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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)

CONTINUING CONNECTED TRANSACTIONS

Financial Adviser



匯金（資本）有限公司

Vision Finance (Capital) Limited

Sinoone, an indirect wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement on 10 May 2006 with Aisin Tianjin, an existing supplier and customer of the Group and not a Connected Person prior to the Disposal taking effect. The Disposal does not constitute a connected transaction or a notifiable transaction to which the provisions of the Listing Rules apply.

Upon the Disposal taking effect on 1 June 2006, Aisin Tianjin became a Connected Person of the Company by virtue of it being a substantial shareholder of Tianjin Shintai, an indirect subsidiary of the Company, and any transactions between members of the Group and Aisin Tianjin therefore constitute connected transactions under the Listing Rules and will be subject to applicable reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 19 July 2006, Tianjin Shintai entered into the Sale and Purchase Agreement with Aisin Tianjin pursuant to which Tianjin Shintai and/or its affiliates agreed to purchase semi-finished automobile materials from, and sell finished automobile parts, to Aisin Tianjin and/or its affiliates. The sale and purchase transactions contemplated under the Sale and Purchase Agreement are continuing connected transactions under Rule 14A.35 of the Listing Rules.

Since no Shareholder is required to abstain from voting at the general meeting for the approval of the Continuing Connected Transactions contemplated under the Sale and Purchase Agreement, and the Company has obtained a written approval from Linkfair, the controlling shareholder of the Company holding 51.33% interest in the Company as at the date of this announcement, having the right to attend and vote at the Company's general meeting to approve the Continuing Connected Transactions, the Company has applied to the Stock Exchange for acceptance of such written approval in lieu of holding a general meeting pursuant to Rule 14A.43 of the Listing Rules.

A circular containing, among others, details of the Sale and Purchase Agreement and the Continuing Connected Transactions contemplated thereunder, the letter of advice from an independent financial adviser to both the independent board committee of the Board and the independent Shareholders and the recommendation of the independent board committee of the Board to the independent Shareholders will be dispatched to the Shareholders as soon as practicable and in compliance with the Listing Rules.

BACKGROUND

Sinoone, an indirect wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement on 10 May 2006 to dispose of a 20% interest in Tianjin Shintai to Aisin Tianjin at a consideration of US\$500,000 (equivalent to approximately HK\$3.89 million). The consideration was arrived at after arm's length negotiations between Sinoone and Aisin Tianjin with reference to the paid-up registered capital of Tianjin Shintai. Tianjin Shintai, an indirect subsidiary of the Company, was established in the PRC on 21 March 2003 with a registered capital of US\$2,500,000. Tianjin Shintai is principally engaged in research and development, manufacture and sale of automobile body parts. The Company understands that Aisin Tianjin is a Sino-foreign equity joint venture company established in the PRC on 28 May 2001 and is principally engaged in the manufacture and sale of automobile body parts. Aisin Tianjin was not a Connected Person before the Disposal taking effect and has been one of the Group's suppliers and customers for about one year. The Disposal does not constitute a connected transaction or a notifiable transaction to which the provisions of the Listing Rules apply.

The Group is principally engaged in the design, manufacture and sale of body structural parts, decorative parts and trim for passenger cars. It has been one of the Company's long term strategies to establish and strengthen the strategic relationship and seek new partnership opportunities with key industry players in China as well as the international market with a view to widening its customer base, enhancing its technological advancement and/or leveraging on the partners' business network for growth.

CONNECTED PERSON/CONTINUING CONNECTED TRANSACTIONS

Upon the Disposal taking effect on 1 June 2006, Aisin Tianjin became a substantial shareholder of Tianjin Shintai, an 80%-owned subsidiary of the Company, and is therefore a Connected Person of the Company under the Listing Rules. As a result, any transaction between members of the Group and Aisin Tianjin or its associates will constitute a connected transaction under Chapter 14A of the Listing Rules.

