Notes to the Financial Statements

For the year ended 31st December, 2005

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

The Company was incorporated under the Company Law of the Cayman Islands on 22nd June, 2005 and registered as an exempted company with limited liability. The shares of the Company have been listed on the Stock Exchange since 1st December, 2005. The Company acts as an investment holding company with its subsidiaries engaged in the design, develop, manufacture, process and sales of exterior automobile body parts and moulds. The principal activities of the Company's subsidiaries are set out in note 32.

In the opinion of the directors, the ultimate holding company is Linkfair Investment Limited, a company incorporated in the British Virgin Islands on 7th January 2005, with limited liability.

Pursuant to a group reorganisation (the "Group Reorganisation") in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 30th June, 2005.

Ningbo Guoya Automotive Co., Ltd. ("Ningbo Guoya"), a PRC enterprise, was wholly owned and operated by the beneficial owner of the Company before the Group Reorganisation. As part of the Group Reorganisation, Ningbo Guoya transferred its design, manufacture, development and sales of exterior automobile body parts business (the "Relevant Business") to Ningbo Guohong Automotive Co., Ltd, a subsidiary of the Company, on 30th June 30, 2005 and Ningbo Guoya has become inactive since then. Further details of the Group Reorganisation are set out in the Appendix VI of the prospectus issued by the Company dated 22nd November, 2005.

The Group comprising the Company and its subsidiaries (the "Group") and the Relevant Business resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group have been prepared on the basis as if the Company has always been the holding company of the Group using the principles of merger accounting in accordance with the Statement of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). On this basis, the results of the Group and the Relevant Business for the years ended 31st December, 2004 and 2005 include results of the Company, its subsidiaries and the Relevant Business with effect from 1st January, 2004 or since their respective date of incorporation or establishment where this is a shorter period.

The financial statements are presented in Renminbi ("RMB"), the currency in which the majority of the Group's transactions are denominated.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention, with the exception of certain financial instruments which are measured at fair value and in accordance Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA. The consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The HKICPA has issued the following standards and interpretations ("INT") that are not yet effective. The directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements of the Group. The Group has considered the following standards and interpretations but does not expect they will have a material effect on how the results of operations and financial position of the Group are prepared and presented.

HKAS 1 (Amendment)	Capital disclosure[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[3]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 and HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market, waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]

[1] Effective for annual periods beginning on or after 1st January, 2007.
[2] Effective for annual periods beginning on or after 1st January, 2006.
[3] Effective for annual periods beginning on or after 1st December, 2005.
[4] Effective for annual periods beginning on or after 1st March, 2006.

The directors anticipate that the adoption of these Standards and Interpretations in the future periods will have no material impact on the financial statements of the Group.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31st December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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

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

Business combinations

The acquisition of subsidiaries, other than under the Group Reorganisation, is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

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

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

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when the investment is classified as held for sale in which case it is accounted for under HKFRS 5 "Non-current assets held for sale and discontinued operations". Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are not recognised.

Where the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the associates.

Interests in jointly controlled entities

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

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

Where the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Revenue recognition

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

Sales of goods are recognised when goods are delivered and title has passed.

Services income is recognised when services are provided.

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

Rental income, including rentals invoiced in advance under operating leases, is recognised on a straight line basis over the period of the respective leases.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less depreciation and any identified impairment loss at the balance sheet date.

Construction in progress is stated at cost which includes all development expenditure and other direct costs attributable to such projects. Construction in progress is not depreciated until completion of construction and the asset is put into use. The cost of completed construction works is transferred to the appropriate category of property, plant and equipment.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

The cost of leasehold improvements is depreciated over the shorter of 5 years or the term of the relevant lease, using the straight line method.

Depreciation is provided to write off the cost of other property, plant and equipment over their estimated useful lives, after taking into account their estimated residual value, using the straight line method. The estimated useful lives of each category of property, plant and equipment are as follows:

Buildings	$15^1/_2$ years to 20 years
Furniture and equipment	5 years to 10 years
Motor vehicles	5 years
Plant and machinery	10 years

Lease premium for land

Leasehold land premiums are up-front payments to acquire long-term leasehold land interests. The premiums are stated at cost and are charged to the income statement over the period of the lease on a straight line basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are recognised in profit or loss in the year when incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Patent and technical know-how

Acquired patent and technical know-how are measured initially at purchase cost and stated at cost less accumulated amortisation and impairment. They are amortised on a straight line basis over their estimated useful lives.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories comprising raw materials, work in progress, finished goods and moulds are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and cost to be incurred in marketing, selling and distribution.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

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

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

Trade receivables/Amounts due from related companies and a director

Trade receivables and amounts due from related companies and a director are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Equity Instruments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables/Amounts due to related companies

Trade payables and amounts due to related companies are initially measured at fair value, and are subsequently measured at amortised cost.

