

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold or transferred** all your shares in Minth Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---

**MINTH**  
**敏實集團**  
**MINTH GROUP LIMITED**  
**敏實集團有限公司**  
*(incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 425)

**CONNECTED TRANSACTION**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



---

A letter from the Board is set out on pages 4 to 13 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 14 of this circular. A letter from Somerley, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 15 to 31 of this circular.

A notice convening the EGM to be held at 9:30 a.m. on 27 July 2009, Monday at 20th Floor, Alexandra House, 16–20 Chater Road, Central, Hong Kong, is set out on pages 42 to 43 of this circular. A form of proxy for use by the Independent Shareholders at the EGM is also enclosed. Whether or not you propose to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM, or any adjourned meeting, should you so wish.

10 July 2009

# CONTENTS

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	14
<b>LETTER FROM SOMERLEY</b> .....	15
<b>APPENDIX I — VALUATION REPORT</b> .....	32
<b>APPENDIX II — GENERAL INFORMATION</b> .....	38
<b>NOTICE OF EGM</b> .....	42

## DEFINITIONS

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

“2008 Acquisition”	the acquisition by Decade of the entire share capital of Talentlink HK and Magic Figure from the Vendors pursuant to the Agreements
“2008 Annual Report”	the annual report issued by the Company and published on the Stock Exchange website on 23 April 2009
“Agreements”	the Talentlink HK Agreement and the Magic Figure Agreement
“Associates”	have the same meanings ascribed thereto under the Listing Rules
“Board”	board of Directors
“Company”	Minth Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange
“Decade”	Decade (HK) Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, confirming and ratifying the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huzhou Minhai”	Huzhou Minhai Automotive Parts Co., Ltd. (湖州敏海汽車零部件有限公司), a company established in the PRC and whose entire equity interest is held by Talentlink HK
“Independent Board Committee”	the committee of the Board established for the purpose of advising the Independent Shareholders on the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby, the members of which include all the independent non-executive Directors, namely Mr. Wu Fred Fong, Dr. Wang Ching and Mr. Zhang Liren

## DEFINITIONS

“Independent Shareholders”	Shareholders, other than the Vendors, Ms. Hsu, Mr. Chin, Linkfair and their respective Associates and any connected persons who have material interests in the 2008 Acquisition
“Jiaxing Guowei”	Jiaxing Guowei Automotive Parts Co., Ltd. (嘉興國威汽車零部件有限公司), a company established in the PRC whose entire equity interest is held by Magic Figure
“Jiaxing Situ”	Jiaxing Situ Automotive Parts Co., Ltd. (嘉興思途汽車零部件有限公司), a company established in the PRC whose entire equity interest is held by Magic Figure
“Jones Lang LaSalle Sallmanns”	Jones Lang LaSalle Sallmanns Limited, an independent professional property valuer
“Land”	two pieces of land both located at Jiachuang Road Eastside, Canada Jiaxing Science and Industrial Park, Jiaxing City, PRC (中國嘉興市加拿大嘉興科學工業學園加創路東側)
“Latest Practicable Date”	8 July 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Linkfair”	Linkfair Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Chin
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Magic Figure”	Magic Figure Investments Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Mr. Hsu
“Magic Figure Agreement”	means the sale and purchase agreement dated 29 April 2008 entered into between Decade and Mr. Hsu in relation to the entire shareholding interest in Magic Figure
“Mr. Chin”	Mr. Chin Jong Hwa, an executive Director and chairman of the Company
“Mr. Hsu”	徐鈞維, one of the Vendors of the 2008 Acquisition and the nephew of Mr. Chin
“Ms. Hsu”	徐曉琳, the ultimate shareholder of one of the Vendors of the 2008 Acquisition and the niece of Mr. Chin
“PRC”	the People’s Republic of China

## DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Cap 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Somerley”	Somerley Limited, a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Talentlink BVI”	Talentlink Development Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Ms. Hsu
“Talentlink HK”	Talentlink Development Limited, a company incorporated in Hong Kong with limited liability whose immediate holding company is Talentlink BVI
“Talentlink HK Agreement”	means the sale and purchase agreement dated 29 April 2008 entered into between Decade and Talentlink BVI in relation to the entire shareholding interest in Talentlink HK
“US\$”	the lawful currency of the United States of America
“Vendors”	collectively, Mr. Hsu and Talentlink BVI
“Zhejiang T&C”	Zhejiang T&C Law Firm (浙江天冊律師事務所)
“%”	per cent.

*Note:* Unless otherwise specified, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.136 and the conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.75. These conversion rates are for illustration purposes only and there is no guarantee that the relevant currencies could be converted at such rates or at all.

LETTER FROM THE BOARD

**MINTH**  
**敏實集團**

**MINTH GROUP LIMITED**

**敏實集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 425)

*Executive Directors:*

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

*Non-executive Director:*

Mikio Natsume  
Tokio Kurita  
Yu Zheng

*Independent Non-executive Directors:*

Wu Fred Fong  
Wang Ching  
Zhang Liren

*Registered office:*

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

*Principal place of business  
in Hong Kong:*

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

10 July 2009

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Under the 2008 Acquisition, the Company, through its wholly-owned subsidiary Decade, entered into the Agreements with the Vendors whereby the Group agreed to acquire and the Vendors agreed to sell the entire issued share capital of Talentlink HK and Magic Figure respectively.

On 21 April 2009, the Company was notified by Mr. Chin's legal counsel that Mr. Hsu and Ms. Hsu are Mr. Chin's nephew and niece respectively and Mr. Chin had also previously financed Mr. Hsu and Ms. Hsu for their investments in China in the amount of US\$10,000,000 (approximately HK\$77,500,000) and included Talentlink HK and Magic Figure.

## LETTER FROM THE BOARD

Pursuant to Rule 14A.11(4)(c), whether or not such relatives and the related financial assistance might have constituted connected transactions was dependent on the opinion of the Stock Exchange who had a discretion to consider them as connected persons. Therefore, the Company submitted a written enquiry to the Stock Exchange on 22 April 2009 and a further submission on 29 April 2009 to obtain the Stock Exchange's written ruling on this matter. As submitted on 29 April 2009, the executive Directors (other than Mr. Chin) considered that the 2008 Acquisition could constitute a connected transaction in view of the family relationship between Mr. Chin, Mr. Hsu and Ms. Hsu, and the financial assistance, taken together. In light of such family relationship, and together with the financial assistance set out above, Mr. Hsu and Ms. Hsu are, in the opinion of the Stock Exchange as stated in its letter to the Company dated 12 May 2009, connected persons of the Company under Rule 14A.11(4)(c) of the Listing Rules.

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the 2008 Acquisition are more than 2.5% but less than 25% and the consideration is in excess of HK\$10,000,000, the 2008 Acquisition should have been subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company would like to take this opportunity to convene the EGM to seek the ratification, confirmation and approval of the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby by the Independent Shareholders.

### **BACKGROUND**

Reference is made to the 2008 Annual Report where it was stated that, on 29 April 2008, the Group acquired 100% of the issued share capital of Talentlink HK and its subsidiary and Magic Figure and its subsidiaries for a total consideration of approximately RMB88,593,000 (approximately HK\$100,642,000). Further details were set out in note 32 to the audited financial statements as set out in the 2008 Annual Report in which it is also stated that prior to the publication of the 2008 Annual Report, the Company was seeking confirmation from the Stock Exchange as to whether the 2008 Acquisition would, in the opinion of the Stock Exchange, constitute connected transactions as the ultimate vendors were the relatives of Mr. Chin (the Company's chairman and controlling shareholder). As at the date of publication of the 2008 Annual Report, such enquiries with the Stock Exchange were still ongoing and the Company said it would make an announcement as and when appropriate. An announcement was therefore made on 12 June 2009 by the Company. The Directors (other than Mr. Chin) were not aware of the relationship between the Vendors and Mr. Chin at the time when the Group entered into the Agreements.

### **Transaction background**

Under the 2008 Acquisition, the Company, through its wholly-owned subsidiary Decade, entered into the Agreements with the Vendors whereby the Group agreed to acquire and the Vendors agreed to sell the entire issued share capital of Talentlink HK and Magic Figure respectively. The Agreements provided that the Group is entitled to all the assets and be liable for the agreed obligations as set out in the accounts of the relevant companies as of 29 April 2008 and thereafter. The payment of the entire amount of consideration of approximately RMB88,593,000 (approximately HK\$100,642,000) pursuant to the Agreements was completed by 5 May 2008 and comprised a cash payment of approximately RMB25,985,000 (approximately HK\$29,519,000) representing the unaudited consolidated net asset values of the companies and settlement of outstanding payables (on a dollar for dollar basis) of the

## LETTER FROM THE BOARD

companies so acquired (being the liabilities of Talentlink HK and Magic Figure which Decade had agreed to settle pursuant to the Agreements) in the aggregate amount of approximately RMB62,608,000 (approximately HK\$71,123,000). Consequently, there is no premium over or discount to the unaudited consolidated net asset value and the relevant payables of Magic Figure and Talentlink HK when determining the above consideration. There were also inter-company balances between Magic Figure and Talentlink HK but as these would become wholly-owned subsidiaries of the Company after the 2008 Acquisition, such inter-company balances did not need to be and, to date, have not been settled. As a result of the 2008 Acquisition, the Group has acquired, amongst other things, cash in the aggregate amount of approximately RMB56,131,000 (approximately HK\$63,765,000) and the land use rights of the Land in Jiaxing which was valued at approximately RMB49,177,000 (approximately HK\$55,865,000) as of 25 April 2008. Based on management's estimates as per the unaudited consolidated accounts of Magic Figure and Talentlink HK for the periods commencing from their respective dates of incorporation (being 25 October 2006 and 27 September 2007 respectively) and ending on 29 April 2008 (being the date of completion of the Agreements), Magic Figure and Talentlink HK had unaudited consolidated net profits (before and after taxation) of approximately RMB286,000 (approximately HK\$325,000) and approximately RMB3,703,000 (approximately HK\$4,207,000) respectively.

On 21 April 2009, the Company was notified by Mr. Chin's legal counsel that Mr. Hsu and Ms. Hsu are Mr. Chin's nephew and niece respectively and Mr. Chin had also previously financed Mr. Hsu and Ms. Hsu for their investments in China in the amount of US\$10,000,000 (approximately HK\$77,500,000) and included Talentlink HK and Magic Figure. Talentlink HK and Magic Figure are the shareholders of Huzhou Minhai, Jiaxing Situ and Jiaxing Guowei, all being wholly-foreign owned enterprises in the PRC. Apart from the financial assistance described above, Mr. Chin has confirmed to the Company that he did not in any way otherwise involve himself in the operations set up by Talentlink HK and Magic Figure. Such financing had been in place since 2007 and was only ultimately repaid to Mr. Chin after the 2008 Acquisition completed by way of proceeds from completion of the 2008 Acquisition.

