MINTH GROUP LIMITED
敏實集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 425

ANNUAL REPORT 2010

Mission & Vision

We create beauty in motion

Strategic Objective

Endeavoring to become
a leader in the global automobile parts industry

Values

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

敏于思，實于行

INTELLIGENCE IS ACTIONAL

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CORPORATE INFORMATION

THE BOARD OF DIRECTORS

Executive directors

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

Non-executive directors

Mikio Natsume
Yu Zheng

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

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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

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

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

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

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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
Reed Smith Richards Butler
20th Floor Alexandra House
18 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, assets and liabilities of the Group for the last five financial years is as follows:

	For the year ended 31 December				
	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	**2010 RMB'000**
Result					
Turnover	956,232	1,408,747	1,966,464	2,544,680	**3,575,594**
Profit before tax	289,589	394,011	474,922	721,419	**972,399**
Income tax expense	(14,483)	(28,196)	(36,323)	(62,724)	**(122,690)**
Profit for the year	275,106	365,815	438,599	658,695	**849,709**
Attributable to:					
Owners of the Company	268,701	359,865	424,110	621,442	**811,172**
Non-controlling interests	6,405	5,950	14,489	37,253	**38,537**
	275,106	365,815	438,599	658,695	**849,709**

	As at 31 December				
	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	**2010 RMB'000**
Assets and Liabilities					
Total assets	1,490,854	3,412,728	3,707,120	4,829,811	**6,700,837**
Total liabilities	(273,691)	(416,093)	(359,919)	(882,628)	**(1,067,844)**
	1,217,163	2,996,635	3,347,201	3,947,183	**5,632,993**
Equity attributable to owners of the Company	1,182,683	2,957,569	3,272,561	3,835,852	**5,521,276**
Non-controlling interests	34,480	39,066	74,640	111,331	**111,717**
	1,217,163	2,996,635	3,347,201	3,947,183	**5,632,993**

CHAIRMAN'S STATEMENT

I hereby present the annual report of Minth Group Limited (the "Company") together with its subsidiaries (collectively the "Group") for the financial year ended 31 December 2010 (the "Year under Review") to our shareholders (the "Shareholders").

It is my great pleasure to report that thanks to the continued commitment and efforts of the management and all the staff, as well as the enduring trust and support from our Shareholders and partners, the Group attained remarkable success during the Year under Review. During the Year under Review, we obtained impressive results by capturing the rapid development of the domestic auto market and the recovery of the overseas markets.

During the Year under Review, the Group reported a turnover of approximately RMB3,575,594,000, representing a growth of approximately 40.5% when compared to approximately RMB2,544,680,000 in 2009. In particular, overseas turnover amounted to approximately RMB841,380,000, representing an increase of 114.4% when compared to approximately RMB392,358,000 in 2009. Profit attributable to owners of the Company was approximately RMB811,172,000, which jumped by approximately 30.5% when compared to approximately RMB621,442,000 in 2009. Gross profit of the Group was approximately RMB1,307,438,000, which rose by approximately 34.8% when compared to approximately RMB969,902,000 in 2009.

In my opinion, the above results of the Group during the Year under Review were mainly attributable to the fact that the Group has made strategic moves externally and strengthened competitive strengths internally.

OPERATION AND STRATEGIC MOVES

During the Year under Review, the Group took a strategic approach to tap into a wider range of customers, so as to develop towards a multi-faceted and globalized collaboration. Leveraging on the existing customer network covering all major passenger car manufacturers, we have supplied to more car models, and developed new product lines. We also became more involved in development before production, and explored new ways of cooperation. Through overseas design and production base expansion, the Group has improved the global supply network.

On 13 December 2010, the Group entered into a joint venture agreement with 株式會社野島製作所 (Nojima Seisakusyo Co., Ltd.) ("Nojima") to set up a joint venture in Wuhan, namely 武漢敏島汽車零部件有限公司 (Wuhan Minth Nojima Automotive Parts Co., Ltd.) ("Minth Nojima"), which will be mainly engaged in the design, production and sales of car seat frame systems and other automotive components. On 7 March 2011, the Group entered into a sale and purchase agreement to acquire 45% equity interest in 可附特(北京)有限公司 (KFTC (Beijing) Co., Ltd.) ("Beijing KFTC") from Korea Fuel-Tech Corporation ("KFTC") and Mr. Chung Koo Lee ("Mr. Lee").

The Group is also under close inspection, assessment or negotiation of more cooperation, joint ventures, acquisitions or other investment projects. Those projects are expected to enable us to take full advantage of the existing resources to keep abreast of the development direction of the industry and improve the profitability structure of the Group, thereby paving a way for future growth. On the other hand, the Group placed focused priorities on the reinforcement of technology research and development, expansion of industrial bases and reserves of infrastructure resources during the Year under Review, and will continue to do so in the next few years.

IMPROVING INTERNAL MANAGEMENT

It has been my belief that the Group's intrinsic competitive edge lies in its ability to keep highly aware of market situation and to make determined decisions, and is also attributed to its flexibility to promptly react to market opportunities and changes and is built on an efficient and pragmatic team. However, as the Group has always kept alert of any hidden market crisis, and well understood that raw materials and labor costs are inevitably tending upwards, the Group has continued to modify its organization and system, in order to stay ahead of other competitors in terms of inner strengths. During the Year under Review, the Group strengthened the optimization of its business processes and organizational structure, and stepped up efforts on in-house talent training and selection. The Group also endeavoured to improve the vitality and quality of its team through the introduction of more internationalized, professional and high-caliber talents.

INVESTOR RELATIONS AND COMMUNICATION

The Group's Investor Relations Department has been dedicated to effective communication with Hong Kong and international investors through analysts' briefings, roadshows, reception of routine visits by the investors as well as corporate website, so as to ensure that investors receive timely and accurate information about the latest developments of the Company, thus helping to enhance the transparency of the Company.

FUTURE PROSPECT

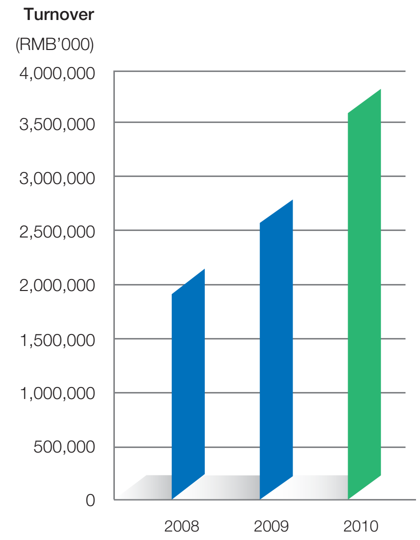
I believe that in light of China's passenger car ownership per capita and immense groups of urban and rural consumers, the domestic market is set to be blessed with long-term growth space. Meanwhile, China's autoparts makers will be increasingly involved in global competition and cooperation, thus securing more expansion opportunities.

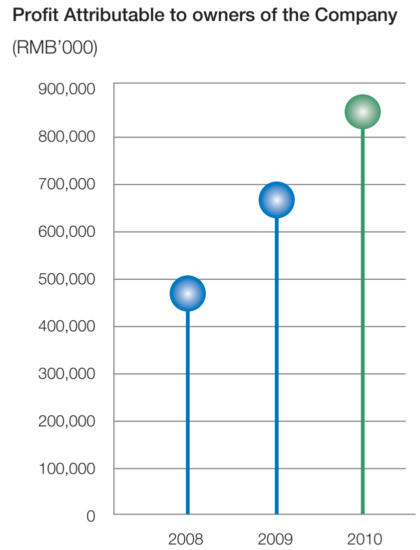
At the same time, the diversification of demand will drive a sustained growth in the special purpose vehicle market. The Group's business model of a diverse variety of models will favour a steady source of business for the Group. The prospect of the after-sales market, welcabs and new energy vehicles will provide the Group with more diversified development opportunities.

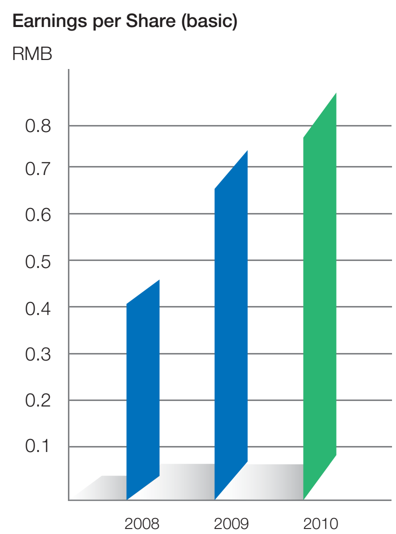
APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt gratitude to our management and employees for their loyalty, diligence and hard work for the Group during the Year under Review. At the same time, I would also like to thank all Shareholders for their support and trust. With such assistance and support, the Group is confident of generating long-term and greater value for Shareholders.

CHIN JONG HWA
Chairman
22 March 2011







MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2010, China's passenger vehicle market sustained the speedy growth momentum from 2009. The annual production and sales of traditional passenger vehicle both exceeded 10 million units and reached approximately 11,789,000 units and 11,682,000 units respectively, representing an increase of approximately 36.9% and approximately 35.6% as compared with 2009 respectively. Such increase outperformed the moderate market estimate at the beginning of 2010. In addition, the Chinese domestic automakers were developing towards a noticeable trend of brand diversification, car model variety and the localization of car design and manufacturing, coupled with frequent investment expansion and overseas mergers and acquisitions ("M&A").

During the Review Year, other major passenger vehicle markets around the world have shown different degrees of recovery. In particular, mature markets including the United States ("U.S.") picked up significantly. The Brazilian and Russian markets reported increased sales and the Asian markets thrived vigorously.

Globally, the major automakers have been actively exploring new technical improvement, pursuing commercial opportunities and developing new energy vehicles for adjusting their strategy to accommodate market demand.

COMPANY OVERVIEW

The Group has established a foothold in the domestic market as its foundation, built its design and sales centers in mature markets including the U.S. and Japan, while setting up manufacturing bases in emerging markets. The Group is primarily engaged in the design, manufacture and sale of trims, decorative parts, body structural parts and other related automobile parts. During the Review Year, the Group maintained a healthy growth.

Business and Operation Layout

With the benefit of accumulation of its long-standing experience in technology, customers and industry, and the support of the reserves in resources in the previous years, during the Review Year, the Group kept abreast of the market conditions and march towards another boom cycle with a solid growth. The Group took great leaps in consolidating, deepening and extending a broad range of worldwide cooperation relationship with the existing customers and explored new customers, so as to implement a customer diversification strategy. On the one hand, the Group integrated internal and external resources and optimized the block management structure. The Group also increased capital investment in the production bases in Guangzhou, Wuhan and Jiaxing in order to expand their production capacity. On the other hand, the Group deeply explored organizational values, and further enhanced the operational efficiency. The Group has put forward efforts on introducing and nurturing talents, with a view to cultivate and strengthen the staff's value. Taking advantage of internal risk control and the strategic and effective procurement system, the Group reaped notable success in the past year. In the China domestic market, the Group maintained a leading position and increased its competitiveness. During the Review Year, the Group's turnover from the domestic market amounted to approximately RMB2,734,214,000, representing an increase of about 27.0% as compared with the corresponding amount of approximately RMB2,152,322,000 in 2009. The Group secured orders for a number of new projects during the Review Year, and this will bring sustainable and stable turnover for the Group in the coming years.

In addition, the Group was also keen to establish new co-operative opportunities and develop new product lines. During the Review Year, the Group entered into a joint venture agreement intending to establish a joint venture in Wuhan, namely 武漢敏島汽車零部件有限公司 (Wuhan Minth Nojima Automotive Parts Co., Ltd.), with 株式會社野島製作所 (Nojima Seisakusyo Co., Ltd.). Such joint venture will be mainly engaged in the design, production and sales of automotive seat frame systems and other automotive parts. On 7 March 2011, the Group entered into a sale and purchase agreement to acquire 45% equity interest in 可附特（北京）有限公司 (KFTC (Beijing) Co., Ltd.) from Korea Fuel-Tech Corporation and Mr. Chung Koo Lee. For further details of the above joint venture and acquisition, please refer to the announcements of the Company dated 13 December 2010 and 7 March 2011, respectively.

While achieving excellent performance in the China domestic market, the Group has continuously and progressively implemented its internationalized strategy and attained satisfactory results. During the Review Year, the Group's domestic factories raised their export to overseas markets substantially. At the same time, with the expansion of the production scale of its overseas factories, the Group's global supply networks for major customers became more comprehensive, which in turn promoted the rapid growth of overseas sales. Throughout the Review Year, the Group's overseas turnover amounted to approximately RMB841,380,000, representing a surge of approximately 114.4% when compared with approximately RMB392,358,000 in 2009. With the establishment of a sales company in Germany and the commission of Minth North America, Inc. and the research and development ("R&D") centre in Japan, the Group was able to access the global market and technical information in a timely and expeditious manner, as well as the channels for seeking talents from all over the world.

In terms of the investment, to realize the Group's investment strategy of steady growth and forward planning, the Group has been actively approaching and cautiously assessing opportunities. During the Review Year, the Group reinforced efforts in internal technological R&D while expanding its existing industry bases to boost production capacity. In addition, the Group has reserved primary resources such as land reserves so as to establish new production bases and capitalize on potential involvement in new business and new projects. At the same time, the Group will also focus on exploring suitable M&A opportunities to obtain economic benefits and other commercial interests through appropriate means when those opportunities arise.

Research and Development

During the Review Year, the Group stepped up R&D efforts to cover the development of new products such as automotive lightweight and electronic parts and components as well as seat frame system, and to include the new business research such as welfare vehicle parts, new energy powered vehicle and relevant parts. Given that there are increasing concerns from countries around the world about facilitating the travel for the disabled people, and the driving licenses for the disabled people are liberalized by the PRC, welfare vehicle is set to become a kind of passenger car that brings more benefits for the disabled people inside and outside China in the near future. The Group will develop and supply the relevant parts for welfare vehicle, and will introduce and promote welfare vehicle to the disabled people in the PRC. As for new energy vehicles, the Group believes that low energy consumption and low emission will undoubtedly become an important aspect for the development of the automotive industry, and R&D investment made in this area is bound to generate great returns in the future.

Meanwhile, the Group actively introduced high-end talents in the field of technology development and technology management from home and abroad. Capitalizing on the Group's long-standing experience in low-cost R&D and production in the domestic market, coupled with the compliance with the direction of the national policy and the industry trends, the Group is well-poised to drive a sustainable development.

During the Review Year, the Group filed 190 patent applications for approval, and altogether 44 new cases were approved as patents during the Review Year.

Corporate Social Responsibility

While the Group is always in the pursuit of maximizing the Company's shareholders' ("Shareholder") return, it has taken the initiative to fulfill corporate social responsibility. On the one hand, the Group has expanded into the welfare vehicle business to facilitate the travel of the disabled people by capitalizing on its advantages in the industry. On the other hand, the Group has established charitable foundation to reward the society and spread active and healthy values.

FINANCIAL REVIEW

Results

During the Review Year, taking advantage of the recovery in export and the continued growth in the domestic market, the Group achieved better performance in both turnover and profit attributable to owners of the Company.

During the Review Year, the Group's turnover was approximately RMB3,575,594,000, representing an increase of approximately 40.5% from approximately RMB2,544,680,000 in 2009. This growth in turnover was mainly attributable to the rapid growth in the Group's overseas turnover driven by the recovery in the overseas automobile market and the Group's implementation of internationalized strategy, as well as the growth brought about by the further strengthening of the market share in the domestic automotive market.

During the Review Year, the Group's profit attributable to the owners of the Company was approximately RMB811,172,000 representing an increase of approximately 30.5% from approximately RMB621,442,000 in 2009. This growth was mainly attributable to the Group's focus on cost and expense control while achieving a continued growth in turnover. Overall, the Group maintained good profitability.

Product Sales

During the Review Year, the Group continued to focus on the production of its core product categories, namely trims, decorative parts and body structural parts. The products were mainly sold to factories of the world's leading automakers.