Bank borrowings

Interest-bearing bank loans are initially measured at fair values and are subsequently measured at amortised cost using effective interest method.

Research and development expenditure

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

An internally-generated intangible asset arising from development expenditure is recognised only if all of the following conditions are met:

– an asset is created that can be identified;
– it is probable that the asset created will generate future economic benefits; and
– the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Taxation

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Government grants

Government grants including government subsidies are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in RMB, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating leases

The Group as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

3. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the entity's accounting policies, which are described in Note 2, management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Inventories

Note 2 describes that inventories are stated at the lower of cost and net realisable value. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisation value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

The Group does not have a general policy on inventory based on ageing given the nature of inventories that are not subject to frequent wear and tear and frequent technological changes. However, due to majority of working capital is devoted to inventories, operational procedures have been in place to monitor this risk. Procedurewise, the sales and marketing managers review the inventory ageing listing on a periodical basis to identify aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the consolidated financial statements for any obsolete and slow-moving items. In addition, physical count on all inventories are carried out on a periodical basis in order to determine whether an allowance is needed in respect of any obsolete and defective inventories identified. In this regard, the directors of the Company are satisfied that the risk is minimal and adequate allowance for obsolete and slow-moving inventories has been made in the consolidated financial statements.

Trade receivables

Note 2 describes that trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the receivables are not recoverable.

In making the judgment, management considered detailed procedures have been in place to monitor this risk as a significant proportion of the Group's working capital is devoted to trade receivables. In determining whether allowance for bad and doubtful debts is required, the Group takes into consideration the ageing status and the likelihood of collection. Specific provision is only made for trade receivables that are unlikely to be collected. In this regard, the directors of the Company are satisfied that this risk is minimal and adequate allowance for doubtful debts has been made in the consolidated financial statements in light of the historical records of the Group and the circumstances of the PRC automobile industry as a whole.

3. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated useful life of property, plant and equipment

As at 31st December, 2005, the carrying amount of the Group's property, plant and equipment is RMB459,318,000. The estimated useful life of the assets reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

Estimated useful life of intangible assets

As at 31st December, 2005, the carrying amount of the Group's intangible assets is RMB11,186,000. The estimated useful life of the assets reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's intangible assets.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade receivables, bank balances and cash, trade payables and bank loans. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Several subsidiaries of the Company have foreign currency sales and certain trade receivables of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. In order to mitigate the foreign currency risk, management closely monitors such risks and will consider hedging significant foreign currency exposure should the need arises.

Commodity risk

The Group's exposure to commodity price risk relates primarily to the cost of raw materials, outsourced parts and components for the manufacturing of the goods. The Group has not entered into any contracts to hedge the exposure.

Interest rate risk

The Group's fair value interest rate risk relates to bank balances and fixed-rate borrowings. The Group has not entered into any interest rate hedging contracts or any other derivative financial instrument.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. In the opinion of the Directors, most of the borrowings that mature within one year are able to be renew and the Group expects to have adequate source of funding to finance the Group and manage the liquidity position.

Credit risk

The Group's financial assets are trade and other receivables, amounts due from related companies and bank balances and cash, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Company's financial assets are bank balances, which represent the Company's maximum exposure to credit risk in relation to financial assets.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

In order to minimise the credit risk in relation to trade receivables, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The amounts presented in the balance sheet are net of allowances for doubtful receivables, if any, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

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

The Group has no significant concentration of credit risk for its trade receivables, with exposure spread over a certain number of counterparties and customers which are affiliates of the large multi-national companies with high credit ranking.

5. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold by the Group to outside customers during the year.

Business segments

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

Geographical segments

As over 90% of the consolidated turnover and operating results of the Group for the Relevant Periods is derived in the PRC, an analysis of the consolidated turnover and operating results of the Group by business and geographic location is not presented.

No geographic segments information of the Group's assets and liabilities is shown as the Group's assets and liabilities are substantially located in the PRC.