Pursuant to Rule 14A.11(4)(c), whether or not such relatives and the related financial assistance might have constituted connected transactions was dependent on the opinion of the Stock Exchange who had a discretion to consider them as connected persons. Therefore, the Company submitted a written enquiry to the Stock Exchange on 22 April 2009 and a further submission on 29 April 2009 to obtain the Stock Exchange's written ruling on this matter. Prior to the Company being notified of the above, Mr. Chin was of the view that Mr. Hsu and Ms. Hsu were not connected persons of the Company based on his understanding of "connected persons" as defined in the Listing Rules. The Board (apart from Mr. Chin) was not aware of the relationship between Mr. Chin and the Vendors at the time until it was notified of the same on 21 April 2009. Further, it was submitted on 29 April 2009 that the executive Directors (apart from Mr. Chin) considered that the 2008 Acquisition could constitute a connected transaction in view of the family relationship and the financial assistance, taken together. In light of the family relationship between Mr. Chin, Mr. Hsu and Ms. Hsu, and together with the financial assistance set out above, Mr. Hsu and Ms. Hsu are, in the opinion of the Stock Exchange, as stated in its letter to the Company dated 12 May 2009, connected persons of the Company under Rule 14A.11(4)(c) of the Listing Rules.



## LETTER FROM THE BOARD

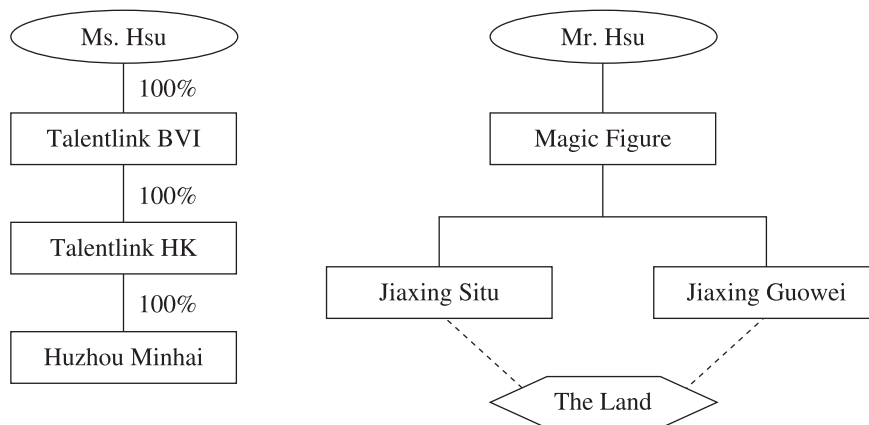
As at 29 April 2008, the net book values of Talentlink HK and Magic Figure were approximately RMB3,713,000 (approximately HK\$4,218,000) and approximately RMB22,204,000 (approximately HK\$25,224,000) respectively. The original purchase price of Talentlink HK by Talentlink BVI was HK\$10,000, representing the par value of the shares then in issue. The original purchase price of Magic Figure by Mr. Hsu was US\$1 (approximately HK\$7.75) representing the par value of the shares then in issue. Magic Figure's two wholly-owned subsidiaries, Jiaxing Situ and Jiaxing Guowei subsequently acquired the land use rights of the Land for the aggregate amount of approximately RMB19,277,000 (approximately HK\$21,899,000). Neither Talentlink HK nor Huzhou Minhai hold any landed properties prior to the 2008 Acquisition.

In relation to part of the Land held by Jiaxing Guowei, taking into account external factors including costs of construction materials at the time, market conditions during the second half year of 2008 as well as finalisation of certain pre-construction works, the Group did not commence construction prior to 7 September 2008, being the initial deadline required pursuant to the land use right certificate. The Group has applied to the relevant PRC authority, and the relevant PRC authority has issued an approval to confirm that the deadline for commencement of construction may be extended to 7 September 2009 and that, save for force majeure events or delays caused by governmental departments, completion of construction must take place before 7 September 2010. The Board believes that, save for unforeseen events, it will be in a position to commence and complete the relevant construction within the time prescribed by the relevant regulatory authority. These relevant constructions are expected to include mainly production facilities and ancillary buildings such as dormitories for employees.

### Group Structure

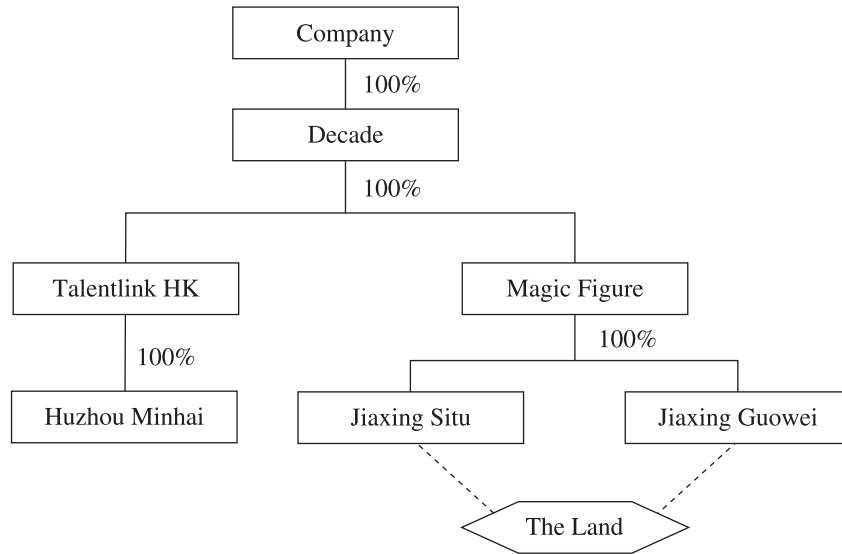
The group structure of the target companies before and after completion of the 2008 Acquisition is as follows:

#### *Before completion*



# LETTER FROM THE BOARD

*After completion*



## THE AGREEMENTS DATED 29 APRIL 2008

### Talentlink HK Agreement

#### *Parties*

Purchaser: Decade, a wholly-owned subsidiary of the Company

Vendor: Talentlink BVI, a company beneficially owned by Ms. Hsu

### Assets acquired under the Talentlink HK Agreement

The entire issued share capital of Talentlink HK, being HK\$10,000, and which had invested US\$7,450,000 (approximately HK\$57,738,000) in Huzhou Minhai, its wholly-owned subsidiary, for paying up the latter's registered capital in the aforesaid amount.

### Principal terms of the Talentlink HK Agreement

Under the Talentlink HK Agreement, the consideration payable by Decade to Talentlink BVI was US\$525,400 (approximately HK\$4,072,000) for settlement of the cash portion of the total consideration payable under the Talentlink HK Agreement based on the unaudited consolidated net asset value of Talentlink HK in the amount of US\$525,400 (approximately HK\$4,072,000) as at 29 April 2008. In acquiring Talentlink HK, Decade had also assumed the obligations to ensure that the liabilities of Talentlink HK at the same time were repaid. Such payables in aggregate, amounted to approximately HK\$19,300 and represented pre-acquisition payables of Talentlink HK to other parties. Such payables did not include inter-company balances between Magic Figure and Talentlink HK but as these would become wholly-owned subsidiaries of the Company after the 2008 Acquisition, such inter-company balances did not need to be and, to date, have not been settled.

## LETTER FROM THE BOARD

In accordance with the contractual terms, such payments were made by Decade and Decade was financed by the Group out of its own internal resources.

The acquisition of Talentlink HK had been determined between the Group and Talentlink BVI after arm's length negotiations with reference to the unaudited consolidated net asset value of Talentlink HK as at 29 April 2008.

The liabilities of Talentlink HK which Decade had contracted to pay as part of the Talentlink HK Agreement were subsequently settled by 5 May 2008.

Apart from the payment of consideration pursuant to the Talentlink HK Agreement as set out above, there are no major conditions to completion of the Talentlink HK Agreement.

### **Magic Figure Agreement**

#### *Parties*

Purchaser: Decade, a wholly-owned subsidiary of the Company

Vendor: Mr. Hsu

### **Assets acquired under the Magic Figure Agreement**

The entire issued share capital of Magic Figure being US\$1.00 (approximately HK\$7.75), and which it had invested an aggregate of US\$1,500,000 (approximately HK\$11,625,000) in Jiaxing Situ and Jiaxing Guowei, its wholly-owned subsidiaries, by paying up each of their registered capital in the aforesaid amounts. Both Jiaxing Situ and Jiaxing Guowei held the land use rights of the Land which, based on independent valuation reports dated 28 April 2008, are valued at RMB25,477,875 (approximately HK\$28,943,000) and RMB23,698,875 (approximately HK\$26,922,000) respectively as of 25 April 2008.

### **Principal terms of the Magic Figure Agreement**

Under the Magic Figure Agreement, the consideration payable by Decade to Mr. Hsu was US\$3,186,639 (approximately HK\$24,696,000) for settlement of the cash portion of the total consideration payable under the Magic Figure Agreement based on the unaudited consolidated net asset value of Magic Figure in the amount of US\$3,186,639 (approximately HK\$24,696,000) as at 29 April 2008. In acquiring Magic Figure, Decade had also assumed the obligations to ensure that the liabilities of Magic Figure at the same time were repaid. Such payables, in aggregate, amounted to approximately US\$8,957,000 (approximately HK\$69,417,000) and represented pre-acquisition payables of Magic Figure to other parties.

In accordance with the contractual terms, such payments were made by Decade and Decade was financed by the Group out of its own internal resources.

The acquisition of Magic Figure had been determined between the Group and Mr. Hsu after arm's length negotiations with reference to the unaudited consolidated net asset value of Magic Figure as at 29 April 2008.

## LETTER FROM THE BOARD

The liabilities of Magic Figure which Decade had contracted to pay as part of the Magic Figure Agreement were subsequently settled by 5 May 2008.

Apart from the payment of consideration pursuant to the Magic Figure Agreement as set out above, there are no major conditions to completion of the Magic Figure Agreement.

### **Reasons for and benefits of the 2008 Acquisition**

For the financial year ended 31 December 2007, the Group recorded a foreign exchange loss in the amount of approximately RMB57,376,000 (approximately HK\$65,179,000). This was due primarily to cash reserve retained in Hong Kong after it raised approximately HK\$1.52 billion via a placement in July 2007, but as the functional currency in its financial statements is RMB, accounting standards took into account such foreign exchange losses when the RMB appreciated.

