) ("Chongqing Changtai")	PRC as a WOFE	100%	100%	US$4,200,000	Manufacture and sales of automobile body parts

39. Subsidiaries (Continued)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2008	2007	Issued shares	Principal activities
廣州敏惠汽車零部件有限公司 (Guangzhou Minhui Automobile Parts Co., Ltd.) ("Guangzhou Minhui")	PRC as a sino foreign equity joint venture enterprise	70%	70%	US$5,350,000	Manufacture, process and sales of automobile body parts
海南精瑞汽車零部件有限公司 (Hainan Jingrui Automotive Co., Ltd.) ("Hainan Jingrui")	PRC as a WOFE	100%	100%	US$1,000,000	Manufacture and sales of automobile body parts
嘉興敏惠汽車零部件有限公司 (Jiaxing Minhui Automotive Parts Co., Ltd.) ("Jiaxing Minhui")	PRC as a WOFE	100%	100%	US$23,510,000	Manufacture and sales of automobile body parts
寧波國鴻汽車零部件有限公司 (Ningbo Guohong Automotive Co., Ltd.) ("Ningbo Guohong")	PRC as a WOFE	100%	100%	US$4,800,000	Design, manufacture, develop and sales of automobile body parts
寧波信泰機械有限公司 (Ningbo Shintai Machines Co., Ltd.) ("Ningbo Shintai")	PRC as a WOFE	100%	100%	US$27,340,000	Design, manufacture, develop and sales of automobile body parts
天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.) ("Tianjin Shintai")	PRC as a sino foreign equity joint venture enterprise	80%	80%	US$2,500,000	Manufacture and sales of automobilebody parts
廣州敏瑞汽車零部件有限公司 (Guangzhou Minrui Automobile Parts Co., Ltd.) ("Guangzhou Minrui")	PRC as a WOFE	100%	100%	US$8,000,000	Manufacture and sales of automobile body parts
武漢敏惠汽車零部件有限公司 (Wuhan Minhui Automobile Parts Co., Ltd.) ("Wuhan Minhui")	PRC as a WOFE	100%	100%	US$6,000,000	Manufacture and sales of automobile body parts
嘉興敏勝汽車零部件有限公司 (Jiaxing EL Triumph Automotive Parts Co., Ltd.) ("Jiaxing EL Triumph")	PRC as a WOFE	100%	100%	US$6,700,000	Manufacture and sales of automobile body parts

39. Subsidiaries (Continued)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2008	2007	Issued shares	Principal activities
上海亞昊汽車產品設計有限公司 (Shanghai Cogen Research and Design Co., Ltd.) ("Shanghai Cogen")	PRC as a WOFE	100%	100%	US$600,000	Design of automobile exterior, interior decorative parts
重慶敏特汽車零部件有限公司 (Chongqing Minte Automobile Spare Parts Co., Ltd.) ("Chongqing Minte")	PRC as a WOFE	100%	100%	US$5,000,000	Manufacture and sales of automobile body parts
展圖(中國)投資有限公司 (Cheerplan (China) Investments Co., Ltd.)	PRC as a WOFE	100%	100%	US$30,000,000	Investment holding
嘉興興禾汽車零部件有限公司 (Jiaxing Xinghe Automotive Parts Co., Ltd.) ("Jiaxing Xinghe")	PRC as a sino foreign investment enterprise	100%	100%	US$8,000,000	Manufacture and sales of automobile body parts
寧波敏禾機械有限公司 (Ningbo Minhe Machines Co., Ltd.) ("Ningbo Minhe")	PRC as a WOFE	100%	100%	US$3,000,000	Design, manufacture, sales of automobile body parts
長春敏實汽車零部件有限公司 (Changchun Minth Automotive Parts Co., Ltd.) ("Changchun Minth")	PRC as a sino equity joint venture enterprise	55%	55%	US$1,400,000	Manufacture and sales of automobile body parts
PTI International, Inc. ("PTII") (Note iv)	USA	100%	100%	US$25,940,000	Research and marketing development
煙臺敏實汽車零部件有限公司 (Yantai Minth Automotive Parts Co., Ltd.) ("Yantai Minth") (Note v)	PRC as a WOFE	100%	100%	US$1,200,000	Manufacture and sales of automobile body parts
嘉興敏實機械有限公司 (Jiaxing Minth Machines Co., Ltd.) ("Jiaxing Minth")	PRC as a wholly-owned sino investment enterprise	100%	100%	US$25,000,000	Design, manufacture, develop and sales of automobile body parts
銘仕國際有限公司 (Minth International Limited)	Hong Kong	100%	100%	HK$4,000,000	Import and export trading, logistics, technology import, and investment holding