An analysis on turnover by geographical markets based on location of customers was as follows:

Customer category	2010 RMB'000	2010 %	2009 RMB'000	2009 %
The PRC	2,734,214	76.5	2,152,322	84.6
Asia Pacific	280,194	7.8	145,385	5.6
North America	439,942	12.3	176,889	7.0
Europe	121,244	3.4	70,084	2.8
Total	3,575,594	100.0	2,544,680	100.0

Overseas Market Turnover

During the Review Year, the Group's turnover from overseas markets was approximately RMB841,380,000, representing a growth of approximately 114.4% when compared to RMB392,358,000 in 2009. The proportion of such turnover to the Group's total turnover rose to approximately 23.5% in 2010 from approximately 15.4% in 2009.

Gross Profit

The gross profit for the Review Year amounted to approximately RMB1,307,438,000, representing an increase of approximately 34.8% when compared to approximately RMB969,902,000 in 2009. The gross profit margin in 2010 was approximately 36.6%, dropping 1.5% from approximately 38.1% in 2009. This setback was mainly due to the fact that the Group was faced with the pressures arising from increase of international market prices for raw materials, labor costs and decrease of product prices. In this light, the Group has continued to improve the production process, enhance material utilization, and centralize procurement of materials to lock in material costs. At the same time, the Group is also committed to constantly improving production and efficiency, so as to offset the negative impact of the market factors on the Group. As such, the overall gross profit margin was maintained at a relatively high level.

Other Income

During the Review Year, other income of the Group amounted to approximately RMB84,096,000, representing an increase of approximately RMB47,334,000 from approximately RMB36,762,000 in 2009. The increase was mainly attributable to a growth in government subsidies of approximately RMB41,103,000.

Other Gains and Losses

During the Review Year, other gains and losses of the Group amounted to a net gain of approximately RMB30,546,000, which was an increase of approximately RMB22,986,000 when compared to the net gain of approximately RMB7,560,000 in 2009. This was mainly because the Group entered into foreign exchange forward contracts to mitigate the risk of appreciation of RMB, and received increased income therefrom.

Distribution and Selling Expenses

Distribution and selling expenses of the Group amounted to approximately RMB132,117,000 during the Review Year, representing an increase of approximately 46.1% from approximately RMB90,448,000 in 2009. This was mainly due to a substantial increase in logistics costs as a result of a growth in overseas turnover. At the same time, distribution costs increased as the Group is currently at an early stage of actively expanding overseas business.

Administrative Expenses

Administrative expenses of the Group in the Review Year amounted to approximately RMB232,865,000, which was an increase of approximately 33.0% from approximately RMB175,080,000 in 2009. Such expense accounted for 6.5% of the Group's turnover, which was a decrease of approximately 0.4% against approximately 6.9% of the Group's turnover in 2009. This was mainly due to the Group's stringent control of administrative expenses, so that the proportion of overall administrative expenses to turnover was maintained at a fairly low level.

Research Expenditure

Research expenditure of the Group in the Review Year amounted to approximately RMB182,845,000, an increase of approximately 78.6% from approximately RMB102,392,000 in 2009. This was mainly attributable to the Group's increase in R&D expenditure so as to enhance its competitiveness and to sustain development through an emphasis on technical innovations and enhancement of R&D capabilities.

Share of Profits of Jointly Controlled Entities

The Group's share of profits in jointly controlled entities in the Review Year was approximately RMB19,535,000, increasing by approximately RMB11,698,000 when compared with a profit of approximately RMB7,837,000 in 2009. This was mainly due to the fact that the Group's jointly controlled entity in North America achieved a good growth in profit, and the Group's jointly controlled entities in China attained a steady growth in earnings during the Review Year.

Share of Profits of Associates

The Group's share of profits of associates in the Review Year was approximately RMB46,229,000, representing an increase of approximately RMB5,401,000 or approximately 13.2% when compared with approximately RMB40,828,000 in 2009. This was mainly due to the fact that the Group's two associates recorded a steady growth in profit over the same period in 2009.

Income Tax Expense

The Group's income tax expense increased from approximately RMB62,724,000 in 2009 to approximately RMB122,690,000 in 2010, representing an increase of approximately RMB59,966,000.

The Group's effective tax rate was approximately 12.6% in 2010, representing an increase of approximately 3.9% from approximately 8.7% in 2009. This was mainly because certain subsidiaries moved to a 50% reduction tax period from tax exemption period, and statutory tax rate of certain subsidiaries rose gradually during the transition period. However, as the Group was eligible to enjoy various favorable tax policies for its compliance with the national industry supporting guidelines which encouraged R&D activities, hence the overall tax rate remained low.

Non-controlling Interests

The Group's profit attributable to non-controlling interests were approximately RMB38,537,000 in the Review Year, representing an increase of approximately RMB1,284,000 when compared with approximately RMB37,253,000 in 2009. This was mainly because non-wholly owned subsidiaries of the Group reported a steady growth in earnings.

Liquidity and Financial Information

As at 31 December 2010, the Group's bank balances and cash was approximately RMB3,158,225,000, representing an increase of approximately RMB1,193,240,000, which mainly attributed to the increase in operating funds arising from the substantial operating profit of the Group, when compared with approximately RMB1,964,985,000 as at 31 December 2009. As at 31 December 2010, the Group's aggregate low-cost borrowing had amounted to approximately RMB407,450,000, which comprised of the equivalent of approximately RMB207,357,000, approximately RMB24,123,000 and approximately RMB175,970,000 denominated in United States dollars ("USD"), Thai bahts ("THB") and Japanese yen ("JPY") respectively, constituting an increase in borrowings of approximately RMB75,676,000 when compared with approximately RMB331,774,000 as at 31 December 2009. These borrowings were raised by the Group mainly due to the fact that the Group had taken into account the effect of overall management of capital structure, interest rate and exchange rate.

Current ratio increased from approximately 3.8 in 2009 to approximately 4.5 in 2010. The Group's gearing ratio as at 31 December 2010 was approximately 6.1% (2009: approximately 6.9%), which was a percentage based on the interest-bearing loans and borrowings divided by total assets.

During the Review Year, inventories turnover days were approximately 50 days, a decrease of 9 days when compared with approximately 59 days in 2009, the downward tendency of the inventories turnover days was mainly due to the Group's constant improvement of inventory management.

During the Review Year, receivables turnover days were approximately 67 days, an increase of 2 days when compared with approximately 65 days in 2009. The main causes were that the receivable turnover days for overseas customers were longer than the Group's average turnover days and the percentage of overseas turnover increased. In general, receivables turnover days were maintained at a reasonable level.

During the Review Year, payables turnover days were approximately 44 days, a decrease of 4 days when compared with approximately 48 days in 2009. This was mainly due to the prepayment of the strategic reserves for raw materials purchased by the Group to lock in the costs in light of the rapid increase of their prices.

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

COMMITMENTS

As at 31 December 2010, the Group had the following commitments:

	RMB'000
Capital commitments:	
Contracted for but not provided in the financial statements:	
– Acquisition of property, plant and equipment	95,142

INTEREST RATE AND FOREIGN EXCHANGE RISKS

As at 31 December 2010, the Group's borrowings were approximately RMB407,450,000. Among these borrowings, approximately RMB51,780,000 were bearing interest at fixed interest rates, and approximately RMB355,670,000 were bearing interest at floating interest rates. The aforesaid borrowings had no seasonality and would mature within one year. In addition, included in the borrowings RMB383,327,000 were denominated in currencies other than the functional currencies of the relevant group entities, with the equivalent of approximately RMB207,357,000 denominated in USD and approximately RMB175,970,000 denominated in JPY.

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

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 2010, the Group's cash equivalents denominated in currencies other than the functional currencies amounted to approximately RMB471,197,000, with the equivalent of approximately RMB439,736,000 denominated in USD, approximately RMB15,078,000 denominated in HKD, approximately RMB5,752,000 denominated in Euro and approximately RMB10,631,000 denominated in JPY. 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 2010 (2009: Nil).

MORTGAGED ASSETS

As at 31 December 2010, the Group had borrowed approximately JPY548,152,000 (equivalent to approximately RMB44,543,000) by mortgaging the time deposits amounted to USD8,584,000. This loan is to be settled in JPY. (2009: the Group had borrowed approximately USD22,800,000 and approximately JPY14,002,000 (equivalent to approximately RMB155,683,000 and approximately RMB1,033,000 respectively) by mortgaging the fixed deposits with maturity period of one year amounted to RMB162,667,000 and borrowed approximately THB45,000,000 (equivalent to approximately RMB9,207,000) by pledging the freehold lands having a net book value of approximately RMB6,674,000.)

CAPITAL EXPENDITURE

The Group's capital expenditure includes investment in equipment, plant and property, construction in progress and land use rights amounted to approximately RMB382,837,000 (2009: approximately RMB226,343,000). These capital expenditures were attributable to the expansion of production capacity, production facilities and land reserves of the Group.

PLACING AND SUBSCRIPTION

On 8 April 2010, the Company issued additional 97,000,000 shares of the Company ("Shares") by placing existing Shares and subscription for new Shares and raised a total of approximately HKD1,165,570,000 (equivalent to approximately RMB1,024,721,000). The net proceeds from the subscription will primarily be used to expand production capacity in the PRC and improve production networks globally (whether by mergers and acquisitions or its own establishment and expansion) with the intention of consolidating the Group's global market presence, launching new product lines to increase the Group's product offering, increasing the dollar content per vehicle and enhancing the Group's R&D capabilities. All these are with an aim in improving the overall operational capabilities of the Group.

SUBSTANTIAL ACQUISITIONS AND DISPOSALS

The Group made no substantial acquisitions or disposals during the Review Year.

EMPLOYEES

As at 31 December 2010, the Group had 6,353 employees, an increase of 1,205 from that of 31 December 2009. The average number of the employees for the whole year was 5,742, an increase of 1,422 when compared to that of 2009. Hence, the total employee costs in 2010 accounted for approximately 10.1% of the Group's total turnover, which was maintained at a similar level with approximately 10.2% in 2009. The main reason is that, during the Review Year, the Company was committed to optimize the production management system, thus to enhance the production efficiency as compare with that of 2009.

During the Review Year and subsequent to the structure reform, the Group has continuously optimized the business process and company structure. Therefore, the synergy among various functional departments, headquarters and regional departments has improved. At the same time, the Group has fully explored the internal human resources and also recruited talents from outside. During the Review Year, the Group has also conducted selection amongst all employees in respect of management personnel and technical professionals, thus providing them with a platform to grow rapidly, and boosting employees' morale and the sense of belonging.

SHARE OPTION SCHEME

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

FUTURE PROSPECTS

In 2010, the eye-catching performance in China's passenger car market aroused concerns about the depletion of consumer potential. The growth rate of China's passenger car market is believed to decrease in the future years.

However, from a macro perspective, the Group believes that China's passenger car ownership per capita is still low, and there are immense groups of urban and rural consumers. This means that the domestic market is far from saturation, and the market is still blessed with relatively larger room for long-term growth. On the other hand, as the technology matures and their experience accumulates, China's autoparts makers will capture more expansion opportunities in the global competition by riding on their strong design and manufacturing capabilities, which enable them to extend their reach into the global development while maintaining their local presence.

In respect of specific markets, consumer demand for passenger cars will become more diversified. The special utility car market will show a continuing growth. The Group's business approach of supplying to a wide variety of models will favour a steady source of business for the Group. The prospect of the after-sales market and new energy vehicles will provide the Group with more diversified development opportunities.

The Group is confident that leveraging on its proven records of healthy development over years of hard work, long-standing industry experience and mature production management system, reasonable layout of domestic and foreign investment, continuous R&D investment, as well as efficient and pragmatic management team, the Group is well-poised to cultivate and strengthen its core competencies. The Group can create swift growth by keeping ahead of market upturn, whereas it can identify opportunities and challenges to integrate its resources and prepare for a better future in time of market adversity. By building a firm foothold and earning a larger share in the PRC market, the Group will maintain its dominance in the domestic market. Through active participation in international competition, the Group gains access to worldwide orders, and expands its share in the global market. The Group will expand its product lines to seek a new growth point. Also, the Group will gradually expand into the after-sales service parts market, new energy vehicles and relevant parts and components market, as well as welfare vehicle and relevant parts and components market, in order to strive for long-term growth potential, maintain steady business growth, create higher returns for Shareholders and provide greater value for the whole community.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Chin Jong Hwa (秦榮華) **("Mr. Chin")**, aged 52, 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 vice-chairman of Ningbo Association of Enterprise with Foreign Investments, a director of the Ningbo Polytechnic, a consultant to the Ningbo People's Political Consultative Conference for Hong Kong, Macao and Taiwan affairs and an executive vice-chairman of Jiaxing Association of Enterprises with Investments from Taiwan. Mr. Chin was awarded the titles of Honorary Citizen in Ningbo, Jiaxing and Huai'an, and the Economic Person of 2010 in Huai'an as well. He was appointed as a Director of the Company on 14 July 2005. As at 31 December 2010, Mr. Chin is interested in 40.66% shareholding interest in the Company through Linkfair Investments Limited ("Linkfair"), a company wholly owned by Mr. Chin which held 436,664,000 Shares as at 31 December 2010. 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 2010.

Shi Jian Hui (石建輝) **("Mr. Shi")**, aged 38, 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 16 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 2010, save for his interest in 232,000 Shares and 800,000 Share Options, Mr. Shi has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Mu Wei Zhong (穆偉忠) **("Mr. Mu")**, aged 45, is the Chief Operating Officer ("COO") 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, 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 2010, save for his interest in 112,000 Shares and 600,000 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 42, is the Chief Marketing Officer ("CMO") and an executive director of the Company. With the overall responsibilities for the Group's R&D, sales and purchase. Mr. Zhao has over 12 years of experience in 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 manufacturing company. 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 2010, Mr. Zhao was interested in 104,000 Shares and 600,000 Share Options in the Company personally. Since Mr. Zhao is the spouse of Ms. Zhu Chun Ya ("Ms. Zhu"), he is deemed to be also interested in the 50,000 Shares and 450,000 Share Options in which Ms. Zhu was interested in. Hence accordingly Mr. Zhao was interested in 154,000 Shares and 1,050,000 Share Options in the Company. Save as disclosed herein, Mr. Zhao has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Non-executive Directors

Mikio Natsume (夏目美喜雄) ("Mr. Natsume"), aged 70, is a non-executive director of the Company and has more than 48 years of working experience in auto-parts manufacturing industry in Japan. Before joining the Company, Mr. Natsume had worked in Aisin Seiki Co., Ltd. (formerly known as Shinkawa Kogyo Co., Ltd.) since 1963, where he served as the manager of International Planning Department, director, executive director, senior managing director, executive vice president 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 and was re-appointed on 2 December 2008 and 2 December 2009. As at 31 December 2010, Mr. Natsume has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Yu Zheng (鄭豫) ("Ms. Zheng"), aged 42, is a non-executive director of the Company. Ms. Zheng has worked in the computer industry both in China and the United States for many years. She has also accumulated over 14 years experience in the management consulting industry through many years with the Boston Consulting Group and later with Roland Berger Strategy Consultants as its senior partner responsible for the industrial and automotive industries practice in Greater China. In 2008, she joined the PineBridge Investments (formerly known as the AIG Global Investments) as the Managing Director, in charge of private equity investment in Greater China. Ms. Zheng has extensive experience in various management practices including 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, retail and fast moving consumer goods, education, media and publishing, etc. Ms. Zheng received her bachelor's degree in Computer Science in Beijing Normal University and Master of Business Administration from the University of Texas at Austin. Ms. Zheng was appointed as a Director of the Company on 1 January 2008 and was reappointed on 2 December 2008 and 2 December 2009. As at 31 December 2010, 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 56, has been an independent non-executive director of the Company since 26 October 2005. Dr. Wang has over 19 years' managerial experience in investment banking, securities, treasury and asset management in the United States, Hong Kong, Taiwan and the PRC. He is currently the managing director of Shanghai International Asset Management (HK) Co. Ltd., a licensed corporation registered with Honk Kong Securities and Futures Commission. He is also the executive director of Shanghai International Shanghai Growth Investment Limited, an investment fund company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Besides, Dr. Wang also serves as an adjunct Associate Professor of Global Management Education Institute, Shanghai University. Dr. Wang received his doctorate degree from the Graduate School of Business, Columbia University in 1992. As at 31 December 2010, 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 64, has been an independent non-executive director of the Company since 26 October 2005. Mr. Zhang has experience of over 42 years in the automobile, electronic and mechanical industry. He is the product planing and engineering special consultant to president of Shanghai General Motors Corporation Limited. 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 2010, 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 63, 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's 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, 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 and an independent non-executive director of China Public Procurement

Limited. Mr. Wu was appointed as an independent non-executive director and Chairman of the Audit Committee of the Company on 1 January 2009 and reappointed on 2 December 2009. As at 31 December 2010, Mr. Wu has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

Loke Yu (陸海林) **("Dr. Loke")**, aged 61, is the Company Secretary of the Company. He has over 36 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 Hong Kong Institute of Chartered Secretaries. He currently serves as an independent non-executive director of VODone Limited, Matrix Holdings Limited, Bio-Dynamic Group Limited, China Fire Safety Enterprise Group Limited, Winfair Investment Company Limited, SCUD Group Limited, Zhong An Real Estate Limited, and Chiho-Tiande Group Limited, all of which are companies listed on the Stock Exchange. As at 31 December 2010, 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 39, is the Chief Financial Officer ("CFO") of the Group. Ms. Bao graduated from Shanghai University of Finance Economics in 1993 where she majored in international accounting. She has over 17 years of experience 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 2010, save for her interest in 450,000 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.