6. PROFIT BEFORE TAXATION

	2005 RMB'000	2004 RMB'000
Profit before taxation has been arrived at after charging:		
Cost of inventories as expenses	**406,641**	277,640
Directors' remuneration *(note 7)*	**1,552**	187
Other staff's retirement benefits scheme contributions	**2,576**	1,374
Other staff costs	**60,782**	37,007
Total staff costs	**64,910**	38,568
Less: Staff costs included in research and development costs	**(6,137)**	(2,476)
	58,773	36,092
Depreciation of property, plant and equipment	**32,382**	24,383
Less: Depreciation included in research and development costs	**(3,990)**	(2,529)
	28,392	21,854
Amortisation of intangible assets D2 (included in administrative expenses)	**2,195**	3,311
Allowance for bad and doubtful debts	**–**	1,023
Allowance for inventories	**–**	1,960
Loss on disposal of property, plant and equipment	**883**	218
Operating lease rentals of buildings	**1,596**	1,021
Amortisation of prepaid land premium	**1,088**	1,021
Research and development costs	**25,763**	13,855
Profit before taxation has been arrived at after crediting:		
Property rental income	**3,850**	4,036
Less: Outgoings	**(1,206)**	(1,254)
	2,644	2,782
Allowance for bad and doubtful debts written back	**1,282**	–
Allowance for provision for inventories written back *(note 1)*	**612**	–
Discount arising on an acquisition of additional interests in a subsidiary	**328**	–
Gain on disposal of intangible assets	**–**	891
Government subsidies *(note 2)*	**4,894**	3,685
Interest income	**2,473**	479
Net foreign exchange gain	**3,596**	2,630

Note 1: Allowance of provision for inventories has been written back on sale of these inventories.

Note 2: The amount represents the incentive subsidies granted by the PRC local government authorities to the Group for projects involving hi-tech know-how and product development.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the nine (2004: one) directors were as follows:

		Others emoluments		
	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2005				
Executive directors:				
Chin Jong Hwa	–	50	–	50
Chin Jung Huang	–	426	–	426
Liang Tien Tzu	–	452	–	452
Mu Wei Zhong	–	265	4	269
Shi Jian Hui	–	311	5	316
	–	1,504	9	1,513
Non-executive directors:				
Shaw Sun Kan Gordon	–	–	–	–
Independent non-executive directors:				
Heng Kwoo Seng	13	–	–	13
Wang Ching	13	–	–	13
Zhang Liren	13	–	–	13
	39	–	–	39
2004				
Executive directors:				
Chin Jung Huang	–	186	1	187

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

During the year, the five highest paid individuals included one director, (2004: one director) details of whose emoluments are set out above. The emoluments of the remaining four (2004: four) highest paid individuals were as follows:

	Salaries and other benefits RMB'000	Retirements benefits scheme contributions RMB'000	Total RMB'000
2005	1,937	–	1,937
2004	1,522	72	1,594

8. TAXATION

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

Pursuant to the relevant laws and regulations in the PRC, certain Group's PRC subsidiaries and associates are entitled to exemption from PRC income tax for the two years commencing from their first profit making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years ("Tax Holidays").

The charge for the year is reconciled to the profit before taxation as follows:

	2005		2004	
	RMB'000	**%**	RMB'000	%
Profit before taxation	**210,287**		151,009	
Tax at the applicable income tax rate	**(31,543)**	**(15.0)**	(22,651)	(15.0)
Additional tax credit on qualified research and development costs	**4,385**	**2.1**	1,948	1.3
Tax effect of expenses not deductible for tax purposes	**(500)**	**(0.2)**	(525)	(0.3)
Tax effect of tax losses not recognised	**–**	**–**	(489)	(0.3)
Effect of tax holidays	**16,552**	**7.8**	15,503	10.2
Tax effect of different tax rates of subsidiaries	**(185)**	**(0.1)**	153	0.1
Others	**(888)**	**(0.4)**	(190)	(0.1)
Tax charge and effective tax rate for the year	**(12,179)**	**(5.8)**	(6,251)	(4.1)

8. TAXATION *(Continued)*

The applicable income tax rate of 15% is the domestic rate in the respective regions where the operations of the Group is substantially based.

No deferred taxation was provided at 31st December 2005 and 2004 as the amounts involved were not significant.