Since 2005, Aisin Tianjin has been supplying semi-finished automobile materials to Tianjin Shintai for finishing, and Tianjin Shintai has been in turn selling finished automobile parts to Aisin Tianjin for use in the manufacturing process for branded cars carried by Toyota. Currently, Tianjin Shintai supplies two major types of finished automobile parts to Aisin Tianjin, namely, trim and decorative parts.

Since Tianjin Shintai's commencement of production in August 2005, the Group's aggregate purchases amount of semi-finished automobile materials from, and the aggregate sales amount of finished automobile parts to, Aisin Tianjin based on its management accounts, for the five months ended 31 December 2005 and the five months ended 31 May 2006 are as follows:

	For the five months ended 31 December 2005 (RMB million)	For the five months ended 31 May 2006 (RMB million)
Purchases of semi-finished automobile materials	3.9	4.9
Total purchases of the Group during the respective periods	135.7	161.2
<i>Approximate percentage to total purchases of the Group</i>	<i>2.9%</i>	<i>3.0%</i>
Sales of finished automobile parts	5.6	7.0
Total sales of the Group during the respective periods	308.9	350.1
<i>Approximate percentage to total sales of the Group</i>	<i>1.8%</i>	<i>2.0%</i>

The Directors have confirmed that since the Disposal taking effect on 1 June 2006 and up to the date of this announcement, each of the aggregate sales amount and the aggregate purchases amount falls within the de minimis threshold under Rule 14A.33 of the Listing Rules.

The Directors expect that such sales and purchases transactions will continue after the Disposal. As such, Tianjin Shintai has entered into the Sale and Purchase Agreement with Aisin Tianjin and the sale and purchase transactions contemplated thereunder will be Continuing Connected Transactions under the Listing Rules. The principal terms of the Sale and Purchase Agreement are summarised as follows:

- Date : 19 July 2006
- Parties : (i) Tianjin Shintai
(ii) Aisin Tianjin
- Principal terms : 1. *Purchase of semi-finished automobile materials from Aisin Tianjin and/or its affiliates*
Tianjin Shintai and/or its affiliates agreed to purchase, and Aisin Tianjin and/or its affiliates agreed to supply, semi-finished automobile materials for finishing by the Group. Aisin Tianjin undertook that it would, and would procure its affiliates to, supply semi-finished automobile materials to Tianjin Shintai and/or its affiliates, on terms no less favourable than those if they would have otherwise sold to independent third parties.

2. *Sale of finished automobile parts to Aisin Tianjin and/or its affiliates*
Tianjin Shintai and/or its affiliates agreed to sell, and Aisin Tianjin and/or its affiliates agreed to purchase, finished automobile parts. Aisin Tianjin undertook that it would, and would procure its affiliates to, purchase finished automobile parts from Tianjin Shintai and/or its affiliates, on terms no less favourable than those if they would have otherwise purchased from independent third parties.
3. *Term*
The Sale and Purchase Agreement is for a term from the date that the requisite approval of the Shareholders has been obtained to 31 December 2008 and may be terminated by either party by giving three months' notice and shall be renewable at the option of the Company for a term of three years by giving three months' notice prior the expiry of the term. The Company shall re-comply with Chapter 14A of the Listing Rules, including the disclosure and independent Shareholders' approval requirements (if applicable) prior to the Company's exercise of the option to renew the agreement for a term of three years after the expiry of the term.
4. *Pricing terms*
The price for the semi-finished automobile materials supplied by Aisin Tianjin to Tianjin Shintai under the Sale and Purchase Agreement shall be negotiated by the parties on arm's length basis by reference to market conditions at the prevailing time and if there is no market price for a particular material, an agreed price consisting of the cost incurred in supplying the material plus a reasonable profit acceptable to both parties.
The price for the finished products supplied by Tianjin Shintai to Aisin Tianjin under the Sale and Purchase Agreement shall be negotiated by the parties on an arm's length basis by reference to market conditions at the prevailing time and if there is no market price for a particular product, an agreed price consisting of the cost incurred in supplying the product plus a reasonable profit acceptable to both parties.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

In line with the Group's strategy to continue to identify clients with growth potentials to form strategic co-operation, the Directors are of the view that the Disposal and the entering into of the Sale and Purchase Agreement will strengthen the Group's strategic relationship with Aisin Tianjin. As the Company understands that the controlling shareholder of Aisin Tianjin is an affiliate of Toyota and in anticipation of the introduction of new car models by Toyota in the PRC automobile market, the Directors believe that such strategic alliance with Aisin Tianjin will enable the Group to increase its supply of finished automobile parts to Aisin Tianjin in the future.