Wong Ching Li (王景立) **("Mr. Wong")**, aged 52, is the general manager of Research & Development Center of the Group. Mr. Wong graduated from Ohio State University majoring in Industrial and Systems Engineering and obtained Master' and Doctor's degrees in 1986 and 1989, respectively. He also received a Master of Business Administration Degree from Massachusetts Institute of Technology in 1999. Mr. Wong has experience of over 30 years in the automobile, IT and mechanical industry. Prior to joining the Group in November 2010, Mr. Wong has worked in America, Korea and China as president or vice president of six corporations. As at 31 December 2010, Mr. Wong has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Yi Lei Li (易蕾莉) **("Ms. Yi")**, aged 37, is the head of the Investor Relations Department of the Group. Ms. Yi graduated from East China Normal University in 1994 where she majored in English Language and Literature. Prior to joining the Group in February 2001, she was a lecturer at the Faculty of Foreign Languages in Ningbo University. Since joining the Group, Ms. Yi has worked as manager of the Human Resources Department, manager of Overseas Business Development Department and assistant to general manager of the Group. As at 31 December 2010, save for her interest in 58,000 Shares and 200,000 Share Options in the Company, Ms. Yi has no interest in the Shares of the Company within the meaning of Part XV of the SFO.

Wang Hua (王華) **("Mr. Wang Hua")**, aged 42, is the general manager of the Strategy & Investment Department of the Group. Mr. Wang Hua graduated from Beijing Jinghua Medical College in 1993. Prior to joining the Group in November 2009, Mr. Wang Hua spent several years working in Chinese Academy of Medical Sciences and later served as a regional sales director in Sino-American Shanghai Squibb Pharmaceuticals Co., Ltd.. Then he took the positions as market-advising director and vice-president in different consulting companies, engaging management and investment consultation. As at 31 December 2010, Mr. Wang Hua has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

Jin Zheng Xun (金正勛) **("Mr. Jin")**, aged 37, is the General Manager of North America Operations of the Group. Mr. Jin graduated from China Institute of Metrology in 1997, and obtained Master's degree from Otto-von-Guericke University of Magdeburg in Germany in 2003 majoring in Mechanical Engineering. Mr. Jin joined the Group in April 2004 and has worked as manager of Quality Control Department, manager of Overseas Business Development Department and assistant to general manager of the Group. As at 31 December 2010, save for his interest in 300,000 Share Options in the Company, Mr. Jin has no interests in the Shares of the Company within the meaning of Part XV of the SFO.

CORPORATE GOVERNANCE REPORT

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 2010, there are nine members on the Board, which are the Chairman, the CEO, two other executive Directors, two 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 2010 and the Directors' attendance is shown in the table on page 18 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, Mr. Mikio Natsume and Ms. Yu Zheng will retire and all shall offer themselves for re-election in the forthcoming annual general meeting ("Annual General Meeting") of the Company.

Save for their business relationships as a result of their respective directorships and positions in the Group, each of the members of the Board, including the Chairman and the CEO, does not have any significant financial, business, family or other material/relevant relationship among one another.

The term of appointment for all NEDs is for a period up to next annual general meeting of the Company in 2011.

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 2010, the Audit Committee comprises all INEDs namely Mr. Wu Fred Fong, Dr. Wang Ching and Mr. Zhang Liren. As of 31 December 2010, the chairman of the Audit Committee is Mr. Wu Fred Fong. 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 two meetings during the year 2010 and the relevant Directors' attendance is shown in the table on page 18 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 2010 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.

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.

The Remuneration Committee comprises a non-executive director, namely Ms. Yu Zheng, and all these independent non-executive directors, namely Mr. Wu Fred Fong, Dr. Wang Ching, and Mr. Zhang Liren.

The Remuneration Committee held one meeting during the year 2010 to discuss remuneration related matters and the relevant Directors' attendance is shown in the table set out on page 18 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 34 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 new Directors, each member of the Board reviews the qualifications of the relevant candidate, for determining the suitability to the Group on the basis of his or her qualifications, experiences and background.

During the year 2010, the Board has also determined the policy for the nomination of directors of the Company.

Composition of the Board and the Directors' attendance record for the year ended 31 December 2010

	The Board	Audit Committee	Remuneration Committee
Number of Meetings	3	2	1
Executive Directors			
Chin Jong Hwa *(Chairman)*	3	N/A	N/A
Shi Jian Hui *(CEO)*	3	N/A	N/A
Mu Wei Zhong *(COO)*	3	N/A	N/A
Zhao Feng *(CMO)*	3	N/A	N/A
Non-executive Directors			
Mikio Natsume	3	N/A	N/A
Yu Zheng	3	N/A	1
Independent Non-executive Directors			
Wang Ching	3	2	1
Zhang Liren	3	2	1
Wu Fred Fong	3	2	1

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

None of the Directors is aware of any information that would reasonably indicate that the Company was not at any time during the year 2010 in compliance with the Code as set out in Appendix 14 to the Listing Rules.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct and rules governing dealings by all Directors in the securities of the Company. Having made specific enquiry of all Directors, the Directors confirmed they had strictly complied with the standards set out in the Model Code during the year 2010.

AUDITOR'S REMUNERATION

The Audit Committee 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 2010, the Company is required to pay an aggregate of approximately RMB3,419,000 to the external auditor for its audit services. Additionally, the compensation payable for the auditors' engagement for non-audit services amounted to approximately RMB497,000.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors' responsibilities for preparing the accounts and the reporting responsibilities of the external auditor to the Shareholders are set out on page 33 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 2010 ("Review Year").

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 2010 are set out in the Consolidated Statement of Comprehensive Income on page 35 of the annual report.

DIVIDENDS

The Board recommends the payment of a final dividend of HK$0.266 per share for the year ended 31 December 2010 to the shareholders of the Company ("Shareholders") on the Company's register of members on 18 May 2011.

PROPERTY, PLANT AND EQUIPMENT

During the Review Year, the Group incurred approximately RMB382,837,000 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 consolidated financial statements.

SHARE CAPITAL AND RESERVES

During the Review Year, Mr. Shi Jian Hui (a Director), Mr. Mu Wei Zhong (a Director), Mr. Zhao Feng (a Director) and his spouse Ms. Zhu Chun Ya have exercised 500,000 Share Options of the Company ("Share Options"), 292,000 Share Options, 260,000 Share Options and 332,000 Share Options, respectively. 9,910,000 Share Options have been exercised by persons who are not directors of the Company. 50,000 Share Options lapsed due to resignations of persons who are not directors of the Company. During the Review Year, the Company has issued 11,294,000 Shares of the Company ("Shares") as a result of the exercise of Share Options granted pursuant to the Company's Share Option Scheme. The total consideration received by the Company for such issue during the year 2010 amounted to approximately HK$66,841,940.

Save as disclosed herein, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of its listed securities during the Review Year.

Movements in the reserves of the Group and the Company during the Review Year are set out in the consolidated statement of changes in equity on page 38 of the annual report.

The Company's reserves available for distribution represent the share premium, reserves and profit which in aggregate amounted to approximately RMB5,319 million as at 31 December 2010. Under the Companies Law, Cap 22 (Law 3 of 1961, consolidated and revised) 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 date on which distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends may be declared and paid out of the profits of the Company, realised or unrealised or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividend may also be declared and paid out of share premium account of the Company.

DEBENTURES

During the year 2010, the Company did not issue any debentures.

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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 2010, the largest customer accounted for approximately 15.1% of the Group's revenue, and the five largest customers accounted for approximately 42.5% of the Group's revenue.

The purchases for the year ended 31 December 2010 attributable to the Group's largest supplier and five largest suppliers were approximately 5.3% and 19.0% 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 2010.

DONATION

During the year 2010, the donations made by the Group amounted to approximately RMB4,075,000 (2009: approximately RMB770,000).

DIRECTORS

The Directors of the Company during the year 2010 and up to the date of this report were:

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

Non-executive Directors:
Mikio Natsume
Yu Zheng

Independent Non-executive Directors:
Wang Ching
Zhang Liren
Wu Fred Fong

In accordance with Article 87 of the Articles, Mr. Zhao Feng, Mr. Mikio Natsume and Ms. Yu Zheng 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 forthcoming 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 their appointment were renewed on 1 December 2006, 1 December 2007, 1 December 2008 and 1 December 2009 respectively. The previous three reappointments were with one-year extension and the latest one is with an extension until the Company's forthcoming annual general meeting in 2011.

Mr. Wu Fred Fong was appointed as an independent non-executive Director on 1 January 2009 for a fixed term of one year. His appointment was renewed on 2 December 2009 with an extension until the Company's forthcoming annual general meeting in 2011.

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 ("the Stock Exchange") ("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 13 to 15 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 2010, 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 Mode Code for Securities Transaction by Directors of Listed Issues ("Mode 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 as at 31 December 2010 *(Note 5)*
Chin Jong Hwa	Company	Long position	Interest of controlled corporation *(Note 1)*	436,664,000	40.66%
Shi Jian Hui	Company	Long position	Beneficial owner	1,032,000 *(Note 2)*	0.10%
Mu Wei Zhong	Company	Long position	Beneficial owner	712,000 *(Note 3)*	0.07%
Zhao Feng	Company	Long position	Beneficial owner and interest of spouse *(Note 4)*	1,204,000 *(Note 4)*	0.11%

Note 1: As at 31 December 2010, Linkfair Investments Limited ("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 aggregated number of 232,000 Shares held by and 800,000 Share Options granted to Mr. Shi under the Share Option Scheme. Upon exercise of the Share Options, Mr. Shi will acquire an aggregate of 1,032,000 Shares.

Note 3: These figures represent the aggregated number of 112,000 Shares held by and 600,000 Share Options granted to Mr. Mu under the Share Option Scheme that are exercisable. Upon exercise of the Share Options, Mr. Mu will acquire an aggregate of 712,000 Shares.

Note 4: These figures represent the aggregated number of 104,000 Shares held by and 600,000 Share Options granted to Mr. Zhao under the Share Option Scheme and 50,000 Shares held by and 450,000 Share Options granted to Ms. Zhu under the Share Option Scheme. Upon exercise of the Share Options, Mr. Zhao will acquire an aggregate of 704,000 Shares and Ms. Zhu will acquire an aggregate of 500,000 Shares. Since Mr. Zhao is the spouse of Ms. Zhu, he is deemed to be interested in the foresaid Shares in which Ms. Zhu is interested.

Note 5: The percentage of the Company's issued share capital as at 31 December 2010 is based on the 1,073,850,000 issued Shares as at 31 December 2010.

Other than as disclosed above, as at 31 December 2010, 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 2010, since the adoption of the Share Option Scheme, 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. As at the date of this report, the number of Share Options that could still be granted under the Share Option Scheme was 46,075,000, representing 4.3% of the 1,074,926,000 Shares of the Company in issue as at 22 March 2011, being the date of this report.

Details are as follows:

	Number of Shares *(Note 1)*							
Name and status of participants	**As of 1 January 2010**	**Granted during the Review Period**	**Exercised during the Review Period** *(Note 6)*	**Lapsed during the Review Period**	**As of 31 December 2010**	**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	146,000	–	146,000	–	–	1-2-2007	1-2-2008 to 12-11-2010	6.31
	146,000	–	146,000	–	–	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	130,000	–	130,000	–	–	1-2-2007	1-2-2008 to 12-11-2010	6.31
	130,000	–	130,000	–	–	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 (Note 5)	166,000	–	166,000	–	–	1-2-2007	1-2-2008 to 12-11-2010	6.31
	166,000	–	166,000	–	–	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	3,834,000	–	1,384,000	–	2,450,000			

Name and status of participants	As of 1 January 2010	Granted during the Review Period	Number of Shares (Note 1) Exercised during the Review Period (Note 6)	Lapsed during the Review Period	As of 31 December 2010	Date of Grant (Note 2)	Exercise Period (Note 3)	Subscription Price (HKD) (Note 4)
Other Participants	2,675,000	–	2,675,000	–	–	1-2-2007	1-2-2008 to 12-11-2010	6.31
	2,675,000	–	2,675,000	–	–	1-2-2007	1-2-2009 to 12-11-2010	6.31
	8,405,000	–	4,560,000	25,000	3,820,000	4-7-2008	1-2-2010 to 12-11-2013	5.34
	8,405,000	–	–	25,000	8,380,000	4-7-2008	1-2-2011 to 12-11-2013	5.34
Subtotal	22,160,000	–	9,910,000	50,000	12,200,000			
Total	25,994,000	–	11,294,000	50,000	14,650,000			

Note 1: Numbers of shares in the Company over which options granted under the Share Option Scheme are exercisable.

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 was for three years nine months and eleven days and such Share Options have vested in tranches beginning on the first anniversary of the date of grant as to 50%, and the remainder having vested 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 vested 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: Spouse of Mr. Zhao, and an advisor of the Group.

Note 6: The weighted average closing price of each Share immediately before the dates on which the Share Options were exercised during the Review Period is HK$12.93.

During the year ended 31 December 2010, Mr. Shi Jian Hui (a Director), Mr. Mu Wei Zhong (a Director), Mr. Zhao Feng (a Director) and his spouse Ms. Zhu Chun Ya have exercised 500,000 Share Options, 292,000 Share Options, 260,000 Share Options and 332,000 Share Options, respectively. 9,910,000 Share Options have been exercised by persons who are not directors of the Company. 50,000 Share Options lapsed due to resignations of persons who are not directors of the Company.

Since the adoption of the Share Option Scheme to the date of this report, Mr. Shi Jian Hui (a Director), Mr. Mu Wei Zhong (a Director), Mr. Zhao Feng (a Director) and his spouse Ms. Zhu Chun Ya have exercised 500,000 Share Options, 500,000 Share Options, 500,000 Share Options and 500,000 Share Options, respectively. 21,426,000 Share Options have been exercised by persons who are not directors of the Company. 4,675,000 Share Options lapsed due to resignations of persons who are 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 the adoption of the Share Option Scheme.