39. Subsidiaries (Continued)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2008	2007	Issued shares	Principal activities
寧波信虹精密機械有限公司 (Ningbo Xinhong Precious Machine Co., Ltd.) ("Ningbo Xinhong")	PRC as a WOFE	100%	100%	US$8,500,000	Design, manufacture, import, export and consulting of stamping dies
嘉興信元精密模具科技有限公司 (Jiaxing Shinyou Mould Tech Co., Ltd.) ("Jiaxing Shinyou")	PRC as a WOFE	100%	100%	US$10,000,000	Design and manufacture of mould
嘉興敏橋汽車零部件有限公司 (Jiaxing Minth Hashimoto Automotive Parts Co., Ltd.) ("Jiaxing Minth Hashimoto")	PRC as a WOFE	65%	65%	US$8,000,000	Manufacture of automotive parts
Minth Japan株式會社 (Minth Japan Co., Ltd.) ("Minth Japan")	Japan	100%	100%	JPY50,000,000	Act as an agent of sales of automobile body parts and purchase of raw materials
Minth Aapico (Thailand) Co., Ltd ("Minth Aapico") (Note iii)	Thailand	100%	—	Baht178,500,000	Design, manufacture, develop and sales of automobile body parts
Minth Financial Limited (Note iii)	Hong Kong	100%	—	HK$10,000	Bookkeeping service
湖州敏海汽車零部件有限公司 (Huzhou Minhai Automotive Parts Co., Ltd.) ("Huzhou Minhai") (Note ii)	PRC as a WOFE	100%	—	US$15,000,000	Manufacture and sales of automobile body parts
嘉興思途汽車零部件有限公司 (Jiaxing Situ Automotive Parts Co., Ltd.) ("Jiaxing Situ") (Note ii)	PRC as a WOFE	100%	—	US$8,000,000	Design, manufacture, develop and sales of automobile body parts
嘉興國威汽車零部件有限公司 (Jiaxing Guowei Automotive Parts Co., Ltd.) ("Jiaxing Guowei") (Note ii)	PRC as a WOFE	100%	—	US$2,000,000	Design, manufacture, develop and sales of automobile body parts
嘉興敏榮汽車零部件有限公司 (Jiaxing Minrong Automotive Parts Co., Ltd.) ("Jiaxing Minrong") (Note vi)	PRC as a WOFE	—	100%	US$1,510,000	Manufacture and sales of automobile body parts

39. Subsidiaries (Continued)

Note i: Directly held by the Company, all other interests shown above are indirectly held by the Company.

Note ii: As disclosed in note 32, on 29 April 2008, the Group acquired the whole equity interest in Magic Figure Investments Limited and its subsidiaries Jiaxing Situ and Jiaxing Guowei and Talentlink Development (HK) Limited and its subsidiary Huzhou Minhai from the relatives of Mr. Chin at a total consideration of RMB88,593,000.

Note iii: Newly established in 2008.

Note iv: Changed the name from Minth North America to PTII in the year ended 31 December 2008.

Note v: Changed the name from 嘉興振禾汽車零部件有限公司(Jiaxing Zhenhe Automotive Parts Co., Ltd.) to 煙臺敏實汽車零部件有限公司(Yantai Minth Automotive Parts Co., Ltd.) in the year ended 31 December 2008.

Note vi: During the year ended 2007, Jiaxing Minrong became a branch of a principal subsidiary of the Group.

All of the above subsidiaries, except for PTII which is operating principally in USA, Minth Aapico which is operating principally in Thailand, Minth Japan which is operating principally in Japan, and Minth International Limited which is operating principally in Hong Kong and Macao, are operating principally in PRC.

None of the subsidiaries had issued any debt securities at the end of the year.