

## Chairman's Statement

On behalf of the board of directors (the "Board"), I am pleased to announce to all our shareholders ("Shareholders") that Minth Group Limited (hereafter referred to as the Company, and with its subsidiaries collectively referred to as "Group") again achieved excellent results in this second year after the listing ("Listing") of shares ("Shares") on the main board of the Stock Exchange of Hong Kong Limited ("Stock Exchange") on 1 December, 2005 and that we have fundamentally completed the network in the domestic market and progressively set up the network in the overseas markets. I would attribute this year's success to: great efforts of the senior executives and all the staff and support and trust given by the Shareholders and business partners.

During the year 2006, the Company, based on its market value and negotiability, was announced as one of the constituents of Hang Seng Composite Index series and Hang Seng Freefloat Composite Index series.

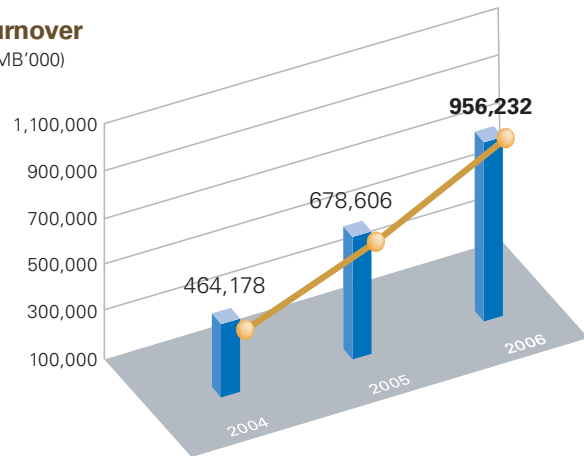
### FINANCIAL PERFORMANCE

The Company continued to grow rapidly in 2006: turnover amounted to RMB956,232,000, representing a growth of 40.9% from RMB678,606,000 in 2005.

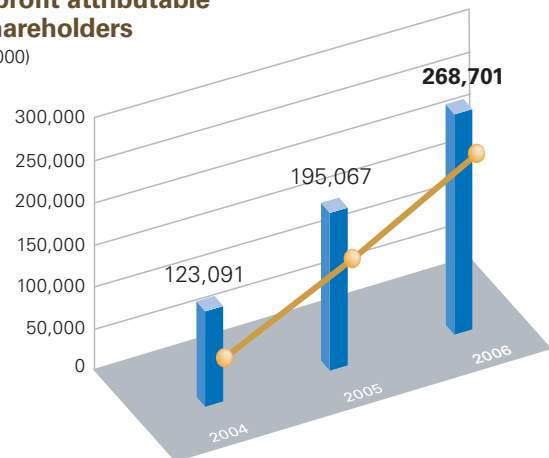
Gross profit also increased by 38.4% from RMB271,965,000 in 2005 to RMB376,397,000 in 2006. Profit margin decreased slightly at 39.4%.

Net profit attributable to the Shareholders amounted to RMB268,701,000, representing a growth of 37.7% from RMB195,067,000 in 2005.

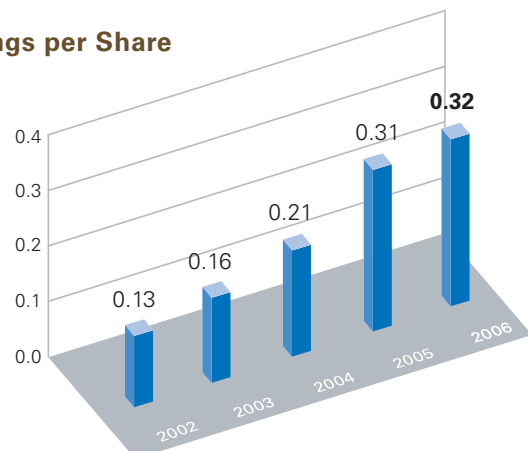
**Turnover**  
(RMB'000)



**Net profit attributable to shareholders**  
(RMB'000)



**Earnings per Share**  
(RMB)



## REVIEW ON OPERATIONS

### Earnings exceeded expectations

During the year under review, the Group benefited from the rapid growth of the Chinese auto industry in 2006 after the recovery of the market in 2005. Meanwhile, the Group has obtained an outstanding performance in growth which was ahead of the market as a whole by virtue of the strengthening and enhancement of the comprehensive competitiveness in the Group's three core product categories, i.e. trims, decorative parts and body structural parts and the deepening of strategic network building. The Group achieved an increase of 37.7% in net profit attributable to shareholders when compared to 2005, which exceeded the previous operation prospects set forth by the management and the profit forecast of the Group.

