MIN XIN HOLDINGS LIMITED
閩信集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 222)

ANNOUNCEMENT OF 2005 ANNUAL RESULTS

The Board of Directors of Min Xin Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2005 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31st December 2005

	2005	2004 (Restated)
	HK$'000	*HK$'000*
Turnover *(note 3)*	**71,361**	135,829
Total revenues *(note 3)*	**70,908**	146,659
Cost of properties sold	**–**	(49,927)
Net insurance claims incurred and commission expenses incurred on insurance business *(note 4)*	**(35,422)**	(30,923)
Staff costs	**(23,063)**	(23,683)
Depreciation and amortisation	**(2,693)**	(1,870)
Impairment of loan receivable	**(1,403)**	–
Other operating expenses	**(18,264)**	(15,106)
Total operating expenses	**(80,845)**	(121,509)
Operating (loss)/profit *(note 5)*	**(9,937)**	25,150
Finance costs	**(3,527)**	(70)
Share of results of jointly controlled entities	**73,704**	49,022
Share of results of associates	**(3,588)**	(7,218)
Profit before taxation	**56,652**	66,884
Income tax credit/(expense) *(note 6)*	**695**	(5,220)
Profit for the year	**57,347**	61,664
Profit/(loss) attributable to		
Equity holders of the Company	**59,849**	56,700
Minority interest	**(2,502)**	4,964
Profit for the year	**57,347**	61,664
Dividend	**13,783**	–
	HK CENTS	*HK CENTS*
Basic earnings per share for profit attributable to the equity holders of the Company for the year *(note 7)*	**13.03**	12.34
Dividend per share	**3**	–

CONSOLIDATED BALANCE SHEET
As at 31st December 2005

	2005	2004 (Restated)
	HK$'000	*HK$'000*
Non-current assets		
Property, plant and equipment	**8,838**	8,396
Investment properties	**68,721**	64,722
Leasehold land and land use rights	**18,628**	19,100
Jointly controlled entities	**622,898**	519,355
Associates	**58,345**	67,357
Available-for-sale financial assets	**359,349**	–
Held-to-maturity debt securities, unlisted	**–**	11,009
Other asset	**–**	58,050
Deferred income tax assets	**550**	–
	1,137,329	747,989
Current assets		
Loan receivable	**56,647**	–
Land acquisition deposit	**–**	67,698
Land use rights	**68,286**	–
Deferred acquisition costs	**13,445**	11,422
Premium receivable	**12,611**	18,883
Reinsurance assets	**10,935**	17,131
Other debtors	**3,776**	3,581
Taxation recoverable	**33**	–
Prepayment and deposits	**1,374**	954
Held-to-maturity debt securities, unlisted	**11,001**	–
Trading securities, listed	**–**	6,200
Financial assets at fair value through profit or loss – listed equity securities held for trading	**8,707**	–
Cash and bank balances	**300,376**	504,179
	487,191	630,048
Current liabilities		
Insurance contracts	**92,633**	95,095
Insurance liabilities	**5,637**	8,613
Other creditors and accruals	**25,282**	21,062
Deposits received *(note 8)*	**14,450**	–
Short term advances	**27,392**	21,143
Current portion of bank borrowings	**23,897**	–
Taxation payable	**21**	3,855
	189,312	149,768
Net current assets	**297,879**	480,280
Total assets less current liabilities	**1,435,208**	1,228,269
Non-current liabilities		
Bank borrowings	**95,810**	–
Deferred income tax liabilities	**199**	312
	96,009	312
Net assets	**1,339,199**	1,227,957
Share capital	**459,429**	459,429
Other reserves	**821,892**	678,331
Retained profits		
Proposed final dividend	**13,783**	–
Others	**29,732**	73,716
Total equity attributable to equity holders of the Company	**1,324,836**	1,211,476
Minority interest	**14,363**	16,481
Total equity	**1,339,199**	1,227,957

Notes:

1. **Basis of preparation**

The consolidated accounts of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively refer to individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1st January 2005. The changes in accounting policies resulting from the adoption of these new and revised HKFRSs and the implications on the Group's financial results presented in these accounts are discussed in Note 2 below.