In order to avoid further foreign exchange losses, the Group adopted various strategies to convert, as soon as possible, foreign currency into RMB so as to avoid further foreign exchange losses. As one such step, the Group took steps to remit approximately US\$51,263,000 (approximately HK\$397,288,000) into the PRC which was then used to pay up the unpaid registered capital and the increase of the registered capital of its subsidiaries. Further, the Group looked out for merger and acquisition opportunities which could compliment its business and operations, or assets which the Group could utilize. Approximately US\$12,986,000 (approximately HK\$100,642,000) was used for the purpose of the 2008 Acquisition and the risk of further foreign exchange loss was reduced accordingly at the time. The above measures allowed conversion of the foreign currency into RMB when the Group paid up the outstanding registered capital of the Chinese subsidiaries of Talentlink HK and Magic Figure, thereby reducing the amount of non-RMB cash reserves of the Group and avoiding further foreign exchange losses which could continue if the RMB continued to appreciate against the US dollar or HK dollar. Regardless of it being an unrealized loss, foreign exchange losses are reflected in the Company's financial statements. To avoid further foreign exchange losses, the Group is of the view that a deployment of cash to purchase assets which would reduce such foreign exchange losses is therefore a factor in considering the timing of an investment such as the 2008 Acquisition.

The 2008 Acquisition allowed the Group a ready-made, available and legitimate channel to remit HK\$ into the PRC and convert it into RMB in accordance with the Group's requirements in the PRC and avoid further foreign exchange losses. After the 2008 Acquisition, the Group held indirectly 100% interest in Huzhou Minhui, Jiaying Situ and Jiaying Guowei. Although both Magic Figure and Talentlink HK do not have a business track record, these companies would, after completion, allow the Group to inject approximately US\$16,050,000 (approximately HK\$124,388,000) into these companies to pay up the then outstanding registered capital of their respective Chinese subsidiaries, that is, approximately US\$7,550,000 (approximately HK\$58,513,000) to Huzhou Minhui through Talentlink HK, and the balance of approximately US\$8,500,000 (approximately HK\$65,875,000) to Jiaying Situ and Jiaying Guowei through Magic Figure. This would therefore reduce the Group's foreign currencies on hand and the risk of further foreign exchange losses. Further, the fact that these companies have no business track record is an additional benefit as it indicated that there would be no trade related liabilities and no significant labour or employee issues as, after all, the Company would rely on itself for operations.

Since Huzhou Minhui, Jiaying Situ and Jiaying Guowei were established in the PRC around late 2006 and early 2007, these Chinese companies are still entitled to the tax preferential treatment of being exempt from profits tax for 2 years and being only taxed at 50% of the usual rate for the subsequent 3

## LETTER FROM THE BOARD

years, namely the so-called “兩免三減半政策” (which are no longer available to companies that are only established now) and the fact that these Chinese companies have no business track record would allow the Company to enjoy in full such tax benefits. Further, Jiaxing Situ and Jiaxing Guowei owned the land use rights of the Land which is located close to the Group’s existing operational facilities. This would compliment the Group’s expansion plans in order to satisfy the then expanding customer orders of the Group in the Jiaxing region in China as well as the strategic location in the proximity of the Group’s customers. After the 2008 Acquisition, the Group can use the Land for expansion of its facilities and operations. As at the Latest Practicable Date, the Group has constructed on such land production facilities and ancillary buildings with a floor area of approximately 23,200 square meters. The Group believes these facilities built and their proximity to some of the Group’s clients would enhance both the efficiency of its business operations as well as the Group’s overall production capacity.

The Directors (other than Mr. Chin who has abstained from voting in the relevant board resolutions ratifying the 2008 Acquisition), consider that the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

### IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios under Chapter 14 of the Listing Rules for the 2008 Acquisition are more than 2.5% but less than 25%, and the consideration is in excess of HK\$10,000,000, the 2008 Acquisition should have been subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Besides, as Mr. Hsu and Ms. Hsu are the nephew and niece respectively of Mr. Chin, and together with the fact that Mr. Chin has provided financial assistance to Mr. Hsu and Ms. Hsu for their investments in the PRC, pursuant to Rule 14A.11 of the Listing Rules the Stock Exchange is of the view that, taking into account the aforesaid, Mr. Hsu and Ms. Hsu are connected persons of the Company. Accordingly, the 2008 Acquisition should have been subject to the relevant reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules and the Company would like to take this opportunity to convene the EGM to seek the approval, confirmation and ratification of the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby by the Independent Shareholders.

As Mr. Chin is or considered to be materially interested in the 2008 Acquisition, Linkfair, a company wholly-owned by Mr. Chin, and their respective Associates are therefore required to abstain from voting on the resolution proposed to be passed at the EGM for approving, confirming and ratifying the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby. As at the Latest Practicable Date, Mr. Chin through Linkfair holds 436,664,000 Shares and is interested in 45.75% shareholding interest in the Company’s total issued share capital. To the best knowledge of the Directors after making reasonable enquiries, as at the Latest Practicable Date, none of the Vendors, Ms. Hsu and their respective Associates held any Shares.

### PRINCIPAL BUSINESS ACTIVITIES

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

## LETTER FROM THE BOARD

Talentlink BVI is an investment holding company beneficially owned by Ms. Hsu. Both Mr. Hsu and Ms. Hsu are businessmen who have been operating their own businesses in Taiwan.

Talentlink HK and Magic Figure were incorporated on 27 September 2007 and 25 October 2006 respectively and both have been investment holding companies since the date of their respective incorporation.

Jiaxing Situ and Jiaxing Guowei were both established on 17 January 2007 and Huzhou Minhai on 21 December 2006. All of these companies have not, since their respective dates of establishment, commenced any trading and production operations. As at the Latest Practicable Date, the Group is in the course of completing production facility and ancillary buildings on the Land.

### RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wu Fred Fong, Dr. Wang Ching and Mr. Zhang Liren, has been established to advise the Independent Shareholders as to whether the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders as to how to vote. Shareholders' and prospective investors' attention is drawn to the advice of the Independent Board Committee set out in page 14 of this circular and the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders in respect of the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby set out in pages 15 to 31 of this circular.

If the Shareholders do not pass the resolution to approve, confirm and ratify the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby, the Company may have to seek opportunities to dispose of Talentlink HK and Magic Figure or their underlying assets and, if market conditions are not favourable, the Company could also consider proceedings with such a disposal at a loss in order to abide by the Shareholders' wishes.

### EGM

The Company will convene the EGM at 9:30 a.m. on 27 July 2009, Monday at 20th Floor, Alexandra House, 16–20 Chater Road, Central, Hong Kong, to consider and, if thought fit, ratify, confirm and approve the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders taken at EGM to ratify, confirm and approve the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby, will be taken by poll, the results of which will be announced after the EGM.

A notice convening the EGM is set out on pages 42 to 43 of this circular. Whether or not you are able to attend the EGM you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event

**LETTER FROM THE BOARD**

not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

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

**MINTH**  
**敏實集團**  
**MINTH GROUP LIMITED**  
**敏實集團有限公司**  
*(incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 425)

10 July 2009

*To the Independent Shareholders,*

Dear Sir or Madam,

**CONNECTED TRANSACTION**

We refer to the circular issued by the Company to its shareholders dated 10 July, 2009 (“Circular”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used in this letter unless the context otherwise requires,.

We have been appointed as members of the Independent Board Committee to advise you as to whether the 2008 Acquisition was on normal commercial terms which are fair and reasonable, so far as the Independent Shareholders are concerned, and that the entering into of the Agreements was in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Somerley has been appointed as the independent financial adviser to advise us in respect of the approval, confirmation and ratification of the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby.

Details of the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby are set out on pages 4 to 12 of the Circular.

We draw your attention to the letter from the Board set out on pages 4 to 13 of the Circular, the letter from Somerley set out on pages 15 to 31 of the Circular and the appendices to the Circular.

Having taken into account the advice from Somerley, we concur with the views of Somerley and consider that the 2008 Acquisition was on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the entering into of the Agreements was in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the EGM to approve, confirm and ratify the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby.

Yours faithfully  
Independent Board Committee

**Mr. Wu Fred Fong**  
*Independent non-executive  
Director*

**Dr. Wang Ching**  
*Independent non-executive  
Director*

**Mr. Zhang Liren**  
*Independent non-executive  
Director*



## LETTER FROM SOMERLEY



**SOMERLEY LIMITED**  
10th Floor  
The Hong Kong Club Building  
3A Chater Road  
Central  
Hong Kong

10 July 2009

*To: the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

### **CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in connection with the Company's acquisition on 29 April 2008 of the 100% equity interest in Talentlink HK from Talentlink BVI, which is beneficially owned by Ms. Hsu, pursuant to the Talentlink HK Agreement; and the acquisition of the 100% equity interest in Magic Figure from Mr. Hsu pursuant to the Magic Figure Agreement. Details of the Talentlink HK Agreement and the Magic Figure Agreement are contained in the circular to the Shareholders dated 10 July 2009 (the "Circular"), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

The Independent Board Committee comprising all the three independent non-executive Directors, namely Mr. Wu Fred Fong, Dr. Wang Ching and Mr. Zhang Liren, has been formed to advise the Independent Shareholders in respect of the terms of the Agreements. We, Somerley Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and have assumed that they are true, accurate and complete at the date of the Circular and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts has been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have assumed that all representations contained or referred to in the Circular are true as at the date of the Circular or the Latest Practicable Date (as the case may be) and will remain so up to the time of the EGM. However, we have not conducted any independent investigation into the business and affairs of the Group, Talentlink HK, Magic Figure and their subsidiaries, nor have we carried out any independent verification of the information supplied.

## LETTER FROM SOMERLEY

### BACKGROUND INFORMATION ON THE 2008 ACQUISITION

It was mentioned in the 2008 Annual Report of the Company that on 29 April 2008, the Group acquired 100% of the issued share capital of Talentlink HK and its subsidiary and Magic Figure and its subsidiaries. Further details are set out in note 32 to the audited financial statements as contained in the 2008 Annual Report, in which it is also stated that prior to the publication of the 2008 Annual Report, the Company was seeking confirmation from the Stock Exchange as to whether, in the opinion of the Stock Exchange, the 2008 Acquisition should have constituted a connected transaction as the ultimate vendors were the relatives of Mr. Chin (the Company's chairman and controlling shareholder). The Directors (other than Mr. Chin) were not aware of the relationship between the Vendors and Mr. Chin at the time when the Group entered into the Agreements.

Prior to completion of the 2008 Acquisition, Talentlink HK was ultimately owned by Ms. Hsu and Magic Figure was owned by Mr. Hsu.