Particulars of the Company's Share Option Scheme are set out in note 34 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 2010, 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 *(Note 6)*
Wei Ching Lien	Interest of spouse	Long position	436,664,000 *(Note 1)*	40.66%
Linkfair Investments Limited	Beneficial owner	Long position	436,664,000 *(Note 2)*	40.66%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	80,296,000 *(Note 3)*	7.48%
Karr Robert A.	Interest of controlled corporations	Long position	64,398,781 *(Note 4)*	6.00%
FMR LLC	Interest of controlled corporations	Long position	56,037,000 *(Note 5)*	5.22%

Note 1: As at 31 December 2010, 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: As at 31 December 2010, based on the disclosure of interests forms filed with the Stock Exchange, Mr. Karr has (i) 74.25% control over Joho Capital, L.L.C., an entity which is deemed by the SFO to be interested in 39,695,005 Shares in aggregate that are held by the three entities controlled by it and (ii) 74.25% control over RAK Capital, L.L.C., an entity which is deemed by the SFO to be interested in 24,703,776 Shares in aggregate that are held by the two entities controlled by it. Mr. Karr is therefore deemed by the SFO to be interested in 64,398,781 Shares in aggregate.

Note 5: As at 31 December 2010, based on the disclosure of interests forms filed with the Stock Exchange, FMR LLC was interested in 56,037,000 Shares in aggregate which are held through 2 entitles controlled by it. Based on the forms, FMR LLC is interested in the Shares in the capacity of an investment manager and is deemed to be interested in the Shares in which Fidelity Management & Research Company (45,973,000 Shares) and Fidelity Management Trust Company, Pyramis Global Advisors LLC (10,064,000 Shares) are respectively interested in for the purpose of Part XV of the SFO.

Note 6: Percentages shown are that as recorded in the Section 352 SFO register kept by the Company. As at 31 December 2010, the total issued share capital of the Company was 1,073,850,000.

(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	Percentage of interest in such member of the Group
Guangzhou Minhui Automobile Parts Co., Ltd.	Sankei Giken Holdings Co., Ltd.	30%
Tianjin Shintai Automobile Parts Co., Ltd.	Aisin Tianjin Body Parts Co., Ltd.	19.8%
Jiaxing Minth Hashimoto Automotive Parts Co., Ltd.	FALTEC Co., Ltd.	35%
Changchun Minth Automotive Parts Co., Ltd.	Changchun Kedi Equipment Technology Co., Ltd.	45%
MINTH AAPICO (Thailand) Co., Limited	AAPICO HITECH Public Company Limited	40%

Other than as disclosed above, as at 31 December 2010, 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 2010, Mr. Shi Jian Hui (a Director), Mr. Mu Wei Zhong (a Director), Mr. Zhao Feng (a Director) and his spouse Ms. Zhu Chun Ya have exercised 500,000 Share Options, 292,000 Share Options, 260,000 Share Options and 332,000 Share Options, respectively. 9,910,000 Share Options have been exercised by persons who are not directors of the Company. 50,000 Share Options lapsed due to resignations of persons who are 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 2010.

CONTINUING CONNECTED TRANSACTIONS

During the Review Period, the following 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 May 2006 with Aisin Tianjin pursuant to which the Group and Aisin Tianjin own 80% interest and 20% (and later approximately 80.2% and approximately 19.8% respectively subject to a share transfer agreement between the Group and Aisin Tianjin dated 27 April 2009) interest in Tianjin Shintai Automotive Parts Co., Ltd. ("Tianjin Shintai") respectively. Aisin Tianjin therefore became 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.

Further details of the Sale and Purchase Agreement and the respective annual caps are set out in the Company's announcements dated 20 July 2006 and 26 June 2008 and its circulars dated 7 August 2006 and 10 June 2008.

During the year 2010, the cumulative of sales to, and purchase from, Aisin Group pursuant to the Sale and Purchase Agreement amounted to approximately RMB125,073,000 and approximately RMB78,238,000 respectively, which did not exceed the reported and announced annual caps of RMB180,000,000 and RMB140,000,000 for the year ended 31 December 2010 as approved by the independent Shareholders on 26 June 2008.

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

Guangzhou Minhui Automobile Parts Co., Ltd. ("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 Co., Ltd. ("Sankei 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 Automotive Parts Co., Ltd. ("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 Machines Co., Ltd. ("Ningbo Shintai"), Jiaxing Minhui Automotive Parts Co., Ltd. ("Jiaxing Mihui") 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 refer ence 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.

Further details of the Technology Services Agreements and the New Technology Services Agreements and the respective annual caps are set out in the Company's prospectus dated 22 November 2005, the Company's announcements dated 20 May 2008 and 26 June 2008 and its circular dated 10 June 2008.

During the year 2010, the cumulative consideration for the above-mentioned transactions between the Group and Sankei Giken amounted to approximately RMB8,583,000, which did not exceed the reported and announced annual cap of RMB22,000,000 for the year ended 31 December 2010 as approved by the independent Shareholders on 26 June 2008.

(c) 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 is 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. Further details of the FALTEC Technology Services Agreements and the FALTEC Master Framework Agreement are set out in the Company's announcements dated 20 May 2008 and 26 June 2008 and its circular dated 10 June 2008.

During the year 2010, the cumulative consideration for the above-mentioned transactions between the Group and FALTEC Group amounted to approximately RMB24,507,000, which did not exceed the reported and announced annual cap of RMB42,000,000 for the year ended 31 December 2010 as approved by the independent Shareholders on 26 June 2008.

(d) Sales by the Group to FALTEC

The Company has, through its wholly-owned subsidiaries Minth Japan Co., Ltd. and Minth International Limited, entered into two sale and purchase agreements with FALTEC Corporation on 8 July 2008 and 26 January 2009 respectively, and another sale and purchase agreement through Jiaxing Xinghe Automotive Parts Co., Ltd. ("Jiaxing Xinghe") with Foshan Altia Automobile Products Co., Ltd. ("Foshan Altia") on 10 December 2008 respectively, (the "Japan FALTEC Sale and Purchase Agreements" and the "Domestic FALTEC Sale and Purchase Agreements", collectively, the "FALTEC Sale and Purchase Agreements") to govern the transactions between the Group and FALTEC Group in relation to the sale and purchase of automobile parts. The term of the Domestic FALTEC Sale and Purchase Agreements is fixed for a term commencing on 10 December 2008 and shall end on 31 December 2009, and shall be automatically renewed with the same terms for a further year ending 31 December 2010 subject to the Company's agreement and compliance with the Listing Rules. In respect of the Japan FALTEC Sale and Purchase Agreements, these are fixed for the period from 26 January 2009 to 31 December 2011 and from 8 July 2008 to 7 July 2011 respectively and each of them may be automatically renewed for a further year upon expiry subject to the Company's agreement and compliance with the Listing Rules.

Pursuant to the FALTEC Sale and Purchase Agreements, the Group may transact to sell automobile parts to FALTEC Group in both Japan and China. The price and terms of payment for such sale and purchase of products under the Japan's FALTEC Sale and Purchase Agreements will be agreed at the time when such transactions are individually entered into but such prices shall either be set by reference to the prevailing market prices, or should there be no market price available for reference, based on cost plus a reasonable profit. The basis of determining such price will in any event be no less favourable to the Company than those in respect of independent third parties. The price payable for these transactions under the Domestic FALTEC Sale and Purchase Agreements shall be agreed between the parties by the fifteenth day in the month following Foshan Altia's acceptance of the products, and payment to be made by Foshan Altia to the Group by the fifth day of the second month following the date of agreement of the price above. The structure of payment of such prices to be agreed under the FALTEC Sale and Purchase Agreements is also expected to be agreed at the time when such orders are individually placed by FALTEC Corporation and formalised from time to time. Further details of the FALTEC Sale and Purchase Agreements and the respective annual caps are set out in the Company's announcements dated 23 September 2009 and 25 August 2010.

In light of the increased customer demand in the relevant automobile parts to be sold under the FALTEC Sale and Purchase Agreements, the Company expects that the annual sales of 2010 pursuant to these agreements will exceed the annual cap of RMB14,000,000 as previously set out in the Company's announcement dated 23 September 2009. As set out in the Company's announcement dated 25 August 2010, based on the latest estimates of the Company in respect of transactional value pursuant to FALTEC Sale and Purchase Agreements, as the highest of the relevant percentage ratios as defined under Rule 14.07 of the Listing Rules (other than the profits ratio) in respect of the annual caps of such transactions is, on an annual basis, less than 1%, such transactions constitute de minimis transactions for the Company under Rule 14A.33(3)(b) of the Listing Rules and are therefore exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules following amendments to the Listing Rules effective 3 June 2010.

For the six months ended June 2010, the cumulative transaction pursuant to the FALTEC Sale and Purchase Agreements amounted to approximately RMB9,740,260, which did not exceed the annual cap of RMB14,000,000 for the year ended 31 December 2010 reported and announced on 23 September 2009.

(e) Sales by the Group to Foshan Aisin Automative Parts Co., Ltd. ("Foshan Aisin")

Foshan Aisin, a connected person of the Company by way of being a subsidiary of Aisin Tianjin. On 1 April 2009, the Company through its subsidiary Guangzhou Minrui entered into the agreement ("Foshan Aisin Agreement") with Foshan Aisin. The term of the Foshan Aisin Agreement will be effective until 31 December 2011 and may be automatically renewed for one year upon expiry subject to compliance with the Listing Rules.

The Foshan Aisin Agreement was entered into to govern the general terms of transactions between the Group and Foshan Aisin. The price for such sale and purchase of products under the Foshan Aisin Agreement will be agreed at the time when such transactions are individually entered into but such prices shall either be set by reference to the prevailing market prices, or should there be no market price available for reference, based on cost plus a reasonable profit. The basis of determining such price will in any event be no less favourable to the Company than those in respect of independent third parties. The Group shall issue an invoice to Foshan Aisin by the fifth business day in the month after the date when Foshan Aisin has issued a formal confirmation of acceptance of such products to the Group. Foshan Aisin shall (unless there is dispute on the invoice) then make payments to the Group by the twenty-fifth calendar day in the month after the above date when Foshan Aisin issued its formal confirmation of acceptance. The structure of payment of such prices to be agreed under the Foshan Aisin Agreements is also expected to be agreed at the time when such orders are individually placed by Foshan Aisin and formalised from time to time.

Further details of the Foshan Aisin Agreement and the respective annual caps are set out in the Company's announcements dated 23 September 2009 and 25 November 2009.

During the year 2010, the cumulative transaction pursuant to the Foshan Aisin Agreement amounted to approximately RMB33,964,000, which did not exceed the annual cap of RMB40,000,000 for the year ended 31 December 2010 as reported and announced on 25 November 2009.

(f) Entering into sale, purchase and technology services agreement with AAPICO Hitech Public Company Limited ("AAPICO")

The Company and one of its indirect wholly-owned subsidiaries, Sinoone Holdings Limited ("SINOONE"), have entered into the an Agreement with 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. The Group has entered into a strategic collaboration agreement ("AAPICO Agreement") with AAPICO on 13 August 2009 to govern the general terms of transactions between the Group and AAPICO generally in relation to the sale and purchase of automobile parts and provision of technical services. Hence the transactions contemplated under the AAPICO Agreement constitute continuing connected transactions of the Company.

Pursuant to the AAPICO Agreement, parties may transact to sell or purchase automobile parts, provide technical services or such other transactions relating to the design, manufacturing, sales, import, export and after-sales services of automobile components in Thailand or elsewhere pursuant to the AAPICO Agreement. In particular, the Group may purchase from or sell to AAPICO moulds, semi-finished or finished products, and other relevant service of automobile components. In respect of technical services contemplated under the AAPICO Agreement, it is expected AAPICO or its affiliates will provide such services to Minth AAPICO to facilitate its production process with regards to the design and manufacture of automobile parts with specifications which meet the requirement of AAPICO and its customers.

The price and terms of payment for such sale and purchase of products as well as provision of technical services under the AAPICO Agreement will be agreed at the time when such transactions are individually entered into but such prices shall either be set by reference to the prevailing market prices, or should there be no market price available for reference, based on cost plus a reasonable profit. It is a specific term of the AAPICO Agreement that such price and terms of payment shall not be less favourable than that provided to any independent third parties. The structure of payment of such prices to be agreed under the AAPICO Agreement are also expected to be agreed at the time when such orders are individually placed by the Group, Minth AAPICO or AAPICO (as the case may be) and formalised from time to time. The term of the AAPICO Agreement is three years and may be automatically renewed for one year upon expiry compliance with the Listing Rules.

Further details of the AAPICO Agreement and the respective annual caps are set out in the Company's announcement dated 13 August 2009.

During the year 2010, the cumulative purchases from AAPICO by the Group pursuant to the AAPICO Agreement amounted to approximately RMB7,229,000 and no sales to or provision of technical services by APPICO to the Group occurred, all of which did not exceed the annual caps of RMB22,000,000, RMB22,500,000 and RMB500,000 in respect of sales to AAPICO, purchase from AAPICO and provision of technology services by AAPICO respectively for the year ended 31 December 2010 as reported and announced on 13 August 2009.

(g) Sales by the Group to Newman Technology, Inc. ("Newman")

On 13 August 2009, the Group through its wholly-owned subsidiary PTI International, Inc. ("PTII") and Newman, a connected person of the Company by way of being a wholly-owned subsidiary of Sankei Giken Holding, entered into two strategic collaboration agreements ("Newman Agreements") to govern the general terms of transactions between the Group and Newman. The term of the Newman Agreements is three years.

According to the Newman Agreements, there will be sales of automobile parts by the Group to Newman and purchase by the Group from Newman of raw materials, work in progress or component parts for the sole purpose of production of such automobile parts to satisfy Newman's orders from time to time. In addition, certain production equipment owned by Newman shall be kept at the Group's premises for production use by the Group solely for the purpose of satisfying Newman's orders under the Newman Agreements. The price and terms of payment for such sale and purchase of products under the Newman Agreements will be agreed at the time when such transactions are entered into but such prices shall either be set by reference to the prevailing market prices, or should there be no market price available for reference, based on cost plus a reasonable profit. Such price and terms of payment are therefore expected to be not less favourable than that provided to any independent third parties. In relation to the production equipment kept at the Group's premises the Group shall take out relevant insurance and be responsible for the maintenance costs and expenses. The structure of payment of such prices to be agreed under the Newman Agreements are also expected to be agreed at the time when such orders from Newman are formalized from time to time.

Further details of the Newman Agreements and the respective annual caps are set out in the Company's announcement dated 13 August 2009.

During the year 2010, the cumulative sales to Newman pursuant to the Newman Agreements amounted to approximately USD3,814,000 and no purchase from Newman occurred, both of which therefore did not exceed the annual caps of USD5,750,000 and USD250,000 in respect of sales to and purchase from Newman respectively for the year ended 31 December 2010 as reported and announced on 13 August 2009.

The independent non-executive Directors reviewed the continuing connected transactions set out herein and in note 38 to the consolidated financial statements, and confirmed that, during the year ended 31 December 2010, 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 auditor of the Company also confirmed that the continuing connected transactions:

(i) nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;

(iii) nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the relevant announcements of the Company in respect of each of the disclosed continuing connected transactions.

Further details of the transactions and relationships of the connected parties are also set out in note 36 to the consolidated financial statements.

REMUNERATION POLICY

Remuneration policy of the Group is set by the remuneration committee of the Company ("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.

Mr. Chin, the executive director has agreed to waive his remuneration since 1 March 2007.

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 22 to 24 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 ON CORPORATE PRACTICES AND COMPLIANCE WITH MODEL CODE

None of the Directors is aware of any information that would reasonably indicate that the Company was not at any time during the period under review in compliance with the Code on Corporate Practices as set out in Appendix 14 of 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 2010.

EVENT AFTER THE REPORTING PERIOD

On 7 March 2011, the Group entered into a sale and purchase agreement to acquire 45% equity interest in 可附特(北京)有限公司 (KFTC (Beijing) Co., Ltd.) from Korea Fuel-Tech Corporation and Mr. Chung Koo Lee. For further details of the above joint venture and acquisition, please refer to the announcements of the Company dated 13 December 2010 and 7 March 2011, respectively.