9. DIVIDENDS/DISTRIBUTION

	2005	2004
	RMB'000	RMB'000
Name of companies		
The Company	**49,988**	–
Chongqing Changtai Automobile Spare Parts Co., Ltd.	**5,406**	3,570
Guangzhou Minhui Automobile Parts Co., Ltd.	**54,377**	6,903
Relevant Business of Ningbo Guoya	**23,097**	30,552
Ningbo Shin Tai Machines Co., Ltd.	**50,510**	72,036
	183,378	113,061
Less: Dividends to minority owners of subsidiaries	**18,475**	3,499
	164,903	109,562

Dividend of the Company were declared prior to the listing, other dividends represented the dividends of the subsidiaries declared for prior years' distributable profit to their owners before the Reorganisation.

Distribution represents a deemed distribution of the retained profits of Ningbo Guoya as at 30th June, 2005 to Mr. Chin during the Group Reorganisation.

10. EARNING FOR SHARE

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

	2005	2004
	RMB'000	RMB'000
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	**195,067**	123,091

	Number of ordinary shares	
	2005	2004
Weighted average number of ordinary shares for the purposes of basic earnings per share	**618,465,753**	600,000,000

10. EARNING FOR SHARE *(Continued)*

For the purpose of basic calculation of basic earnings per share, the weighted average number of 600,000,000 shares in issue was assumed that the Group Reorganisation was taken place on 1st January, 2004.

No diluted earnings per share has been presented for both 2005 and 2004 as there were no dilutive potential ordinary shares in both years.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and equipment RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Plant and machinery RMB'000	Construction in progress RMB'000	Total RMB'000
THE GROUP							
COST							
At 1st January, 2004	111,530	6,864	2,108	6,552	137,058	9,225	273,337
Additions	141	4,439	326	4,373	37,793	67,191	114,263
Disposals	–	(1,510)	–	(428)	(5,188)	–	(7,126)
Transfers	23,707	96	–	–	19,619	(43,422)	–
At 31st December, 2004	135,378	9,889	2,434	10,497	189,282	32,994	380,474
Additions	2,102	5,378	301	2,070	53,923	94,796	158,570
Disposals	–	(514)	(257)	(615)	(4,687)	–	(6,073)
Transfers	38,886	–	–	–	29,518	(68,404)	–
At 31st December, 2005	176,366	14,753	2,478	11,952	268,036	59,386	532,971
DEPRECIATION							
At 1st January, 2004	5,701	2,203	965	1,398	12,885	–	23,152
Provided for the year	5,430	1,300	460	1,335	15,858	–	24,383
Eliminated on disposals	–	(400)	–	(239)	(1,575)	–	(2,214)
At 31st December, 2004	11,131	3,103	1,425	2,494	27,168	–	45,321
Provided for the year	5,773	871	423	1,447	23,868	–	32,382
Eliminated on disposals	–	(223)	(257)	(316)	(3,254)	–	(4,050)
At 31st December, 2005	16,904	3,751	1,591	3,625	47,782	–	73,653
NET BOOK VALUES							
At 31st December, 2005	159,462	11,002	887	8,327	220,254	59,386	459,318
At 31st December, 2004	124,247	6,786	1,009	8,003	162,114	32,994	335,153

The Group's property interests which are situated in the PRC are held under medium-term land use rights.

No interest was capitalised under construction in progress.

12. LEASE PREMIUM FOR LAND

	2005 RMB'000	2004 RMB'000
THE GROUP		
CARRYING VALUE		
At 1st January	**45,706**	46,727
Additions during the year	**3,843**	–
Charged to income statement during the year	**(1,088)**	(1,021)
At 31st December	**48,461**	45,706
Including:		
Current portion	**1,096**	1,088
Non-current portion	**47,365**	44,618
At 31st December	**48,461**	45,706

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

13. INTANGIBLE ASSETS

	Patent RMB'000	Technical know-how RMB'000	Total RMB'000
THE GROUP			
COST			
At 1st January, 2004	12,250	3,400	15,650
Additions	1,621	4,029	5,650
Disposals	(12,250)	–	(12,250)
At 31st December, 2004	1,621	7,429	9,050
Additions	–	5,810	5,810
At 31st December, 2005	1,621	13,239	14,860
AMORTISATION			
At 1st January, 2004	4,594	82	4,676
Amortised for the year	1,914	1,397	3,311
Eliminated on disposals	(6,508)	–	(6,508)
At 31st December, 2004	–	1,479	1,479
Amortised for the year	326	1,869	2,195
At 31st December, 2005	326	3,348	3,674
CARRYING VALUES			
At 31st December, 2005	1,295	9,891	11,186
At 31st December, 2004	1,621	5,950	7,571