On 21 April 2009, the Company was notified by Mr. Chin's legal counsel that Mr. Hsu and Ms. Hsu are Mr. Chin's nephew and niece respectively and Mr. Chin had also previously financed Mr. Hsu and Ms. Hsu for their investments in China in the amount of US\$10,000,000, which included Talentlink HK and Magic Figure. Such financing had been in place since 2007 and was ultimately repaid to Mr. Chin by way of proceeds from the 2008 Acquisition.

Pursuant to Rule 14A.11(4)(c) of the Listing Rules, whether or not such relatives and the related financial assistance might have constituted connected transactions was dependent on the opinion of the Stock Exchange who had a discretion to consider them as connected persons. Therefore, the Company submitted a written enquiry to the Stock Exchange on 22 April 2009 and a further submission on 29 April 2009 to obtain the Stock Exchange's written ruling on this matter. Prior to the Company being notified of the above, Mr. Chin was of the view that Mr. Hsu and Ms. Hsu were not connected persons of the Company based on his understanding of "connected persons" as defined in the Listing Rules. The Board (apart from Mr. Chin) was not aware of the relationship between Mr. Chin and the Vendors at the time until it was notified of the same on 21 April 2009. Further, it was submitted on 29 April 2009 that the executive Directors (apart from Mr. Chin) considered that the 2008 Acquisition could constitute a connected transaction in view of the family relationship and the above financial assistance to Mr. Hsu and Ms. Hsu by Mr. Chin. In light of the family relationship between Mr. Chin, Mr. Hsu and Ms. Hsu, and together with the financial assistance set out above, Mr. Hsu and Ms. Hsu are, in the opinion of the Stock Exchange, as stated in its letter to the Company dated 12 May 2009, connected persons of the Company under Rule 14A.11(4)(c) of the Listing Rules.

Accordingly, the 2008 Acquisition should have been subject to the relevant reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules and the Company would like to convene the EGM to seek the approval, confirmation and ratification of the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby by the Independent Shareholders. In the event that the Independent Shareholders do not approve, confirm and ratify the 2008 Acquisition, the Company would try to seek buyer(s) for the disposal of the 100% equity interests in each of Talentlink HK and Magic Figure as the 2008 Acquisition has been completed in accordance with the terms of the Agreements.

# LETTER FROM SOMERLEY

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Agreements are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

### 1. Summary of the 2008 Acquisition

The 2008 Acquisition involves the Company acquiring the entire equity interest in Talentlink HK and Magic Figure pursuant to the Talentlink HK Agreement and the Magic Figure Agreement respectively.

#### (i) *Talentlink HK Agreement*

##### *Parties*

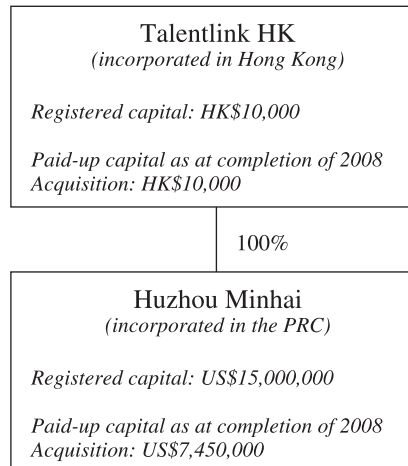
Purchaser: Decade, a wholly-owned subsidiary of the Company

Vendor: Talentlink BVI, a company beneficially owned by Ms. Hsu

##### *Assets acquired under the Talentlink HK Agreement*

The entire issued share capital of Talentlink HK. Talentlink HK is an investment holding company with its principal asset being its investment in Huzhou Minhai. Talentlink HK had invested US\$7,450,000 (or approximately RMB56,196,000 as recorded in the financial statements of Huzhou Minhai) in Huzhou Minhai, its wholly-owned subsidiary, for paying up part of its registered capital before the 2008 Acquisition. As at 29 April 2008, being the date of completion of the 2008 Acquisition, Huzhou Minhai had unpaid registered capital of US\$7,550,000. Both Talentlink HK and Huzhou Minhai had not commenced any trading and production operations. The principal assets of Huzhou Minhai as at the date of completion of the 2008 Acquisition were bank and cash balances of approximately RMB53,495,000.

Set out below is the shareholding structure of Talentlink HK and its subsidiary:



## LETTER FROM SOMERLEY

### *Principal terms of the Talentlink HK Agreement*

Under the Talentlink HK Agreement, the consideration payable by the Group to Talentlink BVI was US\$525,400 in cash, which was determined on the basis of the unaudited consolidated net asset value of Talentlink HK and its subsidiary, namely Huzhou Minhai (together the “Talentlink Group”), of approximately RMB3,701,000, or approximately US\$525,400 based on the exchange rate as at 29 April 2008. In acquiring Talentlink HK, the Group had also assumed the obligations to repay liabilities owing to Talentlink BVI of approximately HK\$19,300 (or approximately RMB17,000 as included in the table of net assets acquired — see section below headed “Evaluation of the consideration”). The payment of the cash consideration of US\$525,400 and settlement of the liabilities due to Talentlink BVI of approximately HK\$19,300 was completed by 5 May 2008 in US\$ and HK\$ respectively.

### **(ii) Magic Figure Agreement**

#### *Parties*

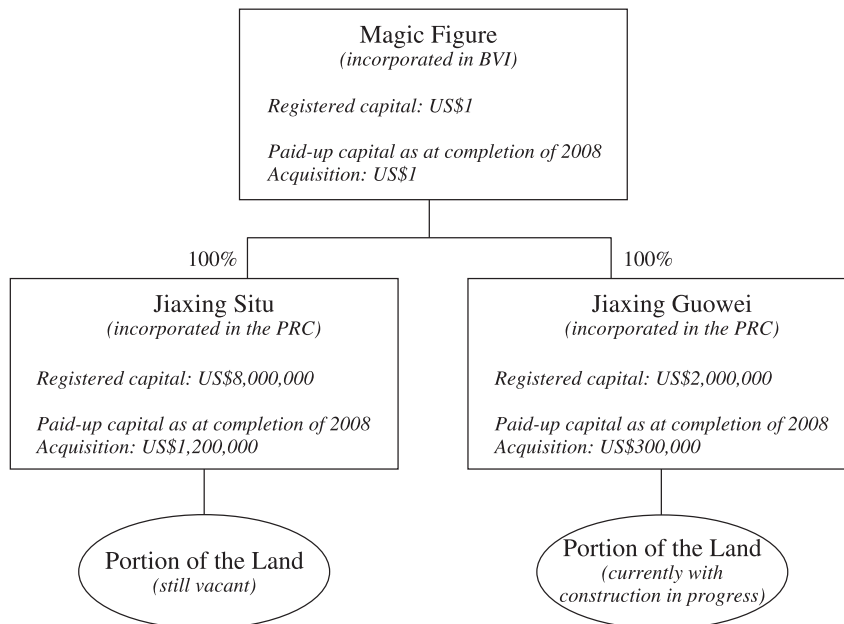
Purchaser: Decade, a wholly-owned subsidiary of the Company

Vendor: Mr. Hsu

#### *Assets acquired under the Magic Figure Agreement*

The entire issued share capital of Magic Figure. Magic Figure had invested an aggregate of US\$1,500,000 (or in aggregate approximately RMB11,596,000 as recorded in the financial statements of Jiaxing Situ and Jiaxing Guowei) into Jiaxing Situ and Jiaxing Guowei, its wholly-owned subsidiaries, by paying up part of their registered capital. As at the completion of the 2008 Acquisition, an aggregate of US\$8,500,000 registered capital of Jiaxing Situ and Jiaxing Guowei remained unpaid.

Set out below is the shareholding structure of Magic Figure and its subsidiaries:



## LETTER FROM SOMERLEY

Magic Figure is an investment holding company with its principal asset being its investments in Jiaxing Situ and Jiaxing Guowei. The principal assets of each of Jiaxing Situ and Jiaxing Guowei as at the date of completion of the 2008 Acquisition were bank and cash balances in an aggregate sum of approximately RMB2,603,946 and the holding of two pieces of land located at the eastern side of Jiachuang Road, Canada Jiaxing Science & Industrial Zone, Jiaxing City, Zhejiang Province, PRC. The two pieces of land were located adjacent to each other and were acquired at an aggregate amount of approximately RMB19,277,000. Their appraised value as at 29 April 2008 as assessed by a PRC valuer were RMB25,477,875 and RMB23,698,875 respectively. According to the management of the Group, applications to local authority for various construction approvals and preliminary foundation works were being performed as at completion of the 2008 Acquisition.

### *Principal terms of the Magic Figure Agreement*

Under the Magic Figure Agreement, the consideration payable by the Group to Mr. Hsu was US\$3,186,639 in cash which was determined on the basis of the unaudited consolidated net asset value of Magic Figure and its subsidiaries, namely Jiaxing Situ and Jiaxing Guowei (together the “Magic Figure Group”), of approximately RMB22,284,000, or approximately US\$3,186,639 based on the exchange rate as at 29 April 2008, as adjusted by the agreed price for the Land of RMB41,848,000. In acquiring Magic Figure, the Group had also assumed the obligations to pay off payables owing to third parties totalling RMB11,464,000 and related liabilities to totalling approximately US\$8,957,050 (or approximately RMB62,608,000). The payment of cash consideration of US\$3,186,639 and settlement of the related liabilities in the sum of US\$8,957,050 were completed by 5 May 2008 in US\$. The US\$8,957,050 (which, together with the HK\$19,300 liabilities owing to Talentlink BVI under the Talentlink HK Agreement, are collectively referred to as the “Related Liabilities”) was partly paid to the Vendors or their associates and partly ultimately applied to pay off loans due from the Vendors to Mr. Chin.

## **2. Reasons and benefits for entering into the Agreements**

The Group is currently engaged in design, manufacturing, processing, development and sales of automobile parts and moulds of passenger cars. The manufacturing function was carried out by a factories located in Ningbo, Jiaxing, Fuzhou, Guangzhou, Hainan, Tianjin and Chongqing, which are strategically located to cover the major automakers in PRC or being close to ports to facilitate the Group’s export to overseas markets.