Save as disclosed above, no other significant events occurred after the reporting period 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

22 March 2011

INDEPENDENT AUDITOR'S REPORT

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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 35 to 100, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of the consolidated financial statements that give a true and fair view 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 2010 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
22 March 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

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	NOTES	2010 RMB'000	2009 RMB'000
Turnover	6	**3,575,594**	2,544,680
Cost of sales		**(2,268,156)**	(1,574,778)
Gross profit		**1,307,438**	969,902
Investment income	7	**39,451**	28,331
Other income	8	**84,096**	36,762
Other gains and losses	9	**30,546**	7,560
Distribution and selling expenses		**(132,117)**	(90,448)
Administrative expenses		**(232,865)**	(175,080)
Research expenditure		**(182,845)**	(102,392)
Interest on borrowings wholly repayable within five years		**(7,069)**	(1,881)
Share of profits of jointly controlled entities	19	**19,535**	7,837
Share of profits of associates	20	**46,229**	40,828
Profit before tax		**972,399**	721,419
Income tax expense	10	**(122,690)**	(62,724)
Profit for the year	11	**849,709**	658,695
Other comprehensive income			
Exchange differences arising on translation		**(18,581)**	905
Fair value gain on available-for-sale financial assets		**15,390**	–
Cumulative gain reclassified on disposal of available-for-sale financial assets		**(1,330)**	–
Income tax relating to fair value change of available-for-sale financial assets		**(1,756)**	–
Other comprehensive (expense) income for the year (net of tax)		**(6,277)**	905
Total comprehensive income for the year		**843,432**	659,600
Profit for the year attributable to:			
Owners of the Company		**811,172**	621,442
Non-controlling interests		**38,537**	37,253
		849,709	658,695
Total comprehensive income attributable to:			
Owners of the Company		**804,069**	621,580
Non-controlling interests		**39,363**	38,020
		843,432	659,600
Earnings per share	14		
Basic		**RMB0.780**	RMB0.650
Diluted		**RMB0.772**	RMB0.648

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2010

	NOTES	2010 RMB'000	2009 RMB'000
Non-current assets			
Property, plant and equipment	15	**1,213,320**	1,078,348
Prepaid lease payments	16	**306,686**	175,784
Goodwill	17	**15,276**	15,276
Other intangible assets	18	**19,659**	18,130
Interests in jointly controlled entities	19	**59,577**	47,835
Interests in associates	20	**110,954**	96,643
Available-for-sale investments	21	**173,638**	–
Loan receivables	22	**29,693**	52,384
Deferred tax assets	23	**33,523**	14,557
		1,962,326	1,498,957
Current assets			
Prepaid lease payments	16	**6,708**	4,113
Inventories	24	**452,594**	400,461
Loan receivables	22	**30,715**	28,906
Trade and other receivables	25	**1,011,807**	764,341
Derivative financial assets	26	**15,999**	–
Pledged bank deposits	27	**62,463**	168,048
Bank balances and cash	27	**3,158,225**	1,964,985
		4,738,511	3,330,854
Current liabilities			
Trade and other payables	28	**572,844**	507,328
Tax liabilities		**65,300**	32,359
Borrowings	29	**407,450**	331,774
		1,045,594	871,461
Net current assets		**3,692,917**	2,459,393
Total assets less current liabilities		**5,655,243**	3,958,350

	NOTES	2010 RMB'000	2009 RMB'000
Capital and reserves			
Share capital	30	**108,904**	99,385
Share premium and reserves		**5,412,372**	3,736,467
Equity attributable to owners of the Company		**5,521,276**	3,835,852
Non-controlling interests		**111,717**	111,331
Total equity		**5,632,993**	3,947,183
Non-current liabilities			
Deferred tax liabilities	23	**22,250**	11,167
		5,655,243	3,958,350

The consolidated financial statements on pages 35 to 100 were approved and authorised for issue by the Board of Directors on 22 March 2011 and are signed on its behalf by:

Shi Jian Hui	**Zhao Feng**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	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	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2009	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
Profit for the year	–	–	–	–	–	–	–	–	–	621,442	621,442	37,253	658,695
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	138	–	–	138	767	905
Total comprehensive income for the year	–	–	–	–	–	–	–	138	–	621,442	621,580	38,020	659,600
Recognition of share-based payments	–	–	–	–	–	–	–	–	7,326	–	7,326	–	7,326
Transfer to reserve fund	–	–	–	–	4,261	–	–	–	–	(4,261)	–	–	–
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	–	(126,883)	(126,883)	–	(126,883)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(8,101)	(8,101)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	6,772	6,772
Exercise of share options	971	72,510	–	–	–	–	–	–	(12,213)	–	61,268	–	61,268
Transfer to other reserve for share options forfeited after the vesting date	–	–	–	949	–	–	–	–	(949)	–	–	–	–
At 31 December 2009	99,385	1,955,852	276,199	28,772	94,291	11,159	–	(24,351)	17,734	1,376,811	3,835,852	111,331	3,947,183

	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	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Profit for the year	–	–	–	–	–	–	–	–	–	811,172	811,172	38,537	849,709
Exchange difference arising on translation of foreign operations	–	–	–	–	–	–	–	(19,407)	–	–	(19,407)	826	(18,581)
Fair value gain on available-for-sale financial assets	–	–	–	–	–	–	15,390	–	–	–	15,390	–	15,390
Cumulative gain reclassified on disposal of available-for-sale financial assets	–	–	–	–	–	–	(1,330)	–	–	–	(1,330)	–	(1,330)
Income tax relating to components of other comprehensive income	–	–	–	–	–	–	(1,756)	–	–	–	(1,756)	–	(1,756)
Total comprehensive income for the year	–	–	–	–	–	–	12,304	(19,407)	–	811,172	804,069	39,363	843,432
Recognition of share-based payments	–	–	–	–	–	–	–	–	4,027	–	4,027	–	4,027
Transfer to reserve fund	–	–	–	–	5,774	–	–	–	–	(5,774)	–	–	–
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	–	(205,944)	(205,944)	–	(205,944)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(38,977)	(38,977)
Shares issued	8,530	1,036,134	–	–	–	–	–	–	–	–	1,044,664	–	1,044,664
Transaction costs attributable to issue of shares	–	(19,943)	–	–	–	–	–	–	–	–	(19,943)	–	(19,943)
Exercise of share options	989	67,989	–	–	–	–	–	–	(10,427)	–	58,551	–	58,551
At 31 December 2010	108,904	3,040,032	276,199	28,772	100,065	11,159	12,304	(43,758)	11,334	1,976,265	5,521,276	111,717	5,632,993

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 People's Republic of 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.

The investment revaluation reserve represents the changes in fair value net of tax of available-for-sale financial assets of the Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	NOTE	2010 RMB'000	2009 RMB'000
Operating activities			
Profit before tax		**972,399**	721,419
Adjustments for:			
Finance costs		**7,069**	1,881
Interest income		**(35,699)**	(28,331)
Dividends from available-for-sale investments		**(3,752)**	–
Share of profits of associates		**(46,229)**	(40,828)
Unrealised profits arising from transactions with associates		**–**	(29)
Share of profits of jointly controlled entities		**(19,535)**	(7,837)
Unrealised profits arising from transactions with jointly controlled entities		**–**	(58)
Depreciation of property, plant and equipment		**110,262**	90,557
Amortisation of other intangible assets		**9,937**	14,316
Release of prepaid lease payments		**4,689**	3,792
Impairment loss recognised in respect of property, plant and equipment		**7,402**	4,047
Discount on acquisition of business	31	**–**	(1,720)
Share-based payment expense		**4,027**	7,326
Gain on fair value changes of financial assets designated at financial assets at fair value through profit or loss ("FVTPL")		**(30,031)**	(8,678)
Gain on fair value changes of derivative financial assets		**(15,999)**	(3,327)
Cumulative gain reclassified on disposal of listed equity securities classified as available-for-sale		**(1,330)**	–
(Gain) loss on disposal of property, plant and equipment		**(605)**	1,197
(Reversals of) write-down of inventories		**(3,222)**	14,259
Allowance for bad and doubtful debts		**2,025**	733
Net foreign exchange losses (gains)		**10,796**	(2,054)
Operating cash flows before movements in working capital		**972,204**	766,665
Increase in inventories		**(48,911)**	(63,522)
Increase in trade and other receivables		**(186,116)**	(307,701)
Increase in trade and other payables		**63,881**	203,030
Cash generated from operations		**801,058**	598,472
Income taxes paid		**(99,388)**	(41,160)
Net cash from operating activities		**701,670**	557,312

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	NOTE	2010 RMB'000	2009 RMB'000
Investing activities			
Proceeds on redemption of other financial assets		**2,355,794**	1,884,028
Proceeds on disposal of available-for sale investments		**106,437**	–
Interest received		**36,743**	27,872
Dividends received from associates		**18,740**	21,635
Dividends received from a jointly controlled entity		**1,763**	–
Dividends received from available-for-sale investments		**3,752**	–
Repayment from jointly controlled entities		**10,240**	20,062
Proceeds on disposal of property, plant and equipment		**4,430**	2,156
Investment in other financial assets		**(2,423,905)**	(1,831,904)
Purchases of property, plant and equipment		**(244,651)**	(225,891)
Decrease (increase) in pledged bank deposits		**105,585**	(123,616)
Purchase of available-for-sale investments		**(159,578)**	–
Purchases of other intangible assets		**(11,466)**	(6,870)
Acquisition of business	31	**–**	(6,040)
Addition of loan receivables		**(3,088)**	(6,000)
Prepaid rentals for lease premium for land		**(138,186)**	(452)
Refundable guarantee deposit paid for acquisition of land use rights		**(41,057)**	–
Addition of investment in an associate		**(3,906)**	–
Net cash used in investing activities		**(382,353)**	(245,020)
Financing activities			
Repayment of bank loans		**(4,423,074)**	(998,177)
Dividends paid to owners of the Company		**(205,944)**	(126,883)
Dividends paid to non-controlling interests		**(27,886)**	(9,473)
Interest paid		**(7,069)**	(1,881)
New bank loans raised		**4,479,264**	1,290,756
Proceeds from exercise of share options		**58,551**	61,268
Proceeds from issue of new shares		**1,044,664**	–
Transaction costs attributable to issue of shares		**(19,943)**	–
Capital contributions from non-controlling interests		**–**	6,772
Net cash from financing activities		**898,563**	222,382
Net increase in cash and cash equivalents		**1,217,880**	534,674
Cash and cash equivalents at beginning of the year		**1,964,985**	1,429,601
Effect of foreign exchange rate changes		**(24,640)**	710
Cash and cash equivalents at the end of the year		**3,158,225**	1,964,985
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**3,158,225**	1,964,985

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. Its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. 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 37.

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 the following new and revised Hong Kong Accounting Standards ("HKAS"), Amendments and Interpretations (collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the consolidated financial statements and the Group's accounting policies.

HKFRS 3 (as revised in 2008) Business Combinations

HKFRS 3 (as revised in 2008) has been applied in the current year prospectively to business combinations of which the acquisition date is on or after 1 January 2010 in accordance with the relevant transitional provisions. Its application has affected the accounting for business combinations in the current year.

HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

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

HKFRS 3 (as revised in 2008) Business Combinations (Continued)

HKFRS 3 (as revised in 2008) changes the recognition and subsequent accounting requirements for contingent consideration. Previously contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were always made against the cost of the acquisition. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against the cost of acquisition only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

HKFRS 3 (as revised in 2008) requires the recognition of a settlement gain or loss when the business combination in effect settles a pre-existing relationship between the Group and the acquiree.

HKFRS 3 (as revised in 2008) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27(as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received.

Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

In addition, under HKAS 27(as revised in 2008), the definition of non-controlling interest has been changed. Specifically, under the revised Standard, non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent.

As there are no transaction during the current year in which HKFRS3 (Revised) is applicable and there is no change in ownership interest in subsidiaries in which HKAS 27 (Revised) is applicable, the directors of the Company consider that the application of HKFRS3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no impact on the consolidated financial statements of the Group for the current accounting period.

Results of the Group in future periods may be affected by future transactions for which HKFRS3 (Revised), HKAS27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

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

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The application of the amendments to HKAS 17 does not affect the classification of the Group's leasehold land.

The adoption of the new and revised HKFRSs has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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 issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendment)	Classification of Rights Issues[7]
HK (IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 February 2010.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

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

Amendments to HKAS 17 Leases (Continued)

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new Standard will affect the classification and measurement of the Group's available-for-sale investments and may affect the classification and the measurement of the Group's other financial assets.

The directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

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 HKFRSs 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 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 statement of comprehensive income 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.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was 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 met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purpose 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 profit or loss. An impairment loss for goodwill is not reversed in a subsequent periods.

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.

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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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 statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. 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. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (Continued)

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, which is included within the carrying amount 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.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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 initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. 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. Additional losses are 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, which is included within the carrying amount 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.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 been 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 on initial recognition.

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 and freehold land are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as 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 profit or loss.

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 profit or loss on a straight line basis over the term of the relevant lease.

The Group as Lessee

Operating leases payments are recognised as an expense on a straight line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised 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 the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the re-translation 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 end of the reporting period, 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 in other comprehensive income and accumulated in 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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on temporary 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 profit 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 associated with 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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.

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. (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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 profit or loss in the period when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (Continued)

Research expenditure

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

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Inventories

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

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

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than financial assets and goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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.

Financial assets

The Group's financial assets are classified into loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets. 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 to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified 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;

- 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.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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 the end of the reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, 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).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. 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 affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- 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 loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

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.

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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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 in other comprehensive income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the end of the reporting period, 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 end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of loan receivables from a jointly controlled entity

Impairment loss for loan receivables from a jointly controlled entity is made when there is objective evidence that the recoverability of the receivables becomes doubtful. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, the carrying amount of loan receivables from a jointly controlled entity is RMB57,314,000 (31 December 2009: RMB81,290,000). The directors of the Company are of the opinion that the loan receivables from a jointly controlled entity are still recoverable and no impairment is considered at the end of each reporting period.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2010, the carrying amount of trade receivable is RMB815,678,000 (net of allowance for doubtful debts of RMB3,617,000) (31 December 2009: carrying amount of RMB656,618,000, net of allowance for doubtful debts of RMB2,853,000).

Allowances for inventories

The management of the Group reviews the aging of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production nor saleable in the market. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis at the end of the reporting period and makes allowance for obsolete items. As at 31 December 2010, the carrying amount of inventories is RMB452,594,000 (net of allowance for inventories of RMB13,165,000) (31 December 2009: carrying amount of RMB400,461,000, net of allowance for inventories of RMB16,818,000).

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010 RMB'000	2009 RMB'000
Financial assets:		
Loans and receivables (including cash and cash equivalents)	**4,234,000**	2,913,008
Available-for-sale investments	**173,638**	–
Derivative financial assets	**15,999**	–
Financial liabilities:		
Amortised cost	**952,928**	817,360

(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, loan receivables, available-for-sale investments, derivative financial assets, borrowings and trade and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price 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) Certain subsidiaries of the Group 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 certain subsidiaries also have borrowings denominated in foreign currencies.

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

	Liabilities		Assets	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
United States Dollars ("USD")	**267,961**	236,145	**582,278**	240,727
Euro ("EURO")	**258**	124	**19,731**	13,591
Japanese Yen ("JPY")	**195,422**	103,010	**13,326**	3,225
Hong Kong Dollars ("HKD")	**303**	6,134	**15,900**	61,754
	463,944	345,413	**631,235**	319,297

The Group entered into certain foreign exchange forward contracts to mitigate its foreign currency exposure.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(i) ***Currency risk (Continued)***

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 (i) outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates; and (ii) outstanding foreign currency forward contracts and adjusts for a 5% change in foreign currency rates at the year end. A positive number below indicates an increase in post-tax profit where functional currency strengthens 5% (2009: 5%) against the relevant currency while a negative number indicates a decrease in post-tax profit. For a 5% (2009: 5%) weakening of functional currency against the relevant currency, there would be an equal and opposite impact on the post-tax profit.