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

14. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

Name of subsidiary	Country of incorporation/ establishment	Attributable equity interest of the Group	Principal activities
Constant Gain International Limited	British Virgin Islands	50%	Investment holding

	2005 RMB'000	2004 RMB'000
Investment in a jointly controlled entity	**8,071**	–

14. INVESTMENT IN A JOINTLY CONTROLLED ENTITY *(Continued)*

The Company hold 50% of a jointly controlled entity named Constant Gain International Limited established in British Virgin Islands, which have 100% entity interest in Jiaxing Kittel-Minth Automative Parts Company Limited, a company established in the PRC and engaged in the manufacture and sales of exterior automobile body parts.

The jointly controlled entity and its subsidiaries have not yet started their operations as at 31st December, 2005.

15. INTEREST IN AN ASSOCIATE

	2005	2004
	RMB'000	RMB'000
Cost of unlisted investment in an associate	**19,511**	–
Share of post-acquisition profit	**11,722**	–
Share of net assets	**31,233**	–

The investment in an associate at 31st December, 2005 represents the Group's 48% equity interest in Ningbo Tokai Minth Automotive Parts Co., Ltd., a company established in the PRC and engaged in the manufacture and sales of exterior automobile body parts.

Summarised financial information in respect of the Group's associate is set out below:

	2005	2004
	RMB'000	RMB'000
Total assets	**105,813**	–
Total liabilities	**40,745**	–
Net assets	**65,068**	–
Group's share of the associate's net assets	**31,233**	–

	2005	2004
	RMB'000	RMB'000
Revenue	**119,200**	–
Profit for the year	**24,421**	–
Group's share of the associate's profit for the year	**11,722**	–

16. INVENTORIES

	2005 RMB'000	2004 RMB'000
Raw materials	**49,306**	31,165
Work in progress	**48,826**	19,330
Finished goods	**23,233**	31,602
Moulds	**54,575**	29,537
	175,940	111,634

17. TRADE AND OTHER RECEIVABLES

	2005 RMB'000	2004 RMB'000
Trade receivables		
– related companies	**–**	36,140
– associate	**10,637**	–
– third parties	**139,669**	96,326
	150,306	132,466
Bills receivables	**22,468**	42,100
	172,774	174,566
Prepayment for purchase of raw materials	**19,499**	18,256
Advances to suppliers	**–**	230
Other receivables	**7,258**	21,471
	199,531	214,523

17. TRADE AND OTHER RECEIVABLES *(Continued)*

Payment terms with customers are mainly on credit. Invoices are normally payable from 60 days to 90 days from the time when the goods are verified and accepted by customers. The following is an aged analysis of trade receivables and bills receivables at the balance sheet date:

	2005	2004
	RMB'000	RMB'000
Age		
0 – 90 days	**167,228**	137,550
91 – 180 days	**2,138**	27,410
181 – 365 days	**3,347**	6,261
1 – 2 years	**489**	4,993
Over 2 years	**7,125**	7,866
	180,327	184,080
Allowance for bad and doubtful debts	**(7,553)**	(9,514)
	172,774	174,566

The Group's trade receivables which are not denominated in the functional currencies of the respective entities are as follows D3:

Original currency	**USD**	**JPY**	**AUS**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
At 31st December, 2005	17,537	1,258	426	19,221
At 31st December, 2004	3,724	–	–	3,724

The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

18. AMOUNTS DUE FROM RELATED COMPANIES

The amounts as at 31st December, 2004 were unsecured, payable on demand and interest-free except for an amount due from a related company amounting to RMB6,000,000 carried interest at 6% per annum. A director of the Companies, Mr. Chin, has interests in these related companies. The directors consider that the carrying amount of amounts due from related companies as at 31st December, 2004 approximated their fair values. The amounts were fully settled in September, 2005.

The maximum amounts outstanding from related parties during the year were RMB18,742,000 (2004: RMB29,530,000).

19. AMOUNT DUE FROM A DIRECTOR

The amount represented an amount due from Mr. Chin which was unsecured, interest-free and was fully settled in June 2005. The directors consider that the carrying amount of amount due from a director as at 31st December, 2004 approximated its fair value.