### *(i) Acquisition of the Land*

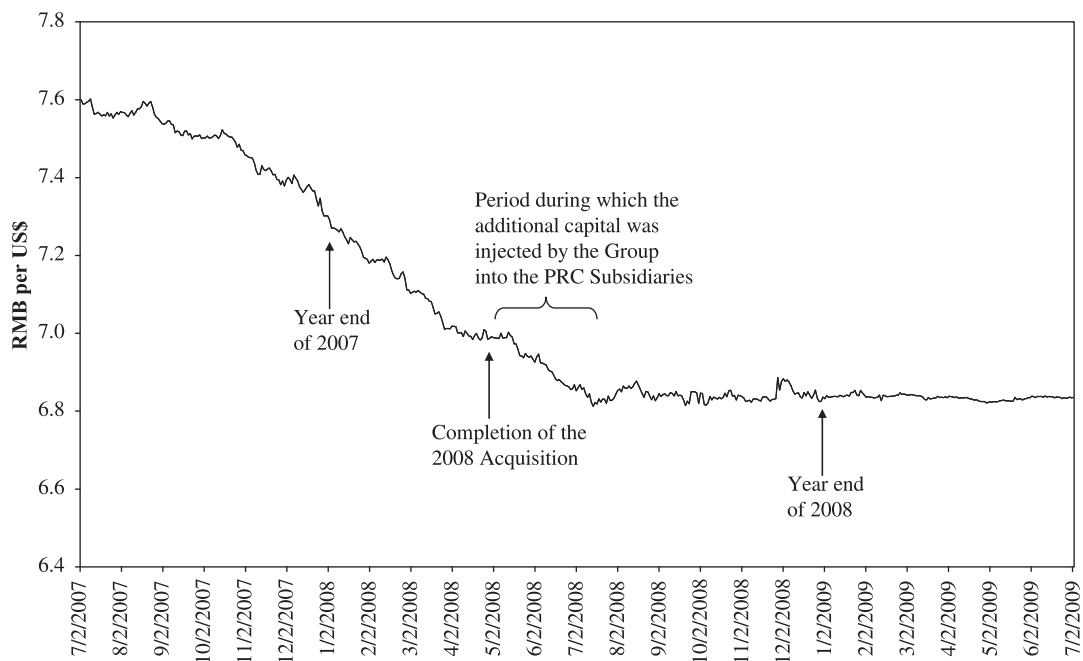
Following completion of the 2008 Acquisition, the Company was able to make use of the two pieces of land owned by Jiaxing Situ and Jiaxing Guowei for expansion of the Group’s facilities and operations. The Land is located adjacent to the Group’s existing operational facilities and in the proximity of the Group’s customers. Therefore, the acquisition of the Land would compliment the Group’s expansion plan made for the purpose of satisfying the then expanding customer orders in the region of Jiaxing City in the PRC.

## LETTER FROM SOMERLEY

Following the 2008 Acquisition and up to 31 May 2009, the Group has incurred an additional approximately RMB20,136,000, of which approximately RMB14,982,000 has been paid, for the construction of production facilities, staff quarter, canteen and amenity facilities on the portion of the Land owned by Jiaxing Situ. The development project has a total floor area of approximately 23,142 square meters. It is estimated that the Group would incur a further approximately RMB9 million to complete the construction work by November 2009. Given their proximity to the Group's customers, it is expected that the additional facilities would enhance the Group's overall production capacity as well as the efficiency of its business operations.

### (ii) Hedging against further exchange loss

Set out below is the movement of RMB/US\$ exchange rate from 1 July 2007 to the Latest Practicable Date:



Source: Bloomberg

For the financial year ended 31 December 2007, the Group recorded a net foreign exchange loss in the amount of approximately RMB48,801,000. This was primarily due to cash reserve retained in Hong Kong after the Group raised approximately HK\$1.52 billion via a share placement in July 2007, but the functional currency used in its financial statements is RMB. As a result, the Group recorded foreign exchange losses when the RMB appreciated. During the period between July 2007 and December 2007, RMB appreciated by approximately 4.2% against US\$.

The RMB appreciated further by approximately 4.6% between 1 January 2008 and 29 April 2008. In order to avoid further foreign exchange losses, the Group adopted various strategies to convert, as soon as possible, foreign currency into RMB. As one such step, the Group took steps to remit approximately US\$51,263,000 into the PRC which was then used to pay up the unpaid registered capital and the increase of the registered capital of its subsidiaries. Further, the Group

## LETTER FROM SOMERLEY

looked out for merger and acquisition opportunities which could compliment its business and operations, or assets which the Group could utilise. Approximately US\$12,669,089 and HK\$19,300 was used for the purpose of the 2008 Acquisition to satisfy the cash consideration in US\$ in April 2008 and pay off the Related Liabilities in US\$ and HK\$ in May 2008, and the risk of further foreign exchange loss was reduced accordingly at the time. In addition, the 2008 Acquisition also allowed conversion of the non-RMB cash reserves of the Group into RMB when the Group paid up the then outstanding registered capital of the PRC subsidiaries of Talentlink HK and Magic Figure totalling US\$16,050,000 between May and July of 2008, thereby reducing the amount of non-RMB cash reserves of the Group and avoiding further foreign exchange losses which could continue if the RMB continued to appreciate against the US\$ or HK\$. Regardless of it being an unrealised loss, foreign exchange losses are reflected in the Company's financial statements. To avoid further foreign exchange losses, the Group is of the view that a deployment of cash to purchase assets which would reduce such foreign exchange losses was therefore one of the factors in considering the timing of an investment such as the 2008 Acquisition.

In summary, through the 2008 Acquisition, the Group spent non-RMB currencies as follows:

- (i) US\$3,712,039 (approximately RMB25,985,000) for satisfying the cash consideration for the 2008 Acquisition in April 2008, and
- (ii) US\$8,957,050 and HK\$19,300 for settlement of the Related Liabilities in May 2008.

In return for (i) and (ii) above, the Group obtained, among others, control over the Land, which had an appraised value of RMB45,767,000 as at 31 May 2009, and the net RMB cash balances held by Huzhou Minhai, Jiaying Situ and Jiaying Guowei (thereafter collectively known as the "PRC Subsidiaries") of approximately RMB44,667,000. This sum is calculated by subtracting the RMB denominated liabilities of approximately RMB11,464,000 from the aggregate RMB bank and cash balances of the PRC Subsidiaries of approximately RMB56,131,000, both as at 29 April 2008;

- (iii) US\$16,050,000 for paying up the remaining unpaid registered capital of the PRC Subsidiaries. The Group had between May 2008 and July 2008 converted the above amount into RMB to pay up such remaining unpaid registered capital.

All these measures enabled the Group to reduce the amount of non-RMB cash reserves of the Group and avoid further foreign exchange losses if RMB continued to appreciate against the US\$ or HK\$.

### (iii) *Preferential tax treatment*

The PRC Subsidiaries were established in the PRC between December 2006 and January 2007. Pursuant to the relevant PRC rules and regulations, "foreign-invested productive enterprises" (生產性外商投資企業), with operating periods of no less than 10 years, are entitled to the preferential tax treatment of being exempt from profits tax for 2 years and being only taxed at 50% of the usual rate for the subsequent 3 years, namely "兩免三減半政策" (which are no longer available to companies that are established after 16 March 2007). As such, the PRC Subsidiaries are still entitled to the above preferential tax treatment. Originally, such preferential



## LETTER FROM SOMERLEY

tax treatment would commence only when companies which are subject to such treatment start making profits. Effective from 1 January 2008, companies which were granted such preferential tax treatment before 1 January 2008 would be entitled to such benefits once they commenced operations, but the counting period would start from 1 January 2008, irrespective of whether the relevant entities have started generating profit or not. According to the management of the Group, they understand that there is usually no specific certification for a company qualified for the above preferential tax treatment but not yet commenced its commercial operation. We have reviewed the relevant PRC rules and regulations in connection with such preferential tax treatment and the change effective from 1 January 2008 mentioned above. We understand from the management of the Group that construction work over the portion of the Land owned by Jiaxing Situ is expected to be completed in November 2009, and hence it is expected that Jiaxing Situ would commence operations in November 2009, and may become profitable in 2010. It is expected that Jiaxing Guowei and Huzhou Minhai would commence operations in 2010, and may become profitable in 2011. According to the management of the Group, the PRC Subsidiaries are expected to engage in the Group's existing business of design, manufacture and sale of automobile parts, and may explore other related business potentials when considered appropriate.

### **3. Business and financial information of the Group**

The Group is a leading supplier of exterior automobile body parts in China. It is principally engaged in the design, manufacture and sale of body structural parts, decorative parts and trim for passenger cars. It not only supplies products and services to the joint ventures established by multinational automakers including General Motors, Ford, Honda, Toyota, Nissan, Volkswagen, Suzuki, Fiat, and DaimlerChrysler and group companies of First Automobile, Dongfeng Automobile, Shanghai Automobile, ChangAn Automobile, Guangzhou Automobile, Beijing Automobile, Fujian Automobile and Nanjing Automobile, but also exports its products to overseas automakers like General Motors Australia, Ford Australia, Ford India and Saab in Sweden as well as to overseas auto-parts manufacturers like Pilkington, Recticel, Fritz and Tokai Kogyo. Its manufacturing bases in PRC include Ningbo, Jiaxing, Fuzhou, Guangzhou, Hainan, Tianjin and Chongqing which are all strategically located to serve the major automakers in PRC or being close to ports to facilitate the Group's export to overseas market.



## LETTER FROM SOMERLEY

The following table summarises the consolidated financial information of the Group, prepared in accordance with the Hong Kong Financial Reporting Standards, for the three years ended 31 December 2008, as extracted from the 2008 and 2007 annual reports of the Company:

*Consolidated profit and loss*

	<b>Year ended 31 December</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Turnover	1,966,464	1,408,774	956,232
Gross profit	713,353	550,402	376,397
<i>Gross profit %</i>	<i>36.3%</i>	<i>39.1%</i>	<i>39.4%</i>
Profit before tax	474,922	394,011	289,589
Profit after tax	438,599	365,815	275,106
Profit attributable to shareholders	<u>424,110</u>	<u>359,865</u>	<u>268,701</u>

Revenue of the Group increased by 47.3% in 2007, from approximately RMB956 million in 2006 to approximately RMB1,409 million in 2007, and further increased by 39.6% to approximately RMB1,966 million in 2008. Despite the increase in revenue, there was a drop in gross profit margin from 39.1% in 2007 to 36.3% in 2008, which was primarily due to the deteriorating global economy. For the three financial years ended 2006, 2007 and 2008, the Group recognised net foreign exchange gain/(losses) of approximately RMB624,000, RMB(48,801,000) and RMB(53,650,000) respectively. This was a result of the appreciation of RMB, the functional currency of the Group, relative to other currencies during the period, which reduced the value in RMB of the Group's financial assets denominated in non-RMB currencies.