PROPOSED CAPS

The Directors expect that for the seven months ending 31 December 2006 and the two years ending 31 December 2008, the aggregate amount of purchases by Tianjin Shintai and/or its affiliates and the aggregate amount of sales to Aisin Tianjin and/or its affiliates will not exceed the following respective amounts:

	For the seven months ending 31 December 2006 <i>(RMB million)</i>	For the year ending 31 December 2007 <i>(RMB million)</i>	2008 <i>(RMB million)</i>
Purchases of semi-finished automobile materials	13	29	25
Sales of finished automobile parts	19	110	158

In arriving at the above estimates of the proposed caps for the purchase of semi-finished automobile materials by Tianjin Shintai and/or its affiliates from Aisin Tianjin and/or its affiliates, the Directors have taken into account the historical purchase record and future purchase demand. The Directors estimate that purchase of semi-finished automobile materials from Aisin Tianjin and/or its affiliates will increase by approximately 62% in 2007 as compared to 2006 (on a full year basis). However, the Directors estimate that such purchase will decrease by approximately 14% in 2008 as compared to 2007 as the Group aims to manufacture certain semi-finished automobile materials in house.

In arriving at the above estimates of the proposed caps for the sale of finished automobile parts by Tianjin Shintai and/or its affiliates to Aisin Tianjin and/or its affiliates, the Directors have taken into account the historical sale record and Aisin Tianjin's future demand for the Group's finished automobile parts which is expected to increase significantly after Aisin Tianjin became a shareholder of Tianjin Shintai. The Directors estimate that sale of finished automobile parts to Aisin Tianjin and/or its affiliates will increase by approximately 323% in 2007 as compared to 2006 (on a full year basis) which is due to continuous increase in demand from Aisin Tianjin and/or its affiliates for the Group's trim and decorative parts coupled with expected new orders to be placed by Aisin Tianjin and/or its affiliates for body structural parts. Furthermore, in anticipation of the introduction of new car models by Toyota in the PRC automobile market which is expected to drive Aisin Tianjin's increasing demand for the Group's finished automobile parts, the Directors estimate that sale to Aisin Tianjin and/or its affiliates will further increase by approximately 44% in 2008 as compared to 2007.

The Directors have confirmed that the terms of the Sale and Purchase Agreement have been determined on an arm's length basis and the Continuing Connected Transactions contemplated thereunder will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms. The Directors are of the view that the Continuing Connected Transactions are fair and reasonable and in the interests of the Shareholders as a whole. In view of the analysis stated above, the Directors consider that the proposed caps for the aggregate amount of purchases from, and sales to, Aisin Tianjin and/or its affiliates under the Continuing Connected Transactions for the seven months ending 31 December 2006 and the two financial years ending 31 December 2008 are reasonable. Based on the information currently available and subject to the opinion of the independent financial adviser to be appointed by the Company, the independent non-executive directors of the Company concur with the views of the Directors.

LISTING RULES IMPLICATIONS

Aisin Tianjin is a Connected Person of the Company by virtue of it being a substantial shareholder of Tianjin Shintai, holding 20% equity interest and the transactions contemplated under the Sale and Purchase Agreement are Continuing Connected Transactions under the Listing Rules.