The maximum amounts outstanding from Mr. Chin during the year were as follows:

	2005 **RMB'000**	2004 RMB'000
Name of director		
Mr. Chin	**21,256**	100,125

20. OTHER FINANCIAL ASSETS

Pledged bank deposits and bank balances and cash

The pledged bank deposits and certain bank balances and cash of totally RMB82,988,000 and RMB85,817,000 at 31st December, 2004 and 31st December, 2005, respectively were denominated in RMB which is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the Government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC.

The pledged deposits are secured for banking facilities from the banks in respect of purchases of materials, which have effective interest rate of 1.98% and the average maturity period is within 3 months.

The directors consider that the carrying amounts of pledged bank deposits and bank balances and cash approximate their fair values.

21. TRADE AND OTHER PAYABLES

	2005 **RMB'000**	2004 RMB'000
Trade payables		
– associate	**1,244**	8,070
– third parties	**80,398**	65,883
	81,642	73,953
Bills payables	**31,147**	14,250
	112,789	88,203
Payroll and welfare payables	**14,569**	9,870
Advance payment from customers	**10,639**	2,968
Consideration payable of acquisition of property, plant and equipment	**40,390**	30,195
Dividend payable to minority owners of subsidiaries	**2,390**	2,299
Other payables	**22,357**	8,294
	203,134	141,829

21. TRADE AND OTHER PAYABLES *(Continued)*

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

	2005 RMB'000	2004 RMB'000
Age		
0 to 90 days	**110,427**	78,310
91 to 180 days	**1,692**	4,340
181 to 365 days	**153**	254
1 – 2 years	**497**	3,099
Over 2 years	**20**	2,200
	112,789	88,203

The Group's trade payables which are not denominated in the functional currencies of the respective entities are as follows D4:

Original currency	USD RMB'000	JPY RMB'000	Total RMB'000
At 31st December, 2005	4,687	1,905	6,592
At 31st December, 2004	–	2,303	2,303

The directors consider that the carrying amounts of trade and other payables approximate their fair values.

22. AMOUNTS DUE TO RELATED COMPANIES

The amounts were unsecured, interest-free and fully repaid in August, 2005. A director of the Company, Mr. Chin, has interests in these related companies. The directors consider that the carrying amounts of amounts due to related companies approximate their fair values.

23. SHORT-TERM BANK LOANS

The carrying amounts of the Group's short-term bank loans are denominated in the following currencies which exposed the Group to currency risk:

Original currency	RMB RMB'000	USD RMB'000	JPY RMB'000	Total RMB'000
At 31st December, 2005	80,800	33,895	–	114,695
At 31st December, 2004	–	33,106	113,249	146,355

23. SHORT-TERM BANK LOANS *(Continued)*

The short-term bank loans as at 31st December, 2004 and 31st December, 2005 are secured by bank deposits and carry interest at rates ranging from 1.0% to 6.6% and 4.5% to 5.2% respectively.

The short-term bank loans at 31st December, 2004 and 31st December, 2005 of RMB96,726,000 and RMB80,800,396 respectively are arranged at fixed interest rates which exposed the Group to fair value interest rate risk. Other short-term bank loans are arranged at floating rates, these rates exposed the Group to cash flow interest rate risk.

At 31st December, 2004, short-term bank loans of RMB96,726,000 were guaranteed by certain related companies in which a director of the Company, Mr. Chin, has interests. The guarantee has been released in 2005.

The directors consider that the carrying amounts of short-term bank loans approximate their fair values.

24. OTHER LOAN

Other loan, which was advanced from The Committee of Jiaxing Asia Pacific Technology and Industrial Zone (嘉興亞太科技工業園區委員會), an organisation under Jiaxing government, for encouraging investment in Jiaxing, was interest-free. The loan has been fully repaid in January 2005.

25. LONG-TERM BANK LOANS

The carrying amounts of the Group's long-term bank loans are denominated in United States Dollars and are arranged at floating rates, these exposing the Group to currency and cash flow interest rate risk.

The long-term bank loans at 31st December, 2005 are unsecured and carry interest at rates ranging from 4.900% to 5.854%. All the long-term loans are repayable in year 2007.

The directors consider that the carrying amounts of the long-term bank loans approximate their fair values.