## LETTER FROM SOMERLEY

### *Consolidated financial position*

	<b>As at 31 December</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>	<i>RMB'000</i> <i>(audited)</i>
<b>Non-current assets</b>			
Property, plant and equipment	929,220	807,590	584,668
Prepaid lease payments	179,311	136,452	70,152
Interests in and loans to jointly controlled entities	117,679	29,762	58,410
Other non-current assets	<u>129,769</u>	<u>111,221</u>	<u>73,313</u>
	1,355,979	1,085,025	786,543
<b>Current assets</b>			
Inventories	344,732	279,532	219,510
Trade and other receivables	451,116	430,048	247,947
Other financial assets	40,119	606,172	—
Pledged bank deposits	44,432	9,924	3,019
Bank and cash balances	1,429,601	933,082	232,071
Other current assets	<u>41,141</u>	<u>68,945</u>	<u>1,764</u>
	2,351,141	2,327,703	704,311
<b>Non-current liabilities</b>			
Deferred tax liabilities	<u>(10,194)</u>	<u>(1,378)</u>	<u>—</u>
	(10,194)	(1,378)	—
<b>Current liabilities</b>			
Trade and other payables	(294,903)	(284,666)	(231,810)
Tax liabilities	(13,435)	(12,950)	(3,727)
Borrowings	<u>(41,387)</u>	<u>(117,099)</u>	<u>(38,154)</u>
	(349,725)	(414,715)	(273,691)
<b>Minority interests</b>	<u>(74,640)</u>	<u>(39,066)</u>	<u>(34,480)</u>
<b>Equity attributable to shareholders</b>	<u><u>3,272,561</u></u>	<u><u>2,957,569</u></u>	<u><u>1,182,683</u></u>

As at 31 December 2008, non-current assets of the Group were mainly comprised of property, plant and equipment (e.g. plant and machinery) of approximately RMB929 million and prepaid lease payments of approximately RMB179 million, which included the Land with a carrying value of approximately RMB42 million. Current assets of the Group mainly included bank and cash balances of

## LETTER FROM SOMERLEY

approximately RMB1,430 million, trade and other receivables of approximately RMB451 million and inventories of approximately RMB345 million as at 31 December 2008. Majority of the bank and cash balances of the Group as at 31 December 2008 were held in RMB.

Current liabilities of the Group comprised mainly trade and other payables of approximately RMB295 million and borrowings of approximately RMB41 million as at 31 December 2008. As at 31 December 2008, the Group had net cash (calculated as bank and cash balances minus total borrowings) of approximately RMB1,388 million.

### *Consolidated cash flow*

	<b>Year ended 31 December</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Net cash generated from operating activities	489,461	268,490	235,820
Net cash from/(used in) investing activities	200,282	(1,021,238)	(247,262)
Net cash (used in)/from financing activities	<u>(150,391)</u>	<u>1,476,270</u>	<u>(215,890)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u><u>539,352</u></u>	<u><u>723,522</u></u>	<u><u>(227,332)</u></u>

The Group generated positive cash flow from its operating activities from 2006 to 2008. On the other hand, significant amount of cash flow was used in investing activities in 2007, including investment in financial assets and purchase of property, plant and equipment. In 2007, there was a substantial amount of cash inflow from financing activities, which mainly came from proceeds from the share placement completed in July 2007. Net cash used in financing activities in 2008 mainly represented dividend paid to shareholders and repayment of bank loans.

The above information illustrates that the Group has substantial assets and runs a sizable operation that has been expanding. The 2008 Acquisition, as measured against the Group's net assets, is to the Group a relatively small transaction.

#### **4. Evaluation of the consideration**

##### *(i) As against earnings*

Based on the unaudited consolidated management accounts of Magic Figure and Talentlink HK for the periods commencing from their respective dates of incorporation (being 25 October 2006 and 27 September 2007 respectively) and ending on 29 April 2008 (being the date of completion of the Agreements), Magic Figure and Talentlink HK had unaudited consolidated net profits (before and after taxation) of approximately RMB286,000 and approximately RMB3,703,000 respectively. However, according to the management of the Group, such profits mainly represented foreign exchange gain, and Talentlink HK and Magic Figures and their

## LETTER FROM SOMERLEY

subsidiaries have not yet commenced operations since incorporation. Since the above profits were not generated from business operations, we consider the assessment of the consideration for the 2008 Acquisition against earnings inappropriate.

(ii) *As against net assets*

As the 2008 Acquisition is effectively an acquisition of the bank and cash balances and the Land held by the PRC Subsidiaries and the acquired companies had no material operation as at the date of completion of the 2008 Acquisition and the Latest Practicable Date, we consider it appropriate to assess the consideration of the 2008 Acquisition by reference to the relevant entities' net asset values, as adjusted by valuation of the Land as at 31 May 2009 made by Jones Lang LaSalle Sallmanns (the "Valuer"), an independent HK valuer. The following table summarises the consolidated net assets of the Talentlink Group and the Magic Figure Group acquired by the Group pursuant to the 2008 Acquisition, as extracted from the 2008 Annual Report:

	<b>Talentlink Group's carrying amount RMB'000</b>	<b>Magic Figure Group's carrying amount RMB'000</b>	<b>Elimination RMB'000 (Note 1)</b>	<b>Total RMB'000</b>
<i>Net assets acquired:</i>				
Property, plant and equipment	—	2,086	—	2,086 (Note 2)
The Land	—	41,848	—	41,848 (Note 3)
Other receivables	2,309	51,474	(53,774)	9 (Note 4)
Bank and cash balances	53,495	2,636	—	56,131
Related Liabilities	(17)	(62,608)	—	(62,625) (Note 5)
Other payables	<u>(52,086)</u>	<u>(13,152)</u>	53,774	<u>(11,464) (Note 5)</u>
	<u>3,701</u>	<u>+ 22,284</u>	=	<u>25,985</u>
			<b>Scenario (a)</b>	<b>Scenario (b)</b>
			<i>Exclude LAT</i>	<i>Include LAT</i>
Net assets acquired			25,985	25,985
Adjustment to the valuation of the Land as at 31 May 2009 (Note 6)			<u>3,919</u>	<u>(2,673)</u>
<b>Net assets acquired as adjusted by the valuation of the Land as at 31 May 2009</b>			<u>29,904</u>	<u>23,312</u>

## LETTER FROM SOMERLEY

*Notes:*

1. The amount represented the outstanding current account balances between the Magic Figure Group and the Talentlink Group as at completion of the 2008 Acquisition, which would be eliminated in the consolidated financial statements of the Group after completion of the 2008 Acquisition.
2. The amount represented payments to relevant PRC authorities, piling and surveying fees incurred for the preparation of the construction of production facilities, staff quarter, canteen and amenity facilities on the Land.
3. RMB41,848,000 was the agreed price for the Land. According to the management of the Group, the amount was agreed with reference to the PRC valuation of the Land of approximately RMB49,177,000 as at 25 April 2008, less the agreed sum of RMB41,848,000 to provide for the land appreciation tax ("LAT") that would be payable had the 2008 Acquisition involved a transfer of land title rather than equity interest of the property holding company.
4. The RMB9,000 represented amount receivable from Talentlink BVI, which was subsequently settled in May 2008.
5. Other payables comprised the following:

	Status	Total <i>RMB'000</i>
<b>Related Liabilities</b>	Settled in US\$ or HK\$ in May 2008	<b>62,625</b>
<b>Liabilities to third parties:</b>		
Land use rights payable	Settled in RMB in May 2008	11,327
Deposits from contractors	Approximately RMB105,000 settled in RMB in May and June 2008	125
Others		12
		<b>11,464</b>
<b>Other payables</b>		<b>74,089</b>

6. The upward adjustment of RMB3,919,000 represented the difference between valuation of the Land of RMB45,767,000 as at 31 May 2009, and the agreed price for the Land approximately RMB41,848,000 (Note 3) when the consideration for the 2008 Acquisition was determined. The downward adjustment of RMB2,673,000 represented the RMB3,919,000 upward adjustment less the estimated LAT payable of approximately RMB6,592,000, calculated based on 25% of the difference between the valuation of the Land as at 31 May 2009 of RMB45,767,000 and the carrying value of the Land of approximately RMB19,400,000 (including cost of purchase and related tax charge capitalised) in Jiaxing Situ and Jiaxing Guowei's books as at 31 May 2009.

## LETTER FROM SOMERLEY

The cash consideration for the 2008 Acquisition was determined based on the net asset value of Talentlink Group and Magic Figure Group. From the table above, the cash consideration for the 2008 Acquisition represents (i) a discount of RMB3,919,000 to the aggregate net asset value of Talentlink Group and Magic Figure Group as at 29 April 2008, as adjusted by the valuation of Land as at 31 May 2009, of RMB29,904,000, which has not taken into account the LAT for the appreciation in value of the Land, and (ii) a premium of approximately RMB2,673,000 over the adjusted aggregate net asset value of Talentlink Group and Magic Figure Group as at 29 April 2008, after taking into account the LAT for the appreciation in value of the Land. However, management of the Group considers the payment of LAT unlikely, as the Group intends to retain the Land for internal use; and even if a disposal is materialised, the Group can opt to dispose of its shareholdings in Jiaxing Situ and Jiaxing Guowei, and thereby not subject to payment of LAT. On this basis, we consider the consideration for the 2008 Acquisition fair and reasonable. The above analysis is made on the basis that the Land had an aggregate value of RMB45,767,000 as at 31 May 2009, comprising RMB23,711,000 for the portion of the Land owned by Jiaxing Situ, on which construction work is in progress, and RMB22,056,000 for the other portion of the Land owned by Jiaxing Guowei, which is still vacant.

We note from the valuation report of the Land that the Valuer attributes no commercial value for the portion of the Land owned by Jiaxing Guowei on the basis that it cannot be freely transferred by Jiaxing Guowei as at the date of valuation. According to the PRC legal opinion as contained in the valuation report, the relevant PRC rules and regulation provides that any land would only become freely transferable after an investment of at least 25% of the total estimated construction cost has been made. The PRC lawyer has confirmed that if that investment amount is reached, that portion of the Land owned by Jiaxing Guowei would become freely transferable. Assuming that piece of Land is freely transferable, the Valuer is of the opinion that its capital value would be RMB22,056,000 as at 31 May 2009. We understand from the management of the Group that the construction plan for this portion of the Land owned by Jiaxing Guowei has been approved and the estimated construction cost is approximately RMB34 million.

