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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)

**CONNECTED TRANSACTION WITH REGARD
TO THE ACQUISITION OF
THE REMAINING EQUITY INTEREST
IN A SUBSIDIARY**

Financial Adviser



匯金（資本）有限公司
Vision Finance (Capital) Limited

On 11 September 2006, the Company entered into the Acquisition Agreement with Yi Er Qi, pursuant to which the Company agreed to acquire a 20% equity interest in Chongqing Changtai from Yi Er Qi for a total consideration of RMB8,064,840 (equivalent to approximately HK\$7,810,798). The Company, through Mindway, currently holds 80% equity interest in Chongqing Changtai. Upon completion of the Acquisition, Chongqing Changtai will be indirectly wholly-owned by the Company.

Yi Er Qi is a Connected Person of the Company by virtue of it being a substantial shareholder of Chongqing Changtai, one of the Company's subsidiaries, and the Acquisition therefore constitutes a connected transaction for the Company under Chapter 14A of the

Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) are less than 2.5%, the entering into of the Acquisition Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

On 11 September 2006, the Company and Yi Er Qi entered into the Acquisition Agreement pursuant to which the Company agreed to acquire and Yi Er Qi agreed to sell the 20% equity interest held by Yi Er Qi in Chongqing Changtai for a total consideration of RMB8,064,840 (equivalent to approximately HK\$7,810,798). The Company, through Mindway, currently holds 80% equity interest in Chongqing Changtai. Upon completion of the Acquisition, Chongqing Changtai will be indirectly wholly-owned by the Company.

THE ACQUISITION AGREEMENT

(i) Date

11 September 2006

(ii) Parties

Vendor : Yi Er Qi
Purchaser : The Company

(iii) Subject of the Acquisition

Pursuant to the Acquisition Agreement, the Company agreed to acquire from Yi Er Qi and Yi Er Qi agreed to sell to the Company a 20% equity interest in Chongqing Changtai for a total consideration of RMB8,064,840 (equivalent to approximately HK\$7,810,798).

(iv) Consideration

The consideration was determined after arm's length negotiations between the parties to the Acquisition Agreement and with reference to the appraised net asset value of Chongqing Changtai attributable to the 20% equity interest as at 31 October 2005. At the time of valuation, the audited net asset value of Chongqing Changtai as at 31 December 2005 was not yet available. The consideration represents approximately 0.62% premium over the net asset value (based on the management accounts of Chongqing Changtai as at 31 October 2005) attributable to the 20% equity interest.

The aggregate capital contribution of Yi Er Qi in Chongqing Changtai was US\$840,000 (equivalent to approximately HK\$6,552,000).

The consideration will be paid in cash from internal resources of the Group.

(v) Conditions

Within three business days after execution of the Acquisition Agreement, Yi Er Qi shall assist the Company to apply to China Beijing Equity Exchange (北京產權交易所) for an approval notice. Within fifteen business days after obtaining the approval notice, Yi Er Qi shall assist the Company to apply for approval of the Acquisition from the relevant PRC government authorities. The consideration shall be payable in full within ten business days after obtaining such approval.

The Directors expect that the Acquisition will be completed by the end of September 2006.

INFORMATION ON CHONGQING CHANGTAI

Chongqing Changtai is a Sino-foreign equity joint venture established under the laws of the PRC on 13 July 2001 between Mindway and Yi Er Qi with an existing registered capital of US\$4,200,000 of which 80% was owned by Mindway and 20% was owned by Yi Er Qi. Chongqing Changtai is principally engaged in manufacture and sales of exterior automobile body parts.

Based on the financial statements of Chongqing Changtai which were prepared in accordance with accounting principles generally accepted in the PRC, the audited profits before taxation of Chongqing Changtai for the year ended 31 December 2004 and 2005 were approximately RMB6,358,764 (equivalent to approximately HK\$6,158,463) and RMB4,973,814 (equivalent to approximately HK\$4,817,139), respectively, whereas the audited profits after taxation for the same period were approximately RMB6,358,764 (equivalent to approximately HK\$6,158,463) and RMB4,509,895 (equivalent to approximately HK\$4,367,833), respectively.