26. SHARE CAPITAL

	2005	
	Number of shares	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
– On the date of incorporation *(note a)*	3,800,000	380
– Increase during the year *(note b)*	4,996,200,000	499,620
	5,000,000,000	500,000

26. SHARE CAPITAL *(Continued)*

	Number of shares	Amount RMB'000
Issued and fully paid:		
– Allotted and issued on the date of incorporation *(note a)*	1	–
– Issue of shares pursuant to the Group Reorganisation *(note a)*	99,999	11
– Issue and allot of shares *(note b)*	599,900,000	62,407
Subtotal after the Group Reorganisation	600,000,000	62,418
– Issue of shares by placing, public offering and exercise of over-allotment option (note c)	230,000,000	23,927
	830,000,000	86,345

Notes:

(a) The Company was incorporated on 22nd June, 2005 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each. On 29th June, 2005, one share was allotted and issued. On 30th June, 2005, the Company issued 99,999 shares pursuant to Group Reorganisation.

(b) As part of the Group Reorganisation, pursuant to a written resolution of all the shareholders passed on 13th November, 2005:

i. the authorised share capital of the Company was increased from HK$380,000 to HK$500,000,000 by the creation of an additional 4,996,200,000 shares, with such new shares ranking pari passu in all respects with the existing shares; and

ii. 599,900,000 shares for allotment and issue to the holders of shares whose name appear on the register of members of the Company at close of business on 13th November, 2005 (or as they may direct), pro-rata to its/their then existing shareholdings (or as nearly as possible without involving fractions) in the Company.

(c) On 1st December 2005 and 12th December, 2005, the Company allotted and issued 200,000,000 shares of HK$0.10 each upon listing of the shares on the Main Board of the Stock Exchange and 30,000,000 shares of HK$0.10 each upon the exercise of the over-allotment options, both at a price of HK$2.25 per share, respectively. These shares rank pari passu with the then existing shares.

The share capital of the Group as at 31st December, 2004 represented the aggregate paid-in capital of the PRC subsidiaries of the Company.

27. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	2005 RMB'000	2004 RMB'000
Within one year	**728**	990
In the second to fifth year inclusive	**453**	290
After five years	**816**	864
	1,997	2,144

Operating lease payments represent rentals payable by the Group for certain of its properties. The leases terms are negotiated from 1 to 18 years and rentals are fixed for the terms.

The Group as lessor

The Group rents out a part of its buildings under operating lease. Property rental income earned during the year was RMB3,850,000 (2004: RMB4,036,000).

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

	2005 RMB'000	2004 RMB'000
Within one year	**680**	572
In the second to fifth year inclusive	**54**	572
	734	1,144

28. CAPITAL COMMITMENTS

	2005 RMB'000	2004 RMB'000
Capital expenditure contracted for but not provided in the financial statements in respect of:		
Acquisition of property, plant and equipment	**46,285**	25,369
Investment in a jointly controlled entity	**4,035**	–

29. OTHER COMMITMENTS

Pursuant to an agreement dated 20th June, 2005 and two supplemental agreements dated 31st July, 2005 and 10th November, 2005 entered into between the Group and Sankei Giken Holding Co., Ltd. ("Sankei"), the minority owner of a subsidiary, the Group is committed to pay a fixed contracted annual payment of US$393,385 to Sankei for each of the four years ending 31st December, 2008 from the year of 2005. The fixed contracted annual payment for the year ending 31st December, 2005 has been paid and recorded as an expense incurred during the year.

30. RETIREMENT BENEFITS SCHEME

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

31. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Saved as disclosed in note 23 and 29, the Group has the following significant transactions with related/connected parties during the year:

Relationship with related/connected party	Nature of transactions	2005 RMB'000	2004 RMB'000
Director of the Company Mr. Chin*	Acquisition of an associate	**19,511**	–
Companies in which Mr. Chin, has interests*	Sales of goods	**17,700**	57,437
	Purchase of raw materials	**13,959**	20,827
	Purchase of property, plant and equipment	**2,484**	959
	Proceeds from disposal of property, plant and equipment received	**149**	1,037
	Property rentals received	**914**	1,019
	Testing service income	**13**	224
	Interest income	**204**	–
Company in which Ms. Chen Qiu Ling, the spouse of Dr. Chin Jung Huang, the director of the Company, has interest *	Sales of goods	**–**	12,634
	Purchase of raw materials	**–**	1,077
	Proceeds from disposal of intangible assets received	**–**	6,633
	Property rentals received	**–**	1,733
	Testing services income	**–**	229
Associate, in which the Company has 48% equity interest	Sales of goods	**47,315**	–
	Purchase of raw materials	**4,237**	–
	Proceeds from disposal of property, plant and equipment received	**427**	–
	Property rentals received	**1,859**	–
	Testing services income received	**100**	–
Minority owner of a subsidiary	Technology support services fees paid	**3,395**	1,539
	Purchase of raw material	**225**	–
Companies in which a minority owner of a subsidiary has interests	Sales of goods	**64,704**	63,807

31. RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS *(Continued)*

The directors represented that they consider the above transactions were carried out in the Group's ordinary and usual course of business and in accordance with the term of agreements governing these transactions. The transactions with these companies marked with an asterisk "*" have been terminated from 30th June 2005.