## LETTER FROM SOMERLEY

### 5. Latest development and current financial information of the acquired companies

Set out below is the unaudited consolidated management accounts of the Talentlink Group and Magic Figure Group as at 31 May 2009:

	<b>Talentlink Group's carrying amount RMB'000</b>	<b>Magic Figure Group's carrying amount RMB'000</b>	<b>Elimination RMB'000 (Note 2)</b>	<b>Total RMB'000</b>
Property, plant and equipment	—	22,222	—	22,222
The Land	—	40,873	—	40,873
Other receivables	9	50,901	(50,901)	9
Bank and cash balances	110,034	33,947	—	143,981
Other payables (Note 1)	<u>(102,987)</u>	<u>(125,196)</u>	50,901	<u>(177,282)</u>
	<u>7,056</u>	<u>+ 22,747</u>	=	<u>29,803</u>

Notes:

Other payables included:

- (1) (i) Approximately RMB171,240,000 advanced by other members of the Group; (ii) Approximately RMB6,042,000 payables to third parties; and
- (2) (iii) The outstanding current account balances between the Magic Figure Group and the Talentlink Group of approximately RMB50,901,000 as at 31 May 2009 and would be eliminated in the consolidated financial statements of the Group.

Following the 2008 Acquisition, the Group advanced a total of US\$16,050,000 to Talentlink HK and Magic Figure for their onward capital injection into Huzhou Minhai, Jiaxing Situ and Jiaxing Guowei. The cash was partly used by the PRC Subsidiaries to finance the construction of production facilities, staff quarter, canteen and amenity facilities, which were being built on the portion of the Land owned by Jiaxing Situ. According to the management of the Group, applications to local authority for various construction approvals are being made to that portion of the Land owned by Jiaxing Guowei. As at 31 May 2009, the PRC Subsidiaries held in aggregate bank and cash balances of approximately RMB143,591,000.

Property, plant and equipment increased by approximately RMB20,136,000 following 29 April 2008 to approximately RMB22,222,000 as at 31 May 2009. Of the RMB22,222,000 construction cost for the properties, approximately RMB16,624,000 had been paid, with the remaining balance being recorded as other payables as at 31 May 2009. As at the Latest Practicable Date, constructions of the production facilities, staff quarter, canteen and amenity facilities on the portion of the Land owned by Jiaxing Situ were yet to be completed. Such production facilities, staff quarter, canteen and amenity facilities were appraised by the Valuer at a value of approximately RMB25,923,000 as at 31 May 2009.

## LETTER FROM SOMERLEY

The decrease in the carrying value of the Land from approximately RMB41,848,000 as at 29 April 2008 to approximately RMB40,873,000 as at 31 May 2009 was principally due to the amortisation of the Land after it was consolidated into the financial statements of the Group.

Also as a result of the further capital injection subsequent to the 2008 Acquisition, other payables as at 31 May 2009 increased to approximately RMB177,282,000, which represented mainly the amount advanced by Decade and other members of the Group for the purpose of paying up the unpaid registered capital of the PRC Subsidiaries.

### **6. Valuation of the Land**

The Land has been valued by the Valuer as having an aggregate value of RMB45,767,000. In valuing the Land, the Valuer has not taken into account the possible effect of payment of LAT, which according to the Valuer is a normal approach adopted in valuation. The full text of the valuation letter and certificate in relation to the Land as at 31 May 2009 is set out in Appendix I to the Circular.

The Valuer has adopted a direct comparison approach in valuing the Land. The methodology is, in our opinion, a reasonable approach in establishing the open market value of the Land. The Valuer has assumed sale of the Land in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The Valuer has also carried out inspections, made relevant enquiries and searches for the purpose of the valuation. We have reviewed and discussed with the Valuer the bases and assumptions adopted for the valuation of the Land. We consider that the assumptions adopted by the Valuer are fair and reasonable and the basis used is a normal one for valuing land. We have also performed work as required under note (1)(d) to the Listing Rule 13.80 in relation to the Valuer and its work as regards the valuation of the Land.

### **7. Financial effects on the Group**

#### *(i) Earnings and net asset value*

Following the completion of the 2008 Acquisition on 29 April 2008, Talentlink HK, Magic Figure, Huzhou Minhai, Jiaxing Situ and Jiaxing Guowei became wholly owned subsidiaries of the Group. Accordingly, their results and financial positions have been consolidated into the Group's financial statements since then. Consequently, if the 2008 Acquisition is approved, confirmed and ratified by the Independent Shareholders at the EGM, it would not give rise to any changes to the result and financial position of the Group.

In case the 2008 Acquisition is not approved, confirmed and ratified at the EGM, the Company intends to dispose of its 100% interest in both Talentlink HK and Magic Figure. In this case, Talentlink HK and Magic Figure would no longer be consolidated into the financial statements of the Group. However, since the terms of a possible disposal is not known at the moment, the financial impact of any such disposal cannot be ascertained at this stage.



## LETTER FROM SOMERLEY

(ii) *Cash flow*

Construction work is being performed on the portion of the Land owned by Jiaxing Situ. As at 31 May 2009, the outstanding construction payables amounted to approximately RMB6 million. It is estimated that the Group would spend a further approximately RMB9 million for the construction work being performed on the portion of Land owned by Jiaxing Situ. The portion of the Land owned by Jiaxing Guowei is currently vacant, and the Company estimates that it will incur an approximately RMB34 million for the planned construction work to be conducted on it.

Given that the Group had free bank and cash balances of approximately RMB1,305 million as at the Latest Practicable Date, we agree with the Directors that the Group would have sufficient internal resources to fund the estimated expenditures required for the planned construction work.

### RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the 2008 Acquisition was on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the entering into of the Agreements was in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve, confirm and ratify the 2008 Acquisition.

Yours faithfully,  
for and on behalf of  
**SOMERLEY LIMITED**  
**Sylvia Leung**  
*Director*

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 May 2009 of the property interests of Magic Figure Investments Limited.*



Jones Lang LaSalle Sallmanns Limited  
17/F Dorset House Taikoo Place  
979 King's Road Quarry Bay Hong Kong  
tel +852 2169 6000 fax +852 2169 6001  
Licence No: C-030171

10 July 2009

The Board of Directors  
Mint Group Limited  
Cricket Square  
Hutchins Drive P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

Dear Sirs,

In accordance with your instructions to value the properties which Decade (HK) Limited (“Decade”), a wholly-owned subsidiary of Mint Group Limited (the “Company”), has acquired from Magic Figure Investments Limited (“Magic Figure”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 May 2009 (the “date of valuation”).

Our valuation is prepared in connection with an agreement entered into between Decade and Mr. Hsu (徐鈞維) in relation to the sale and purchase of the entire issued share capital of Magic Figure. Magic Figure has two wholly-owned subsidiaries named Jiaying Situ Automotive Parts Co., Ltd. (嘉興思途汽車零部件有限公司) (“Jiaying Situ”) and Jiaying Guowei Automotive Parts Co., Ltd. (嘉興國威汽車零部件有限公司) (“Jiaying Guowei”).

Our valuation of the property interests represents the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

In valuing the property interest in Group I which is currently under construction, we have assumed that it will be developed and completed in accordance with the latest development proposal provided to us by the Company. In arriving at our opinion of value, we have taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees expected to be incurred for completing the development.

We have valued the property interest in Group II by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Zhejiang T&C Law Firm (浙江天冊律師事務所) (“Zhejiang T&C”), concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

The continued turmoil and instability in the financial markets is continuing to cause volatility and uncertainty in the world's capital markets and real estate markets. There are low levels of liquidity in the real estate market and transaction levels are significantly reduced, resulting in a lack of clarity as to pricing levels and the market drivers. This, combined with a general weakening of sentiment towards real estate, has resulted in a continual reappraisal of local property prices. Many transactions that are occurring involve vendors who are more compelled to sell, or purchasers who will only buy at discounted prices. In this environment, prices and values are going through a period of heightened volatility whilst the market absorbs the various issues and reaches its conclusions. The period required to negotiate a sale may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the property.

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,  
for and on behalf of  
**Jones Lang LaSalle Sallmanns Limited**  
**Paul L. Brown**  
*B.Sc. FRICS FHKIS*  
*Director*

*Note:* Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

## SUMMARY OF VALUES

## Group I — Property interest held under development by Jiaxing Situ in the PRC

No.	Property	Capital value in existing state as at 31 May 2009
1.	A parcel of land and 3 buildings located at the eastern side of Jiachuang Road Canada Jiaxing Scientific & Industrial Zone Jiaxing City Zhejiang Province The PRC	RMB49,634,000
<b>Sub-total:</b>		<b><u>RMB49,634,000</u></b>

## Group II — Property interest held for future development by Jiaxing Guowei in the PRC

No.	Property	Capital value in existing state as at 31 May 2009
2.	A parcel of land located at the eastern side of Jiachuang Road Canada Jiaxing Scientific & Industrial Zone Jiaxing City Zhejiang Province The PRC	No commercial value
<b>Sub-total:</b>		<b><u>Nil</u></b>
<b>Grand total:</b>		<b><u>RMB49,634,000</u></b>

## VALUATION CERTIFICATE

## Group I — Property interest held under development by Jiaxing Situ in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2009
1.	A parcel of land and 3 buildings located at the eastern side of Jiachuang Road Canada Jiaxing Science & Industrial Zone Jiaxing City Zhejiang Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 67,941 sq.m. and 3 buildings which are currently under construction thereon.</p> <p>The property is scheduled to be completed by November 2009. Upon completion, the buildings of the property will have a total gross floor area of approximately 23,142 sq.m.</p> <p>The land use rights of the property have been granted for a term expiring on 23 October 2053 for industrial use.</p>	The property is currently under construction.	RMB49,634,000

*Notes:*

1. Pursuant to a State-owned Land Use Rights Transfer Contract, the land use rights of the property with a site area of approximately 67,941 sq.m. were contracted to be granted to Jiaxing Situ for a term expiring on 23 October 2053 for industrial use at a total consideration of RMB9,987,279.
2. Pursuant to a State-owned Land Use Rights Certificate — Jia Xing Guo Yong (2007) Di No. 2241, the land use rights of the property with a site area of approximately 67,941 sq.m. have been granted to Jiaxing Situ for a term expiring on 23 October 2053 for industrial use.
3. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 330401200820022 in favour of Jiaxing Situ, 3 buildings with a total gross floor area of approximately 23,250 sq.m. have been approved for construction.
4. Pursuant to a Construction Work Commencement Permit — No. 330402200804150101 in favour of Jiaxing Situ, permission by the relevant local authority was given to commence the construction of 3 buildings with a total gross floor area of approximately 23,142 sq.m..
5. As advised by Jiaxing Situ, the total construction cost of the property is estimated to be approximately RMB29,844,997, of which approximately RMB14,981,553 had been paid up to the date of valuation.
6. We have been instructed by the client to opine, for reference purpose, on the market value of the property to the exclusion of the buildings, i.e. the land. We are of the opinion that the market value of the property comprising the land only, valued by direct comparison approach and assuming it was on clear-site state, as at the date of valuation is RMB23,711,000.
7. We have been provided with a legal opinion dated 8 July 2009 regarding the property interest by the Company's PRC legal advisers, Zhejiang T&C, which contains, *inter alia*, the following:
  - a. Jiaxing Situ has legally obtained the land use rights, and is legally entitled to occupy, utilize and gain from the land use rights according to the relevant PRC laws and regulations. Additionally, according to relevant laws and regulations of the PRC government, Jiaxing Situ is entitled to transfer, exchange, capitalize or donate the land use rights, on which occasion, the buildings, structures and ancillary facilities erected thereon should be disposed of accordingly;
  - b. The land use rights of the property are not subject to any constraint which may be caused by land use rights sale, pre-sale, mortgage, or third party claims. In addition, the aforesaid land use rights are not involved in any levy, expropriation, or legal dispute; and
  - c. Jiaxing Situ is entitled to commence the construction on the property.