	2010 **RMB'000**	2009 RMB'000
USD	**4,183**	(199)
EURO	**(851)**	(586)
JPY	**7,956**	4,339
HKD	**(681)**	(2,418)

(ii) ***Interest rate risk***

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables and bank borrowings (see notes 22 and 29).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate pledged bank deposits, variable-rate borrowings and loan receivables (see notes 22, 27 and 29).

The Group has not entered into 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.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate financial instruments (including bank balances, pledged bank deposits, loan receivables and borrowings) at the end of the reporting period. The analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis point increase or decrease on variable-rate bank balances and variable-rate pledged bank deposits and 50 basis point increase or decrease on variable-rate loan receivables 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.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If interest rates on variable-rate bank balances and variable-rate pledged bank deposits 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 RMB1,117,000 (2009: increase/decrease approximately by RMB774,000). If interest rates on loan receivables and borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would decrease/increase approximately by RMB1,176,000 (2009: increase/decrease approximately by RMB1,111,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances, loan receivables and borrowings.

(iii) Price risk

The Group is exposed to equity price risk through its investments in listed equity securities.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. If the prices of the respective equity instruments had been 5% higher, the investment revaluation reserve would increase by RMB7,622,000. If the prices of the equity price instruments had been 5% lower, the investment revaluation reserve would decrease by the same amount and the Group would consider any potential impairment effect.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent price risk as the year end exposure does not reflect the exposure during the year.

Credit risk

As at 31 December 2010, 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 statement of financial position.

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 the end of the reporting period 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 the People's Republic of China (the "PRC") or those banks with good reputation.

The Group has concentration of credit risk on trade receivables and loan receivables. At 31 December 2010, the Group's ten largest customers accounted for approximately 46% (31 December 2009: 56%) of the total trade receivables. As at 31 December 2010, the Group's loan receivables were from a jointly controlled entity and an associate of the Group.

The management of the Group has entered into some credit insurance arrangements for these major customers with certain insurance institutions. The Group reviews recoverable amount of individual jointly controlled entity at the end of each reporting period 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 82% (2009: 86%) of the total trade receivables as at 31 December 2010.

5. FINANCIAL INSTRUMENTS (CONTINUED)

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

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.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. 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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period. In addition, the following table details the Group's liquidity analysis for its derivative instruments. The table have been drawn up based on the undiscounted (inflows) and outflows on those derivatives.

Liquidity table

	Weighted average interest rate %	Repayable on demand RMB'000	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
2010							
Non-derivative financial liabilities							
Trade and other payables	–	–	545,478	–	–	545,478	545,478
Borrowings	2.36	200,765	33,772	150,547	24,731	409,815	407,450
		200,765	579,250	150,547	24,731	955,293	952,928
Derivative-gross settlement							
Foreign currency forward contracts							
– inflow		–	(80,538)	–	(20,282)	(100,820)	(100,820)
– outflow		–	79,472	–	19,868	99,340	99,340
		–	(1,066)	–	(414)	(1,480)	(1,480)
Derivative-net settlement							
Foreign currency forward contracts							
– net inflow		–	(469)	(6,903)	(6,327)	(13,699)	(13,699)
Structured option contracts		–					
– net (inflow)/outflow		–	(687)	(276)	143	(820)	(820)
2009							
Non-derivative financial liabilities							
Trade and other payables	–	–	485,586	–	–	485,586	485,586
Borrowings	1.40	110,678	32,228	32,202	158,844	333,952	331,774
		110,678	517,814	32,202	158,844	819,538	817,360

5. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

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

The fair value of available-for-sale financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of derivative instruments 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.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31/12/2010			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
Derivative financial assets	–	15,999	–	15,999
Available-for-sale financial assets				
Listed equity securities	173,638	–	–	173,638

There were no transfers between Level 1 and 2 in the current year.

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 net debt, which includes the borrowings disclosed in note 29 net of cash and cash equivalents and equity attributable to owners 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. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on goods or services delivered or provided by different geographic.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2010

	PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
Revenue					
External sales	2,734,214	439,942	121,244	280,194	3,575,594
Segment profit	1,025,612	153,026	44,944	81,831	1,305,413
Investment income					39,451
Other unallocated income					114,642
Unallocated expenses					(545,802)
Interest on bank borrowings wholly repayable within five years					(7,069)
Share of profits of jointly controlled entities					19,535
Share of profits of associates					46,229
Profit before tax					972,399
Income tax expense					(122,690)
Profit for the year					849,709

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2009

	PRC RMB'000	North America RMB'000	Europe RMB'000	Asia Pacific RMB'000	Consolidated RMB'000
Revenue					
External sales	2,152,322	176,889	70,084	145,385	2,544,680
Segment profit	810,606	68,973	32,894	56,696	969,169
Investment income					28,331
Other unallocated income					44,322
Unallocated expenses					(367,187)
Interest on bank borrowings wholly repayable within five years					(1,881)
Share of profits of jointly controlled entities					7,837
Share of profits of associates					40,828
Profit before tax					721,419
Income tax expense					(62,724)
Profit for the year					658,695

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the gross profit earned by each segment after adjusting impairment of trade receivables and inventories relating to its sales. This is the measure reported to the board of directors for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following table, which is reviewed by the board of directors, 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:

Segment assets

	2010		2009	
	RMB'000	%	RMB'000	%
Trade and bill receivables				
The PRC	683,697	10.1	577,042	12.0
Asia Pacific	50,642	0.8	33,568	0.7
North America	91,670	1.4	38,451	0.8
Europe	39,140	0.6	25,340	0.5
Trade and bill receivables total	865,149	12.9	674,401	14.0
Unallocated assets	5,835,688	87.1	4,155,410	86.0
Total assets	6,700,837	100.0	4,829,811	100.0

The board of directors does not review segment liabilities as the production and the purchase of the Group are located in the PRC. Therefore no further analysis of segment liabilities is presented.

Revenue from major product

The Group's operation is engaged in the manufacture and sales of automobile body parts.

Geographical information

The Group's operations are substantially located in the PRC and significantly all of non-current assets of the Group are located in the PRC. Therefore no further analysis of geographical information is presented.

Information about major customers

Details of the customers accounting for 10% or more of total turnover are as follows:

	For the year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Customer A	540,882	412,523
Customer B	*	289,329

The customers above are located in the PRC.

* The corresponding turnover of the customer does not constitute over 10% of the total turnover of the Group for the year ended 31 December 2010.

7. INVESTMENT INCOME

	2010 RMB'000	2009 RMB'000
Interest on bank deposits	**34,314**	25,826
Interest on loan receivables	**1,385**	2,505
Dividends from listed equity securities	**3,752**	–
Total investment income	**39,451**	28,331

8. OTHER INCOME

	2010 RMB'000	2009 RMB'000
Government grants received (note)	**45,449**	4,346
Technology consulting income	**4,652**	1,415
Sales of scrap and raw materials	**13,364**	11,642
Rental income	**4,260**	3,485
Others	**16,371**	15,874
Total	**84,096**	36,762

Note: The amounts represent the various incentive subsidies granted by the PRC local government authorities to the group entities for incentive of the group entities with good performance in environmental protection or 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

	2010 RMB'000	2009 RMB'000
Net foreign exchange losses	**(11,851)**	(188)
Allowance for bad and doubtful debts	**(2,025)**	(733)
Impairment for property, plant and equipment (note 15)	**(7,402)**	(4,047)
Gain (loss) on disposal of property, plant and equipment	**605**	(1,197)
Gain on change in fair value of derivative financial assets	**19,858**	3,327
Change in fair value of financial assets designated as at FVTPL	**30,031**	8,678
Discount on acquisition of business (note 31)	**–**	1,720
Cumulative gain reclassified on disposal of available-for-sale financial assets	**1,330**	–
Total	**30,546**	7,560

10. INCOME TAX EXPENSE

	2010 RMB'000	2009 RMB'000
Current tax:		
Hong Kong	–	7
PRC Enterprise Income Tax	135,126	60,450
Other jurisdictions	253	280
Withholding tax paid	1,113	6,881
	136,492	67,618
Over provision in prior years:		
PRC Enterprise Income Tax	(4,163)	(2,772)
Deferred tax (note 23)		
Current year	(9,983)	(4,025)
Attributable to a change in tax rate	344	1,903
	(9,639)	(2,122)
	122,690	62,724

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

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

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.

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 EIT 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 EIT 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 EIT Law.

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

10. INCOME TAX EXPENSE (CONTINUED)

Besides, pursuant to the approval of the local tax authority, one of the group entities located in Guangzhou Economic & Technology Development Zone was entitled to enjoy a preferential tax rate of 10% in 2009.

Under the relevant tax law and implementation regulations in the 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.

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 EIT Law and other related tax regulations in other jurisdictions.

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

	2010		2009	
	RMB'000	**%**	RMB'000	%
Profit before tax	**972,399**		721,419	
Tax at the applicable income tax rate of 25% (2009: 25%)	**243,100**	**25.0**	180,355	25.0
Tax effect of share of net profits of associates and jointly controlled entities	**(16,441)**	**(1.7)**	(12,166)	(1.7)
Tax effect of expenses not deductible for tax purpose	**7,114**	**0.7**	8,645	1.2
Tax effect of tax losses/deductible temporary differences not recognised as deferred tax assets	**7,217**	**0.7**	6,081	0.8
Tax effect of utilisation of tax losses/deductible temporary differences previously not recognised as deferred tax assets	**(2,153)**	**(0.2)**	(582)	(0.1)
Effect of tax concessions granted to PRC subsidiaries	**(118,719)**	**(12.1)**	(121,255)	(16.8)
Withholding income tax provision on dividends from PRC	**9,910**	**1.0**	7,921	1.1
Tax effect of different tax rates of subsidiaries	**(15,165)**	**(1.6)**	(11,548)	(1.6)
Deferred tax charged at different tax rates	**11,646**	**1.2**	6,142	0.9
Decrease in opening deferred tax assets/liabilities resulting from a decrease/increase in applicable tax rate	**344**	**–**	1,903	0.3
Over provision in respect of prior years	**(4,163)**	**(0.4)**	(2,772)	(0.4)
Tax charge and effective tax rate for the year	**122,690**	**12.6**	62,724	8.7

11. PROFIT FOR THE YEAR

	2010 RMB'000	2009 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories as recognised (note i)	2,268,156	1,574,778
Directors' remuneration (note 12)	3,304	3,553
Other staff's retirement benefits scheme contributions	14,385	23,886
Other staff's share-based payments	3,607	6,537
Other staff costs	340,549	226,693
Total staff costs	361,845	260,669
Less: Staff costs included in research expenditure	(72,774)	(40,806)
	289,071	219,863
Auditors' remuneration	5,039	4,655
Depreciation for property, plant and equipment	110,262	90,557
Less: Depreciation included in research expenditure	(7,285)	(6,635)
	102,977	83,922
Amortisation of other intangible assets (included in cost of sales, administrative expenses and research expenditure)	9,937	14,316
Release of prepaid lease payments	4,689	3,792
Operating lease rentals of buildings	15,211	10,591
Research expenditure (note ii)	182,845	102,392
Rental income	(9,682)	(6,246)
Less: Outgoings	5,422	2,761
	(4,260)	(3,485)

Note i: Included in this amount is the reversal of allowance for inventories amounting to RMB3,222,000 (2009: allowance for inventories amounting to RMB14,259,000).

Note ii: 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 nine (2009: ten) directors were as follows:

	Fees RMB'000	Others emoluments Salaries and other benefits RMB'000	Share-based payments RMB'000	Retirement benefits scheme contributions RMB'000	Total RMB'000
2010					
Executive directors:					
Chin Jong Hwa ("Mr. Chin")	–	–	–	–	–
Shi Jian Hui	–	863	168	2	1,033
Mu Wei Zhong	–	581	126	2	709
Zhao Feng	–	749	126	6	881
	–	2,193	420	10	2,623
Non-executive directors:					
Mikio Natsume	131	–	–	–	131
Yu Zheng	157	–	–	–	157
	288	–	–	–	288
Independent non-executive directors:					
Wang Ching	131	–	–	–	131
Zhang Liren	131	–	–	–	131
Wu Fred	131	–	–	–	131
	393	–	–	–	393

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
2009					
Executive directors:					
Mr. Chin	–	–	–	–	–
Shi Jian Hui	–	730	313	62	1,105
Mu Wei Zhong	–	563	238	62	863
Zhao Feng	–	622	238	65	925
	–	1,915	789	189	2,893
Non-executive directors:					
Mikio Natsume	132	–	–	–	132
Tokio Kurita (note)	132	–	–	–	132
Yu Zheng	–	–	–	–	–
	264	–	–	–	264
Independent non-executive directors:					
Wang Ching	132	–	–	–	132
Zhang Liren	132	–	–	–	132
Wu Fred	132	–	–	–	132
	396	–	–	–	396

Note: Resigned as independent non-executive director of the Company with effect from 2 December 2009.

During the year ended 31 December 2010, one director waived emoluments of RMB600,000 (2009: two directors waived emoluments of RMB758,000).

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Employees' emoluments

During the year, the five highest paid individuals included three directors (2009: three directors), details of whose emoluments are set out above. The emoluments of the remaining two (2009: 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
2010	**1,462**	**94**	**2**	**1,558**
2009	1,384	182	62	1,628

Their emoluments were within HKD1,000,000 for the year ended 31 December 2010 and 2009.

13. DIVIDENDS

	2010 RMB'000	2009 RMB'000
Dividends recognised as distribution during the year:		
2009 Final – HK$0.219 (2009: 2008 final dividend HK$0.151) per share	**205,944**	126,883

In the annual general meeting held on 18 May 2010, a final dividend of HK$0.219 (2009: HK$0.151) per share in respect of the year ended 31 December 2009 was approved by the shareholders and subsequently paid to the shareholders of the Company.

A final dividend of HK$0.266 per share for the year ended 31 December 2010 has been proposed by the directors and is subject to approval by the shareholders in general meeting to be held on 18 May 2011.

14. EARNINGS PER SHARE

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

	2010 RMB'000	2009 RMB'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**811,172**	621,442

	2010 '000	2009 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,040,545**	956,241
Effect of dilutive potential ordinary shares:		
Options	**10,369**	2,963
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,050,914**	959,204

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the placing on 19 April 2010 and the share options exercised during the year ended 31 December 2010 and 2009 respectively.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands 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 2009	7,534	386,802	64,761	11,086	20,908	560,307	119,047	1,170,445
Exchange adjustments	(142)	(115)	(1)	–	(5)	–	465	202
Additions	27,412	44,752	9,706	1,970	1,057	46,428	97,907	229,232
Acquired on acquisition of business (note 31)	–	–	1,462	610	161	15,390	19	17,642
Disposals	–	(23)	(587)	–	(632)	(5,129)	–	(6,371)
Transfers	6,674	48,779	2,539	1,015	–	65,291	(124,298)	–
At 31 December 2009	41,478	480,195	77,880	14,681	21,489	682,287	93,140	1,411,150
Exchange adjustments	3,763	5,579	137	22	59	1,098	48	10,706
Additions	6,232	26,410	25,812	6,934	2,235	73,525	104,733	245,881
Disposals	–	–	(705)	(2,488)	(1,398)	(3,214)	–	(7,805)
Transfers	–	19,495	3,407	2,271	–	48,869	(74,042)	–
At 31 December 2010	51,473	531,679	106,531	21,420	22,385	802,565	123,879	1,659,932
DEPRECIATION AND IMPAIRMENT								
At 1 January 2009	–	53,344	21,332	4,310	11,826	150,413	–	241,225
Exchange adjustments	–	(5)	(1)	–	(3)	–	–	(9)
Provided for the year	–	18,871	10,456	2,258	2,757	56,215	–	90,557
Impairment loss recognised in profit or loss (note)	–	–	–	–	–	–	4,047	4,047
Eliminated on disposals	–	–	(460)	(249)	(201)	(2,108)	–	(3,018)
At 31 December 2009	–	72,210	31,327	6,319	14,379	204,520	4,047	332,802
Exchange adjustments	–	45	15	–	39	27	–	126
Provided for the year	–	24,728	15,477	2,802	2,517	64,738	–	110,262
Impairment loss recognised in profit or loss (note)	–	–	–	–	–	–	7,402	7,402
Eliminated on disposals	–	–	(665)	(77)	(1,208)	(2,030)	–	(3,980)
At 31 December 2010	–	96,983	46,154	9,044	15,727	267,255	11,449	446,612
CARRYING AMOUNT								
At 31 December 2010	51,473	434,696	60,377	12,376	6,658	535,310	112,430	1,213,320
At 31 December 2009	41,478	407,985	46,553	8,362	7,110	477,767	89,093	1,078,348

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 lands	0%
Buildings	2.6%–5.8%
Furniture and equipment	9%–18%
Leasehold improvements	18%
Motor vehicles	18%
Plant and machinery	8%–9%

The freehold lands are located in United States of America, Mexico, Japan and Thailand respectively.