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

	2005 RMB'000	2004 RMB'000
Short-terms benefits	**3,721**	745
Other long-term benefits	**25**	2
	3,746	747

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

32. SUBSIDIARIES

Details of the Company's subsidiaries at 31st December, 2005 are as follows:

Name of subsidiary	Country of incorporation/ and operation and kind of legal entity	Attributable equity interest of the Group	Registered Capital	Principal activities
Decade Industries Limited	British Virgin Islands	100%	USD 1	Investment holding
Forecast Industries Limited	British Virgin Islands	100%	USD 1	Investment holding
Mindway Holdings Limited	British Virgin Islands	100%	USD 1	Investment holding
Sinoone Holdings Limited	British Virgin Islands	100%	USD 1	Investment holding
Wealthfield Holdings Limited *	British Virgin Islands	100%	USD 1	Investment holding
重慶長泰汽車零部件有限公司 Chongqing Changtai Automobile Spart Parts Co., Ltd. ("Chongqing Changtai")	PRC for a term of 20 years as a sino foreign equity joint venture	80%	USD4,200,000	Manufacture and sales of exterior automobile body parts
福州信泰汽車零部件有限公司 (Fuzhou Shintai Automotive Parts Co., Ltd.) ("Fuzhou Shintai")	PRC for a term of 50 years as a wholly-owned foreign investment enterprise ("WOFE")	100%	USD1,050,000	Manufacture, process and sales of exterior automobile body parts

32. SUBSIDIARIES *(Continued)*

Name of subsidiary	Country of incorporation/ and operation and kind of legal entity	Attributable equity interest of the Group	Registered Capital	Principal activities
廣州敏惠汽車零部件有限公司 Guangzhou Minhui Automobile Parts Co., Ltd. ("Guangzhou Minhui")	PRC for a term of 20 years as a sino foreign equity joint venture	70% *(Note 29)*	USD5,350,000	Manufacture, process and sales of exterior automobile body parts
海南精瑞汽車零部件有限公司 (Hainan Jingrui Automotive Co., Ltd.) ("Hainan Jingrui")	PRC for a term of 10 years as a WOFE	100%	USD1,000,000	Manufacture and sales of exterior automobile body parts
嘉興敏惠汽車零部件有限公司 (Jiaxing Minhui Automotive Co., Ltd.) Parts ("Jiaxing Minhui")	PRC for a term of 20 years as a WOFE	100%	USD12,000,000	Manufacture and sales of exterior automobile body parts
寧波國鴻汽車零部件有限公司 (Ningbo Guohong Automotive Co., Ltd.) ("Ningbo Guohong")	PRC for a term of 50 years as a WOFE	100%	USD4,800,000	Design, manufacture, develop and sales of exterior automobile body parts
寧波信泰機械有限公司 Ningbo Shin Tai Machines Co., Ltd. ("Ningbo Shin Tai")	PRC for a term of 20 years as a WOFE	100%	USD 12,000,000	Design, manufacture, develop and sales of exterior automobile body parts
天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.) ("Tianjin Shintai")	PRC for a term of 20 years as a WOFE	100%	USD 2,500,000	Manufacture and sales of exterior automobile body parts
廣州敏瑞汽車零部件有限公司 (Guangzhou Minrui Automobile Parts Co., Ltd.) ("Guangzhou Minrui")	PRC for a term of 50 years as a WOFE	100%	USD 5,000,000	Manufacture and sales of exterior automobile body parts
武漢敏惠汽車零部件有限公司 (Wuhan Minhui Automobile Parts Co., Ltd.) ("Wuhan Minhui")	PRC for a term of 20 years as a WOFE	100%	USD 3,000,000	Manufacture and sales of exterior automobile body parts

* Directly held by the Company.

33. EVENTS AFTER THE BALANCE SHEET DATE

On March 28, the directors pass a recommendation of payment of a final dividend of HK$0.033 per share to the shareholders on the register of members on 28 April, 2006, amounting to HK$27,390,000.