## VALUATION CERTIFICATE

## Group II — Property interest held for future development by Jiaxing Guowei in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 May 2009
2.	A parcel of land located at the eastern side of Jiachuang Road Canada Jiaxing Science & Industrial Zone Jiaxing City Zhejiang Province The PRC	The property comprises a parcel of land with a site area of approximately 63,197 sq.m.  The land use rights of the property have been granted for a term expiring on 23 October 2053 for industrial use.	The property is currently a vacant site.	No commercial value

*Notes:*

1. Pursuant to a State-owned Land Use Rights Transfer Contract, the land use rights of the property with a site area of approximately 63,197 sq.m. were contracted to be granted to Jiaxing Guowei for a term expiring on 23 October 2053 for industrial use at a total consideration of RMB9,289,915.
2. Pursuant to a State-owned Land Use Rights Certificate — Jia Xing Guo Yong (2007) Di No. 2242, the land use rights of the property with a site area of approximately 63,197 sq.m. have been granted to Jiaxing Guowei for a term expiring on 23 October 2053 for industrial use.
3. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 330401200820021 in favour of Jiaxing Guowei, 3 buildings with a total gross floor area of approximately 26,368 sq.m. have been approved for construction.
4. According to the PRC legal opinion received as referred to in note 5 below, Jiaxing Guowei will have the right to transfer the land use rights after actual investment on the development of the land exceeds 25% of the total investment amount pursuant to the relevant PRC laws and regulations. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB22,056,000 assuming the property could be freely transferred.
5. We have been provided with a legal opinion dated 8 July 2009 regarding the property interest by the Company's PRC legal advisers, Zhejiang T&C, which contains, *inter alia*, the following:
  - a. Jiaxing Guowei has legally obtained the land use rights and is legally entitled to occupy, utilize and gain from the land use rights according to relevant PRC laws and regulations;
  - b. According to relevant laws and regulations of the PRC government, Jiaxing Guowei will have the rights to transfer, exchange, capitalize or donate the land use rights, on which occasion, the buildings, structures and ancillary facilities erected thereon should be disposed of accordingly, on condition that the actual investment on the development of the land exceeds 25% of the total investment amount;
  - c. The captioned land use rights are not subject to any constraint which may be caused by land use rights sale, pre-sale, mortgage, or third party claims. In addition, the aforesaid land use rights are not involved in any levy, expropriation, or legal dispute; and
  - d. Jiaxing Guowei has applied to the relevant PRC authority, and the relevant PRC authority has issued an approval to confirm that the deadline for commencement of construction may be extended to 7 September 2009 and that, save for force majeure events or delays caused by governmental departments, completion of construction must take place before 7 September 2010. Therefore, Jiaxing Guowei has obtained the relevant approvals for extension of the deadline for commencement of the construction and the aforesaid land use rights are not to be involved in levying land idling fees or withdrawing the land use rights without consideration.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF DIRECTORS' INTERESTS

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

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

Name of Director	Company/Name of Associated Corporation	Long/Short position	Nature of Interest	Total Number of Shares	Percentage of the Company's Issued Share Capital
Chin Jong Hwa	Company	Long position	Interest of controlled corporation (Note 1)	436,664,000	45.75%
Shi Jian Hui	Company	Long position	Beneficial owner	1,300,000 (Note 2)	0.14%
Mu Wei Zhong	Company	Long position	Beneficial owner	1,100,000 (Note 2)	0.12%
Zhao Feng	Company	Long position	Beneficial owner and interest of spouse (Note 3)	2,050,000 (Note 3)	0.21%

*Note 1:* Linkfair is beneficially interested in 436,664,000 Shares. Linkfair is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 436,664,000 Shares held by Linkfair.

*Note 2:* Upon exercise of the share options under the share option scheme of the Company, Mr. Shi Jian Hui and Mr. Mu Wei Zhong will acquire 1,300,000 Shares and 1,100,000 Shares respectively.

*Note 3:* Upon exercise of the share options under the share option scheme of the Company, Mr. Zhao Feng and his spouse, Ms. Zhu Chun Ya, would acquire 1,100,000 Shares and 950,000 Shares respectively. Since Mr. Zhao Feng is the spouse of Ms. Zhu Chun Ya, he is deemed to be interested in the 950,000 Shares in which Ms. Zhu Chun Ya is interested in.



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

### 3. SUBSTANTIAL SHAREHOLDERS

#### (a) Interests or short positions in the Company

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

Name of Substantial Shareholder	Capacity	Long/Short position	Number of Shares	Percentage of the Company's Issued Share Capital
Wei Ching Lien	Interest of spouse	Long position	436,664,000 (Note 1)	45.75%
Linkfair	Beneficial owner	Long position	436,664,000 (Note 2)	45.75%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	85,950,000 (Note 3)	9.00%
Deutsche Bank Aktiengesellschaft	Beneficial owner, investment manager and person having a security interest in Shares	Long position	76,758,900 (Note 4)	8.04%
	Beneficial owner	Short Position	223,174 (Note 4)	0.02%

*Note 1:* Since Ms. Wei Ching Lien 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:* Linkfair is a company wholly owned by Mr. Chin who is also Linkfair's director.

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

*Note 4:* Deutsche Bank Aktiengesellschaft has security interest in long position of 76,758,900 Shares in accordance with Part XV of the SFO. Of these Shares, Deutsche Investment Management Americas Inc. and Deutsche Asset Management (Asia) Limited have direct interest in 9,268,300 Shares and 14,838,000 Shares respectively. Both of these entities are controlled subsidiaries of Deutsche Bank Aktiengesellschaft. Deutsche Bank Aktiengesellschaft also has security interest in short position of 223,174 Shares in accordance with Part XV of the SFO.

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

<b>Member of the Group</b>	<b>Name of the corporation who directly or indirectly owns 10% or more equity in other members of the Group</b>
Guangzhou Minhui Automobile Parts Co., Ltd.	Sankei Giken Holdings Co., Ltd.
Tianjin Shintai Automobile Parts Co., Ltd.	Aisin Tianjin Body Parts Co., Ltd.
Jiaying Minth Hashimoto Automotive Parts Co., Ltd.	FALTEC Co., Ltd.
Changchun Minth Automotive Parts Co., Ltd.	Changchun Kedi Equipment Technology Co., Ltd.
MINTH AAPICO (Thailand) Co., Limited	APPICO HITECH Public Company Limited

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

**4. SERVICE CONTRACTS**

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

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

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

## 7. CONSENT AND QUALIFICATIONS OF THE EXPERTS

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

Name	Qualifications
Sommerley Limited	a corporation licensed to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the 2008 Acquisition, the terms of the Agreements and the transactions contemplated thereby
Jones Lang LaSalle Sallmanns Limited	an independent professional property valuer
Zhejiang T&C Law Firm	PRC legal adviser

Each of Sommerley, Jones Lang LaSalle Sallmanns and Zhejiang T&C has given and has not withdrawn its written consent to the issue of this circular with the inclusion of Sommerley's letter of advice dated 10 July 2009, Jones Lang LaSalle Sallmanns' valuation report dated 10 July 2009 (with reference to Zhejiang T&C's legal opinion), and the references to their respective names in the form and context in which they are included.

As at the Latest Practicable Date, Sommerley, Jones Lang LaSalle Sallmanns and Zhejiang T&C did not have any shareholding in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, none of Sommerley, Jones Lang LaSalle Sallmanns, Zhejiang T&C or any of the Directors have any direct or indirect interests in any assets which had been since 31 December 2008, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by, or leased to any member of the Group, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group.

## 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreements and the PRC legal opinion of Zhejiang T&C as referred to in the valuation report in Appendix I are available for inspection at the principal place of business in Hong Kong of the Company during normal business hours except Saturday, Sunday and public holidays at 7/F., Allied Kajima Building, 138 Gloucester Road, Hong Kong for a period of 14 days from the date of this circular.

## 9. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

NOTICE OF EXTRAORDINARY GENERAL MEETING

**MINTH**  
**敏實集團**

**MINTH GROUP LIMITED**

**敏實集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 425)

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of Minth Group Limited (“**Company**”) will be held at 9:30 a.m. on 27 July 2009, Monday at 20th Floor, Alexandra House, 16–20 Chater Road, Central, Hong Kong to consider and, if thought fit, passing, with or without modifications, the following resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT** the acquisition (the “**2008 Acquisition**”) by Decade (HK) Limited from Talentlink Development Limited (a company incorporated in the British Virgin Islands) and Mr. Hsu (collectively, the “**Vendors**”) on 29 April 2008 of the entire shareholding interests in Talentlink Development Limited (a company incorporated in Hong Kong) and Magic Figure Investments Limited (a company incorporated in the British Virgin Islands) respectively, the related sale and purchase agreements (the “**Agreements**”) entered into between the Vendors as vendors and Decade (HK) Limited as purchaser and the transactions contemplated thereby be and are hereby approved, confirmed and ratified, and any action taken or implemented by the directors of Minth Group Limited (the “**Company**”) in connection with the 2008 Acquisition prior to the passing of this resolution be and is hereby approved, confirmed and ratified and the directors of the Company be and are hereby authorised to take such steps as they may consider necessary, appropriate, desirable or expedient to implement or give effect to the 2008 Acquisition, the terms of the Agreements or and all transactions contemplated thereby.”

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

Hong Kong, 10 July 2009

*Registered office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Principal place of business  
in Hong Kong:*  
7/F., Allied Kajima Building  
138 Gloucester Road,  
Hong Kong

## NOTICE OF EXTRAORDINARY GENERAL MEETING

*Notes:*

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