The audited net asset value of Chongqing Changtai as at 31 December 2005 amounted to approximately RMB40,508,142 (equivalent to approximately HK\$39,232,136).

INFORMATION ON YI ER QI

The Company understands that Yi Er Qi is a limited liability company established in the PRC on 28 May 1999. Yi Er Qi is principally engaged in environmental engineering, sale of chemical material and automobile parts.

As stated in the Prospectus, Yi Er Qi and Chongqing Changtai entered into a framework supply agreement dated 8 January 2005, pursuant to which Chongqing Changtai agreed to sell various auto-parts, accessories, raw materials and other products to Yi Er Qi and/or its related companies (collectively, the “Yi Er Qi Group”). The term of the said framework supply agreement is for three years and shall be capable of automatic renewal for another term of three years unless either party gives three months’ termination notice prior to the expiry of the term. As the transactions between the Group and Yi Er Qi Group constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules, it was stated in the Prospectus that the Company had applied to the Stock Exchange for and the Stock Exchange had granted a waiver from strict compliance with the announcement and independent shareholders’ approval requirements under Rule 14A.35 of the Listing Rules in respect of the framework supply agreement. Upon completion of the Acquisition, Yi Er Qi will cease to be a Connected Person of the Company and the Group intends to continue its sales to Yi Er Qi Group in the ordinary course of the Group’s business and on normal commercial terms.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As the controlling shareholder of Yi Er Qi currently undergoes a restructuring exercise with an intention to dispose of the 20% equity interest held by Yi Er Qi in Chongqing Changtai, the Board considers this an opportunity to carry out the Acquisition with a view to strengthening the business of Chongqing Changtai against potential competitors. Moreover, the Board believes that the management efficiency of the Group can be further enhanced if Chongqing Changtai becomes indirectly wholly-owned by the Company.

The Directors are of the view that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

The board of directors of Chongqing Changtai currently comprises seven members, two of whom were appointed by Yi Er Qi and the remaining by the Company. Upon completion of the Acquisition, those two directors of Chongqing Changtai appointed by Yi Er Qi will resign from the board and the other five directors of Chongqing Changtai will remain.

CONNECTED TRANSACTION

Yi Er Qi is a Connected Person of the Company by virtue of it being a substantial shareholder (as defined in the Listing Rules) of a subsidiary of the Company, namely Chongqing Changtai, holding 20% equity interest, and the Acquisition therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) are less than 2.5%, the entering into of the Acquisition Agreement is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from independent shareholders' approval requirements under the Listing Rules.

GENERAL

The Group is a leading supplier of exterior automobile body parts in the PRC. It is principally engaged in the design, manufacture and sale of body structural parts, decorative parts and trim for passenger cars.

DEFINITIONS

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

“Acquisition”	the acquisition of a 20% equity interest in Chongqing Changtai by the Company from Yi Er Qi pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 11 September 2006 made between the Company and Yi Er Qi in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chongqing Changtai”	Chongqing Changtai Automobile Spare Parts Co., Ltd. (重慶長泰汽車零部件有限公司), a Sino-foreign joint venture established under the laws of the PRC on 13 July 2001 and an indirect subsidiary of the Company
“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)

“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 directors of the Company
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mindway”	Mindway Holdings Limited, a company incorporated in the British Virgin Islands on 1 October 2004 with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, Macau and Taiwan
“Prospectus”	the Company’s prospectus dated 22 November 2005
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yi Er Qi”	Chongqing Yi Er Qi Garden Engineering Co., Ltd. (重慶宜而奇園林工程有限公司) (formerly known as Chongqing Changan Yi Er Qi Garden Engineering Co., Ltd. (重慶長安宜而奇園林工程有限公司)), a company established in the PRC on 28 May 1999 with limited liability
“US\$”	US\$, the lawful currency of the United States
“%”	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 or at all.

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

Hong Kong, 12 September 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.”