The Group has pledged freehold lands and buildings having a net book value of approximately RMB21,930,000 (31 December 2009: RMB6,674,000) to secure general banking facilities granted to the Group.

Note: An impairment loss amounting to RMB7,402,000 (31 December 2009: RMB4,047,000) has been recognised in respect of certain equipments to the extent that the carrying amount exceeded the recoverable amount based on the best estimate by the management.

16. PREPAID LEASE PAYMENTS

	2010 **RMB'000**	2009 RMB'000
Prepaid lease payments	**313,394**	179,897
Analysed for reporting purposes as:		
Current asset	**6,708**	4,113
Non-current asset	**306,686**	175,784
	313,394	179,897

Included in prepaid lease payments are land use rights with carrying amount of RMB129,236,000 (2009: nil) which are located in the PRC. The Group is in the process of obtaining the certificates for those land use rights.

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

	2010 **RMB'000**	2009 RMB'000
COST AND CARRYING VALUES		
At 31 December	**15,276**	15,276

The goodwill held by the Group as at 31 December 2010 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 in 2007. During the year ended 2007, Jiaxing Minrong became a branch of a principal subsidiary of the Group.

17. GOODWILL (CONTINUED)

Impairment test of goodwill

As at 31 December 2010, the carrying amount of goodwill allocated to the cash-generating unit of auto-parts manufacturing business of Jiaxing Minrong is RMB15,276,000 (2009: 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 19.50 % (2009: 18.70%) per annum. The cash flows beyond the five-year period are extrapolated using a nil growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the industry.

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 2009	1,621	42,629	44,250
Additions	–	6,870	6,870
At 31 December 2009	1,621	49,499	51,120
Additions	–	11,466	11,466
At 31 December 2010	1,621	60,965	62,586
AMORTISATION			
At 1 January 2009	1,188	17,486	18,674
Charge for the year	433	13,883	14,316
At 31 December 2009	1,621	31,369	32,990
Charge for the year	–	9,937	9,937
At 31 December 2010	1,621	41,306	42,927
CARRYING VALUES			
At 31 December 2010	–	19,659	19,659
At 31 December 2009	–	18,130	18,130

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 ranged from three to five years.

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2010 RMB'000	2009 RMB'000
Cost of unlisted investments in jointly controlled entities	**78,150**	78,150
Share of post-acquisition losses, net of dividends received	**(15,174)**	(27,712)
Exchange difference	**(3,399)**	(2,603)
Interests in jointly controlled entities	**59,577**	47,835

As at 31 December 2010 and 31 December 2009, 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 2010 %	Attributable equity interest of the Group 2009 %	Paid-in capital	Principal activities
Plastic Trim International, Inc. ("PTI")	United States of America ("USA")	**49.82**	49.82	US$16,700,000	Manufacture of plastic injection moulding and extrusion
Jiaxing Dura Minth Automotive Parts Co., Ltd.	PRC	**49**	49	US$5,000,000	Manufacture of automotive parts

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

	2010 RMB'000	2009 RMB'000
Current assets	**177,377**	132,748
Non-current assets	**130,306**	147,249
Current liabilities	**173,586**	129,320
Non-current liabilities	**14,273**	54,626
Net assets	**119,824**	96,051
Group's share of net assets	**59,577**	47,835

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES (CONTINUED)

	2010 RMB'000	2009 RMB'000
Revenue	**411,364**	332,796
Profits and total comprehensive income for the year	**39,624**	15,917
Group's share of the profits for the year	**19,535**	7,837

20. INTERESTS IN ASSOCIATES

	2010 RMB'000	2009 RMB'000
Cost of unlisted investments in associates	**47,379**	43,473
Share of post-acquisition profits, net of dividends received	**63,575**	53,170
Share of net assets	**110,954**	96,643

As at 31 December 2010 and 2009, 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
		2010	2009		
Ningbo Tokai Minth Automotive Parts Co., Ltd.	PRC	**48%**	48%	US$4,800,000	Manufacture of automotive parts
Guangzhou Tokai Minth Automotive Parts Co., Ltd.	PRC	**49%**	49%	US$8,000,000	Manufacture of automotive parts

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

	2010 RMB'000	2009 RMB'000
Total assets	**320,195**	305,503
Total liabilities	**91,214**	106,127
Net assets	**228,981**	199,376
Group's share of net assets of associates	**110,954**	96,643

20. INTERESTS IN ASSOCIATES (CONTINUED)

	2010 RMB'000	2009 RMB'000
Revenue	**355,482**	314,163
Profit and total comprehensive income for the year	**95,342**	84,789
Group's share of the associates' profits for the year	**46,229**	40,828

21. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2010 RMB'000	2009 RMB'000
Listed investments:		
– Equity securities listed in PRC	**173,638**	–

22. LOAN RECEIVABLES

	Maturity date	Effective interest rate	Carrying amount 2010 RMB'000	Carrying amount 2009 RMB'000
Fixed-rate loan receivables from a jointly controlled entity	6 June 2011/6 June 2010 (notes a and b)	2.75%/0.5%	**27,621**	28,906
Variable-rate loan receivables from a jointly controlled entity	five business days following written notice (notes c and d)	the United States Prime Rate-0.5%	**29,693**	52,384
Fixed-rate loan receivables from an associate	9 December 2011 (note e)	3.37%	**3,094**	–
			60,408	81,290

22. LOAN RECEIVABLES (CONTINUED)

	Carrying amount	
	2010	2009
	RMB'000	RMB'000
Analysed as		
Current	**30,715**	28,906
Non-current	**29,693**	52,384
	60,408	81,290

Notes:

a. Included in the amount is the amount of interest receivables of approximately RMB70,000 (2009: RMB501,000).

b. During the year ended 31 December 2010, both the Group and the jointly controlled entity agreed to extend the maturity date of the amount from 6 June 2010 to 6 June 2011.

c. Included in the amount is the amount of interest receivables of approximately RMB553,000 (2009: RMB1,172,000).

d. 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 of the Company 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 consolidated financial statements.

e. Included in the amount is the amount of interest receivables of approximately RMB6,000.

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

Original currency	**JPY**
	RMB'000
As at 31 December 2010	**3,094**
As at 31 December 2009	–

23. 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 2009	90	1,059	10,313	–	11,462
(Charge) credit to profit or loss	(4)	1,315	2,851	506	4,668
Effect of change in tax rate	–	(107)	(1,466)	–	(1,573)
At 31 December 2009	86	2,267	11,698	506	14,557
Credit (charge) to profit or loss	370	(485)	7,868	11,557	19,310
Effect of change in tax rate	–	–	(344)	–	(344)
At 31 December 2010	456	1,782	19,222	12,063	33,523

Deferred tax liabilities:

	Temporary difference of income RMB'000	Fair value adjustment on acquisition of payments RMB'000	Withholding tax on undistributed dividends RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
At 1 January 2009	(1,500)	(1,341)	(7,353)	–	(10,194)
Credit (charge) to profit or loss	367	30	(1,040)	–	(643)
Effect of change in tax rate	(330)	–	–	–	(330)
At 31 December 2009	(1,463)	(1,311)	(8,393)	–	(11,167)
(Charge) credit to profit or loss	(560)	30	(8,797)	–	(9,327)
Credit to other comprehensive income for the year	–	–	–	(1,756)	(1,756)
At 31 December 2010	(2,023)	(1,281)	(17,190)	(1,756)	(22,250)

At the end of the reporting period, the Group has unused tax losses of RMB46.5 million (2009: RMB25.4 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. RMB0.3 million (2009: RMB0.5 million) tax losses will expire in 2011, RMB0.6 million (2009: RMB0.6 million) tax losses will expire in 2013, RMB15.8 million (2009: RMB24.3 million) tax losses will expire in 2014 and RMB28.9 million (2009: nil) tax losses will expire in 2015.

23. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, there are no material unrecognised deductible temporary differences.

Under the EIT 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 retained profits of the PRC subsidiaries amounting to approximately RMB1,472,784,000 (2009: RMB766,618,000) 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.

24. INVENTORIES

	2010	2009
	RMB'000	RMB'000
Raw materials	**160,791**	116,044
Work in progress	**72,771**	67,958
Finished goods	**96,681**	92,671
Moulds	**122,351**	123,788
	452,594	400,461

During the year, there was an increase in the net realizable value of inventories due to market recovery. As a result, a reversal of write-down of inventories of RMB3,222,000 (2009: allowance for inventories amounting to RMB14,259,000) has been recognised and included in cost of sales in the current year.

25. TRADE AND OTHER RECEIVABLES

	2010 RMB'000	2009 RMB'000
Trade receivables		
– associates	**13,534**	20,105
– jointly controlled entities	**31,143**	7,744
– connected parties	**30,643**	32,675
– third parties	**743,975**	598,947
Less: Allowance for doubtful debts	**(3,617)**	(2,853)
	815,678	656,618
Bill receivables	**49,471**	17,783
	865,149	674,401
Other receivables	**24,930**	24,438
Less: Allowance for doubtful debts	**(550)**	(154)
	889,529	698,685
Prepayments	**58,903**	65,656
Refundable guarantee deposit for acquisition of land use rights	**41,057**	–
Dividend receivable from an associate	**17,084**	–
Dividend receivable from a jointly controlled entity	**5,234**	–
Total trade and other receivables	**1,011,807**	764,341

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 end of the reporting period:

	2010 RMB'000	2009 RMB'000
Age		
0-90 days	**842,015**	656,358
91-180 days	**13,809**	11,612
181-365 days	**9,020**	5,710
Over 1 year	**305**	721
	865,149	674,401

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. 97% (2009: 95%) of the trade receivables with high credit scoring under the internal credit control system are neither past due nor impaired.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB28,848,000 (2009: RMB31,146,000) which are past due at the end of reporting period. However, the directors of the Company 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 173 days (2009: 138 days).

Ageing of trade receivables which are past due but not impaired

	2010 RMB'000	2009 RMB'000
Age		
0–90 days	**5,869**	13,103
91–180 days	**13,269**	11,612
181–365 days	**9,209**	5,710
1–2 years	**501**	721
	28,848	31,146

The Group has provided fully provision 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

	2010 RMB'000	2009 RMB'000
1 January	**3,007**	25,552
Impairment losses recognised on receivables	**2,025**	733
Amounts written off as uncollectible	**(865)**	(23,278)
31 December	**4,167**	3,007

Included in the allowance for doubtful debts is impairment of RMB2,025,000 (2009: RMB733,000) recognised in respect of trade and other receivables on individual basis with an aggregate carrying amount of RMB20,179,000 (2009: RMB8,633,000) 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 and other 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	**HKD** RMB'000
At 31 December 2010	**142,542**	**2,695**	**13,979**	**822**
At 31 December 2009	44,368	768	6,195	27

26. DERIVATIVE FINANCIAL ASSETS

	2010 RMB'000	2009 RMB'000
Foreign exchange forward contracts (a)	15,179	–
Structured option contracts (b)	820	–
	15,999	–

(a) Foreign exchange forward contracts

At 31 December 2010, the Group had the following outstanding foreign exchange forward contracts to mitigate its foreign currency exposure:

Notional amount	Maturity	Exchange rates
Sell USD64,000,000	6 January 2011 to 7 June 2012	USD1: RMB6.7 to USD1: RMB6.8
Sell EUR1,200,000	8 February 2011 to 8 July 2011	EUR1: USD1.4073 to EUR1: USD1.4112
Buy USD3,000,000	27 January 2011	EUR1: USD6.6270

During the year ended 31 December 2010, derivative financial assets of RMB15,179,000 has been recognised in accordance with the fair value of the above foreign exchange forward contracts. These fair values of above foreign exchange forward contracts are measured 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.

At 31 December 2009, the Group has no significant outstanding foreign exchange forward contracts.

(b) Structured option contracts

At 31 December 2010, the Group had following outstanding structured option contracts.

The trade date of the structured option contracts regarding the EUR against USD is 8 October 2010 and the monthly maturity date is from 12 November 2010 to 12 October 2011. There are options embedded in the structured option contracts:

(i) On each monthly maturity date, if the exchange rate of EUR against USD is at or below 1.26, the option will be terminated;

(ii) On each monthly maturity date, if the exchange rate of EUR against USD is over 1.26 and below 1.45, the Company has to sell EUR250,000 at the rate of 1.45;

(iii) On each monthly maturity date, if the exchange rate of EUR against USD is at or over 1.45, the Company has to sell EUR500,000 at the rate of 1.45.

26. DERIVATIVE FINANCIAL ASSETS (CONTINUED)

(b) Structured option contracts (Continued)

The trade date of the structured option contracts regarding the USD against RMB is 7 July 2010 and the monthly maturity date is from 9 November 2010 to 9 June 2011. There are options embedded in the structured option contracts:

(i) On each monthly maturity date, if the exchange rate of USD against RMB is at or below the knock out rate from 6.69 to 6.61, the option will be terminated;

(ii) On each monthly maturity date, if the exchange rate of USD against RMB is over the knock out rat and below 6.82, the Company will get a gain from the structured option;

(iii) On each monthly maturity date, if the exchange rate of USD against RMB is at or over 6.82, the Company will get a loss from the structured option.

The trade date of the target redemption options contract regarding the EUR against USD is 13 July 2010 and the monthly maturity date is from 16 August 2010 to 18 January 2011. There are options embedded in the structured option contracts:

(i) On each monthly maturity date, if the exchange rate of EUR against USD is below 1.31, the Company will sell EUR250,000 at the rate of 1.31;

(ii) On each monthly maturity date, if the exchange rate of EUR against USD is at or over 1.31, the Company will sell EUR500,000 at the rate of 1.31;

Derivative financial assets of RMB820,000 has been recognised as at 31 December 2010. The fair value of the Group's structured option contracts at 31 December 2010 was determined using the Garman-Kohlhagen model.

At 31 December 2009, the Group had no significant outstanding structured option contracts.

27. BANK BALANCES AND PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from zero to 2.50% per annum (2009: 0.36% to 2.25%). The pledged deposits carry fixed interest rate which range from zero to 0.36% per annum (2009: 2.25%). The pledged deposits will be released upon the settlement of relevant bank borrowings.