### Fundamental completion of the network in the domestic market

During the year under review, the Group expanded investment in areas such as Jiaxing in China, considering the client relationship, location, consolidated investment costs and business pattern. The Group acquired the control of six subsidiaries which are to be engaged in key business such as the manufacture of core products, the design and manufacture of moulds, and extended business involving passenger car minor change design and accessory design by new set-ups and/or mergers and acquisitions, all by using internal resources.

During the year 2006, the Group further secured new tier 1 supplier licenses from the leading passenger car manufacturers in the PRC including Nanjing Ford, Guangzhou Toyota, FAW-Volkswagen, Chery Automobile, DPCA, and Beijing Hyundai, and so far has successfully leveraged on the development of structure of the PRC passenger car market, making itself tier 1 supplier for all the passenger car manufacturers within the PRC market. These achievements also demonstrated the Group's comprehensive capabilities in R&D, manufacturing and services in fulfilling the numerous and demanding requirements of diversified automakers including Japanese, European, American, South Korean, and Chinese automakers.

### Progressive set-up of the network in the overseas markets

The Group, with the establishment of offices in Tokyo, Japan and Detroit, USA, will leverage on the opportunities of concurrent design assignments brought by US clients in building up a concurrent design team. At the same time, by leveraging on the overseas mergers and investment opportunities in overseas businesses, the Group will invest more resources in managing the cooperation between overseas business divisions with other relevant divisions within the Group.

I believe such network as fundamentally completed and progressively established in both domestic and overseas market will affect positively the Group's business and is expected to attribute to the financial performance of the Group in the coming years.

## Chairman's Statement<sup>■</sup>

### **Enhancement in consolidated capability of R&D**

For the financial year ended 31 December, 2006, the Group continued to put great efforts in enhancing the comprehensive R&D capabilities with the major objectives of professionalizing the technique and expanding the production in plastic injection mould, stamping dies and surface treatment; in terms of products, the Group put more emphasis on improving the concurrent design capability in decorative parts and body structural parts as well as building up of relevant design teams. In addition, the Group's R&D was extended to interrelated business such as minor change design and accessory design.

The Group believes that R&D capability contributed first and foremost to the Group's perpetual developments. It will also constitute the core competitiveness of the Group in sustaining leadership in future.

### **Open communication channels with investors**

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

### **FUTURE PROSPECT**

The PRC passenger car market grew rapidly in 2006, with an increase of 32.76% in production and 30.02% in sales respectively over last year. The market is expected to maintain the favorable development in the years to come by virtue of China's macro economic growth, encouraging industrial policies, and the increase of massive consumption.

The Group will continue to implement its client selection, research and development, centralized procurement, interactive approach with its suppliers, and stringent production management and system standards to further strengthen its comprehensive competitiveness and consolidate its leading position in the market, bending itself to the target of being an all-around exterior auto-parts supplier who is able to provide various clients worldwide with design, manufacture and after-sales services.

In the years to come, the Group will, based on the market and targeted clients' direction and for the best interests of all the shareholders of the Company, seek appropriate M&A opportunities in both domestic and overseas market to strengthen the Group's competitiveness.

### **ACKNOWLEDGMENT**

On behalf of the Board and the management team, I would like to thank all our managers and staff for their diligent services. We also want to thank all the shareholders who have extended to us their trust and support. We believe that with the cooperation and support of all, we will create and deliver greater value for our investors in the future.

### **CHIN JONG HWA**

*Chairman*

14th April 2007