The expected aggregate amount of purchases and sales by Tianjin Shintai and/or its affiliates from/to Aisin Tianjin and/or its affiliates under the Continuing Connected Transactions for the seven months ending 31 December 2006 and the two years ending 31 December 2008 on an annual basis will exceed HK\$10,000,000 and 2.5% of the percentage ratios (other than the profits ratio and the equity capital ratio) under Rule 14A.34 of the Listing Rules, hence the entering into of the Continuing Connected Transactions during the respective periods will constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and will be subject to the requirements of reporting, announcement and approval by the independent Shareholders at an extraordinary general meeting as set out in Chapter 14A of the Listing Rules.

As the Continuing Connected Transactions are between Tianjin Shintai and Aisin Tianjin only and Aisin Tianjin is only a Connected Person to the Company by virtue of it being a substantial shareholder of Tianjin Shintai (to the best knowledge of the Directors, Aisin Tianjin has no shareholding in the Company), no Shareholder of the Company is required to abstain from voting at any general meeting to be convened by the Company for the purpose of approving the Continuing Connected Transactions. Linkfair, as the controlling shareholder of the Company holding 51.33% interest in the Company, has approved the Continuing Connected Transactions by way of a written approval. Pursuant to Rule 14A.53 of the Listing Rules, an application has been made to the Stock Exchange for a waiver from the requirement to convene an extraordinary general meeting for the approval of the Continuing Connected Transactions by the independent Shareholders.

GENERAL

A circular containing details relating to the Continuing Connected Transactions, a letter from an independent board committee of the Board and a letter from an independent financial adviser will be dispatched to the Shareholders as soon as practicable and in compliance with the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Aisin Tianjin”	愛信（天津）車身零部件有限公司 (Aisin Tianjin Body Parts Co., Ltd.), a Sino-foreign equity joint venture established in the PRC on 28 May 2001
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Minth Group Limited (敏實集團有限公司), a company incorporated in the Cayman Islands on 22 June 2005 with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 425)

“Continuing Connected Transactions”	the transactions contemplated under the Sale and Purchase Agreement
“Connected Person”	any director, chief executive or substantial shareholder (within the meaning of the Listing Rules) of the Company or any of its subsidiaries or any of their respective associates
“Directors”	the executive directors of the Company
“Disposal”	the disposal of a 20% equity interest in Tianjin Shintai by Sinoone to Aisin Tianjin
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Linkfair”	Linkfair Investments Limited, a company incorporated in the British Virgin Islands on 7 January 2005 with limited liability and as at the date of this announcement, holding 51.33% of the total issued share capital of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 19 July 2006 and entered into between Tianjin Shintai and Aisin Tianjin in relation to the purchase of semi-finished automobile materials and sale of finished automobile parts by Tianjin Shintai and/or its affiliates
“Share Transfer Agreement”	the share transfer agreement dated 10 May 2006 and entered into between Sinoone and Aisin Tianjin in relation to the Disposal
“Shareholders”	shareholders of the Company
“Sinoone”	Sinoone Holdings Limited, a company incorporated in the British Virgin Islands on 12 April 2005 with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Shintai”	天津信泰汽車零部件有限公司 (Tianjin Shintai Automotive Parts Co., Ltd.), an indirect subsidiary of the Company established in the PRC on 21 March 2003
“%”	per cent.

Note: Unless otherwise specified herein, amounts denominated in US\$ and RMB in this announcement have been translated, for the purpose of illustration only, into Hong Kong dollar amounts using the rate of HK\$7.80 = US\$1.00 and RMB1 = HK\$0.9685, respectively. No representation is made that any amount in US\$ or RMB or HK\$ could have been or could be converted at the above rates or any other rates at all.

By Order of the Board
Mint Group Limited
Chin Jong Hwa
Chairman

Hong Kong, 20 July 2006

As at the date of this announcement, the executive Directors are Mr. Chin Jong Hwa, Mr. Shi Jian Hui, Mr. Mu Wei Zhong, Mr. Chin Jung Huang and Mr. Liang Current Tien Tzu; the non-executive Director is Mr. Shaw Sun Kan Gordon; and the independent non-executive Directors are Mr. Heng Kwo Seng, Dr. Wang Ching and Mr. Zhang Liren.

“Please also refer to the published version of this announcement in South China Morning Post.”