Pledged bank deposits represent 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**	**HKD**	**EURO**	**JPY**
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2010	**439,736**	**15,078**	**5,752**	**10,631**
As at 31 December 2009	196,359	61,727	7,396	2,457

28. TRADE AND OTHER PAYABLES

	2010 RMB'000	2009 RMB'000
Trade payables		
– associates	**5,032**	24,956
– jointly controlled entities	**26,942**	3,071
– connected parties	**21,533**	19,765
– third parties	**280,042**	257,572
	333,549	305,364
Payroll and welfare payables	**62,862**	60,073
Advance from customers	**27,366**	21,742
Consideration payable of acquisition of property, plant and equipment	**25,215**	23,985
Dividend payable to non-controlling shareholders of subsidiaries	**11,091**	–
Technology support services fees payable	**29,002**	22,473
Marketing and administration services fees payable to a jointly controlled entity	**5,669**	18,273
Others	**78,090**	55,418
	572,844	507,328

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 presented based on the invoice at the end of the reporting period:

	2010 RMB'000	2009 RMB'000
Age		
0 to 90 days	**323,332**	299,472
91 to 180 days	**7,241**	3,535
181 to 365 days	**794**	240
1–2 years	**1,647**	2,007
Over 2 years	**535**	110
	333,549	305,364

28. TRADE AND OTHER PAYABLES (CONTINUED)

The Group's trade and other 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	**HKD** RMB'000
As at 31 December 2010	**60,604**	**19,452**	**258**	**303**
As at 31 December 2009	14,791	18,165	124	6,134

29. BORROWINGS

	2010 **RMB'000**	2009 RMB'000
Bank loans	**383,327**	315,406
Other loans (note i)	**24,123**	16,368
	407,450	331,774
Secured (note ii)	**44,543**	165,923
Unsecured	**362,907**	165,851
	407,450	331,774
Fixed-rate borrowings	**51,780**	47,710
Variable-rate borrowings	**355,670**	284,064
	407,450	331,774
Carrying amount repayable:		
On demand or within one year	**407,450**	331,774

Note:

(i) The amount represented loans granted by a non-controlling shareholder of a subsidiary through a bank.

(ii) The amount was secured by pledged bank deposits.

The Group has variable-rate borrowings which carry interest at the London InterBank Offered Rate and Singapore InterBank Offered Rate. Interest is repriced every one month, three months or six months.

29. BORROWINGS (CONTINUED)

The ranges of effective interest rates on the Group's borrowings are as follows:

	2010 RMB'000	2009 RMB'000
Effective interest rate:		
Fixed-rate borrowings	1.35% to 3.88%	1.17% to 5.00%
Variable-rate borrowings	1.41% to 4.94%	0.60% to 3.14%

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 2010	**207,357**	**175,970**
As at 31 December 2009	221,354	84,845

30. SHARE CAPITAL OF THE COMPANY

	Number of shares		Share capital	
	2010 '000	2009 '000	2010 HK$'000	2009 HK$'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

	Number of shares		Share capital	
	2010 '000	2009 '000	2010 RMB'000	2009 RMB'000
Issued and fully paid				
At beginning of year	965,556	954,540	99,385	98,414
Issue of shares by private placement under general mandate	97,000	–	8,530	–
Exercise of share options	11,294	11,016	989	971
At end of year	1,073,850	965,556	108,904	99,385

30. SHARE CAPITAL OF THE COMPANY (CONTINUED)

On 8 April 2010, a series of arrangements were made for a private placement to independent private investors of 97,000,000 shares of HK$0.1 each in the Company, at a price of HK$12.25 per share representing a discount of approximately 8% to the closing market price of the Company's shares on 7 April 2010.

These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 8 April 2010 and rank pari passu with other shares in issue in all aspects.

31. ACQUISITION OF BUSINESS

On 30 June 2009, the Group acquired the remaining 50% interest of Constant Gain International Limited and its subsidiary, namely Jiaxing Kittel-Minth Automotive Parts Co., Ltd. (together referred as "Jiaxing Kittel") which was previously a 50% jointly controlled entity of the Group for a consideration of RMB7,459,000. After the acquisition, Jiaxing Kittel became an indirectly wholly owned subsidiary of the Company. The acquisition was accounted for using the purchase method of accounting and an amount of RMB1,720,000, represented the discount on acquisition, was recognised as income for the year ended 31 December 2009.

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

	Acquiree's carrying amount RMB'000
Net assets acquired:	
Property, plant and equipment	17,642
Inventories	6,466
Trade and other receivables	9,018
Bank balances and cash	1,419
Amount due to the Group	(8,761)
Trade and other payables	(7,426)
	18,358
Less: Interest in a jointly controlled entity	(9,179)
Discount on acquisition	(1,720)
Satisfied by:	
Cash	7,459
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	1,419
Cash consideration paid	(7,459)
	(6,040)

The directors of the Company considered that the carrying amount of the acquired net assets upon the acquisition approximate to its fair value. The discount on acquisition represented the excess of net assets acquired over the consideration due to a bargain purchase. Jiaxing Kittel had no significant contribution to the Group's profit and cash flow for the period between the date of acquisition and 31 December 2009.

32. OPERATING LEASES

The Group as lessee

At the end of the reporting period, 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:

	2010 RMB'000	2009 RMB'000
Within one year	**3,284**	6,338
In the second to fifth year inclusive	**108**	2,169
	3,392	8,507

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 RMB4,260,000 (2009: RMB6,246,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2010 RMB'000	2009 RMB'000
Within one year	**3,462**	7,100
In the second to fifth year inclusive	**6,906**	9,108
After five years	**6,189**	5,649
	16,557	21,857

33. COMMITMENTS

	2010 RMB'000	2009 RMB'000
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and equipment	**95,142**	50,107
Capital injection to associates	**–**	4,004
Capital expenditure in respect of prepaid rentals for lease premium for land, authorised but not contracted for:	**–**	25,484

34. 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 2010, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 14,650,000 (2009: 25,994,000), representing 1.4% (2009: 2.7%) of the shares of the Company in issue at end of the reporting period. 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.

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

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

The following tables disclose movements of the Company's share options held by employees during the year ended 31 December 2010 and 2009:

Option type	Outstanding at 01/01/2010	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31/12/2010
2007A	3,367,000	–	(3,367,000)	–	–	–
2007B	3,367,000	–	(3,367,000)	–	–	–
2008A	9,630,000	–	(4,560,000)	(25,000)	–	5,045,000
2008B	9,630,000	–	–	(25,000)	–	9,605,000
	25,994,000	–	(11,294,000)	(50,000)	–	14,650,000
Exercisable at the end of the year						5,045,000
Weighted average exercise price	HK$5.59	–	HK$5.92	HK$5.34	–	HK$5.34

Option type	Outstanding at 01/01/2009	Granted during the year	Exercised during the year	Forfeited during the year	Expired during the year	Outstanding at 31/12/2009
2007A	9,755,000	–	(5,508,000)	(880,000)	–	3,367,000
2007B	9,030,000	–	(5,508,000)	(155,000)	–	3,367,000
2008A	10,140,000	–	–	(510,000)	–	9,630,000
2008B	10,140,000	–	–	(510,000)	–	9,630,000
	39,065,000	–	(11,016,000)	(2,055,000)	–	25,994,000
Exercisable at the end of the year						6,734,000
Weighted average exercise price	HK$5.81	–	HK$6.31	HK$5.83	–	HK$5.59

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK$13.11 (2009: HK$9.69).

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme: (Continued)

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%	3.95%
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 RMB4,027,000 for the year ended 31 December 2010 (2009: RMB7,326,000) in relation to share options granted by the Company.

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.

35. 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.

The Group established a defined contribution plan which is managed by a third party insurance company in the PRC and the subsidiaries make contributions at their discretion to fund the benefits of such pension scheme. Contributions of RMB16,052,000 made to such plan during the year ended 31 December 2009 were charged as an expense. No contribution has been made during current year.

The total cost charged to profit or loss of RMB14,395,000 (2009: RMB24,075,000) represents contributions paid to the retirement benefits scheme by the Group in respect of the current accounting period.

36. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Saved as disclosed in note 22, note 25, note 28 and note 29, the Group has the following significant transactions with related/connected parties during the year:

Relationship with related/connected party	Nature of transactions	2010 RMB'000	2009 RMB'000
Jointly controlled entity, in which the Company has a 50% equity interest (note)	Sales of finished goods	–	7,584
	Purchase of raw materials	–	13,372
	Property rentals income	–	578
	Interest income	–	141
Jointly controlled entity, in which the Company has a 49% equity interest	Sales of finished goods	18,999	13,912
	Sales of raw materials and moulds	365	342
	Purchase of raw materials	84,466	86,749
	Purchase of finished goods	58,594	–
	Proceeds from disposal of property, plant and equipment	–	2,371
	Property rentals income	2,345	1,760
	Testing services income	272	203
	Testing services charges	59	397
Jointly controlled entity, in which the Company has a 49.82% equity interest	Sales of finished goods	51,812	2,743
	Sales of moulds	5,644	–
	Purchase of raw materials	10,376	20,342
	Consulting service income	9,154	2,732
	Property rentals income	310	624
	Interest income	1,379	2,363
	Administration services charges	–	8,423
	Marketing services charges	–	9,854
	Property rentals charges	1,680	–
Associates, in which the Company has a 48% and 49% equity interest	Sales of finished goods	66,520	75,774
	Sales of raw materials and moulds	15,580	10,458
	Purchase of raw materials and moulds	23,408	34,646
	Property rentals income	1,231	1,249
	Testing services charges	678	187
	Technology support services income	–	233
	Technology support services charges	190	–
	Consulting service income	412	–
Non-controlling shareholders of subsidiaries	Sales of finished goods and moulds	204,253	166,787
	Purchase of raw materials	85,467	98,099
	Technology support services charges	24,559	21,239
	Purchase of intangible assets	8,531	3,558
	Purchase of equipments	308	992
	Purchase of freehold land	–	581
	Interest expenses	1,007	–

Note: As disclosed in note 31, on 30 June 2009, the Group acquired the remaining 50% interest of the jointly controlled entity, Jiaxing Kittel, which became an indirectly wholly owned subsidiary of the Company after the acquisition. Therefore, the related party transactions in this year represented the amounts conducted up to the date of acquisition.

36. 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 of the Company 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:

	2010 RMB'000	2009 RMB'000
Short-term benefits	5,566	4,798
Post-employment benefits	17	195
Share-based payments	891	1,696
	6,474	6,689

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

37. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2010 and 31 December 2009 are as follows:

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2010	Attributable equity interest of the Group 2009	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
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$46,000,000	Investment holding

37. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2010	2009	Issued shares	Principal activities
Magic Figure Investments Limited	British Virgin Islands	100%	100%	US$1	Investment holding
Constant Gain International Limited	British Virgin Islands	100%	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)	Hong Kong	100%	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
廣州敏惠汽車零部件有限公司 (Guangzhou Minhui Automobile Parts Co., Ltd.) ("Guangzhou Minhui")	PRC as a 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$3,000,000	Manufacture and sales of automobile body parts

37. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2010	2009	Issued shares	Principal activities
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$43,510,000	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, development 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, development 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$2,530,000	Manufacture and sales of automobile body 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$16,000,000	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$9,500,000	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$17,700,000	Manufacture and sales of automobile body parts
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$147,000,000	Investment holding

37. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2010	2009	Issued shares	Principal activities
嘉興興禾汽車零部件有限公司 (Jiaxing Xinghe Automotive Parts Co., Ltd.) ("Jiaxing Xinghe")	PRC as a WOFE	100%	100%	US$18,000,000	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 foreign equity joint venture enterprise	55%	55%	US$1,400,000	Manufacture and sales of automobile body parts
Minth North America, Inc. ("MNA") (Note ii)	USA	100%	100%	US$15,940,000	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")	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 WOFE	100%	100%	US$25,000,000	Design, manufacture, development 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
寧波敏實汽車零部件技術研發有限公司 (Ningbo Minth Automotive Parts Research & Development Co., Ltd.) ("Ningbo Minth") (Note iii)	PRC as a WOFE	100%	100%	US$26,500,000	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$14,000,000	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 foreign equity joint venture	65%	65%	US$8,000,000	Manufacture of automotive parts

37. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2010	2009	Issued shares	Principal activities
Minth Japan株式會社 (Minth Japan Co., Ltd.) ("Minth Japan")	Japan	**100%**	100%	JPY95,000,000	Act as an agent of sales of automobile body parts and purchase of raw materials
Minth Aapico (Thailand) Co., Ltd ("Minth Aapico")	Thailand	**60%**	60%	Baht178,500,000	Design, manufacture, development and sales of automobile body parts
Minth Financial Limited (Note iii)	Hong Kong	**100%**	100%	HK$10,000	Bookkeeping service
寧波泰甬汽車零部件有限公司 (Ningbo Taiyong Automotive Parts Co., Ltd.) ("Ningbo Taiyong")	PRC as a WOFE	**100%**	100%	US$32,000,000	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")	PRC as a WOFE	**100%**	100%	US$8,000,000	Design, manufacture, development 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")	PRC as a WOFE	**100%**	100%	US$2,000,000	Design, manufacture, development and sales of automobile body parts
嘉興敏凱汽車零部件有限公司 (Jiaxing Kittel-Minth Automotive Parts Co., Ltd.) ("Jiaxing Kittel-Minth") (Note iii)	PRC as a WOFE	**100%**	100%	US$50,000,000	Design, manufacture, development and sales of automobile body parts
寧波市泰鋭貿易有限公司	PRC as a WOFE	**100%**	100%	RMB5,000,000	Wholesale of materials of automobile spare parts
Minth Mexico, S.A. DE C.V.	Mexico as a WOFE	**100%**	100%	Peso153,536,790	Design, manufacture, development and sales of automobile body parts
Minth GmbH (Note iv)	Germany as a WOFE	**100%**	–	Euro500,000	Customer service and market development
廣州敏實汽車零部件有限公司 (Guangzhou Minth Automotive Parts Co., Ltd.) ("Guangzhou Minth") (Note iv)	PRC as a WOFE	**100%**	–	US$30,000,000	Design, manufacture, development and sales of automobile body parts

37. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation/ registration	Attributable equity interest of the Group 2010	2009	Issued shares	Principal activities
煙臺和瑞汽車零部件有限公司 (Yantai Herui Automotive Parts Co., Ltd.) ("Yantai Herui") (Note iv)	PRC as a WOFE	100%	–	US$10,000,000	Design, manufacture, development and sales of automobile body parts
江蘇和興汽車科技有限公司 (Jiangsu Hexing Automotive Technology Co., Ltd.) ("Jiangsu Hexing") (Note iv)	PRC as a WOFE	100%	–	US$33,000,000	Design, manufacture, development and sales of welfare vehicle, development of new energy vehicle
淮安和泰汽車零部件有限公司 (Huaian Hetai Automotive Parts Co., Ltd.) ("Huaian Hetai") (Note iv)	PRC as a WOFE	100%	–	US$20,000,000	Manufacture, development and sales of automobile body parts and battery for electric vehicle
淮安和通汽車零部件有限公司 (Huaian Hetong Automotive Parts Co., Ltd.) ("Huaian Hetong") (Note iv)	PRC as a WOFE	100%	–	US$12,000,000	Manufacture, development and sales of automobile body parts and motor system for electric vehicle
淮安和正服務有限公司 (Huaian Hezheng Service Co., Ltd.) ("Huaian Hezheng") (Note iv)	PRC as a WOFE	100%	–	US$500,000	Management consulting
淮安和裕服務有限公司 (Huaian Heyu Service Co., Ltd.) ("Huaian Heyu") (Note iv)	PRC as a WOFE	100%	–	US$500,000	Management consulting
武漢和盛汽車零部件有限公司 (Wuhan Hesheng Automotive Parts Co., Ltd.) ("Wuhan Hesheng") (Note iv)	PRC as a WOFE	100%	–	US$27,000,000	Design, manufacture, development and sales of automobile body parts

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

Note ii Changed the name from PTI International, Inc. to Minth North America, Inc.

Note iii As disclosed in note 31, on 30 June 2009, the Group acquired the remaining 50% interest of Constant Gain International Limited and its subsidiary, namely Jiaxing Kittel-Minth Automotive Parts Co., Ltd. (together referred as "Jiaxing Kittel") which was previously a 50% jointly controlled entity of the Group.

Note iv Newly established in 2010.

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

38. EVENT AFTER THE REPORTING PERIOD

On 7 March 2011, the Group entered into an agreement with independent third parties, Korea Fuel-Tech Corporation and Mr. Chung Koo Lee for the acquisition of a total of 45% equity interests in Beijing KFTC Co., Ltd. for a total consideration of RMB130,050,000. The acquisition still had not been completed at the date of this report.