The consolidated accounts have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

2. **Changes in accounting policies**

In 2005, the Group adopted the new and revised standards and interpretations of HKFRSs below, which are relevant to its operations. The 2004 comparatives have been amended as required in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HK(SIC)-INT 15	Operating Leases – Incentives
HK(SIC)-INT 21	Income Taxes – Recovery of Revalued Non-Depreciated Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations
HKFRS 4	Insurance Contracts
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

The adoption of HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 31, 33, 36, 38, HK(SIC)-INT 15 and HKFRS 3 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and jointly controlled entities and other disclosures.
- HKASs 2, 7, 8, 10, 16, 21, 23, 27, 31, 33, 36, 38, HK(SIC)-INT 15 and HKFRS 3 had no material effect on the Group's accounting policies.
- HKAS 24 has affected the identification of related parties and some other related party disclosures.
- The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from fixed assets (other than those related to investment properties) to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the profit and loss account on a straight-line basis over the period of the lease and where there is impairment, the impairment loss is expensed in the profit and loss account. Revaluation surplus previously recognised on the buildings, leasehold land and land use rights are reversed. In prior years, the leasehold land and buildings were accounted for at valuation or cost less accumulated depreciation and accumulated impairment losses. Investment properties and the remainder of assets previously accounted for under fixed assets are reclassified as investment properties and property, plant and equipment in the balance sheet.
- The adoption of HKAS 28 has resulted in a change in the accounting policy relating to the equity accounting of interests in associates. The Group recognises its share of losses in an associate to the extent of its equity contribution and the loans advanced to the associate which form part of the Group's investment. The residual net investment is then assessed for impairment losses. In prior years, the Group shared the losses of an associate to the extent of its equity contribution only and the loans advanced to the associate were separately assessed for impairment.
- The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the accounting and/or classification of financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets and held-to-maturity debt securities. It has also resulted in the recognition of derivative financial instruments at fair value and a change in the recognition and measurement of hedging activities.
- The adoption of revised HKAS 40 has resulted in a change in the accounting policy for investment properties. Changes in fair values of investment properties are recorded in the profit and loss account as part of other income. In prior years, the increases in fair value were credited to the investment properties revaluation reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the profit and loss account.
- The adoption of revised HK(SIC)-INT 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of investment properties through use. In prior years, the carrying amount of investment properties was expected to be recovered through sale.
- The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments which requires the Group to expense the cost of share-based payments in the profit and loss account. In prior years, share-based payments made by the Group did not result in an expense in the profit and loss account.
- The adoption of HKFRS 4 has affected the disclosures with respect to insurance contracts issued and reinsurance contracts held.
- The adoption of HKFRS 5 has resulted in a change in the accounting policy of which non-current assets or disposal groups are stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use. In prior years, there was no difference in measurement for non-current assets or disposal groups held for sale or for continuing use.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

- HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous SSAP 24 "Accounting for investments in securities" to investments in securities in presenting the 2004 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1st January 2005.
- HKAS 40 – the Group has adopted the fair value model and there is no requirement for the Group to restate the comparative information. Any adjustment should be made to the retained earnings as at 1st January 2005, including the reclassification of any amount held in revaluation surplus for investment property. The Group has incurred revaluation loss in prior years and there was no revaluation reserve brought forward. As a result, the adoption of HKAS 40 has no effect to the Group's opening retained earnings.
- HKFRS 2 – only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2005.
- HKFRSs 3 and 5 – prospectively after 1st January 2005.
- HKFRS 4 – retrospective application of the disclosure requirements of this standard except for disclosures required about accounting policies, and recognised assets, liabilities, income and expense. The Group has restated all comparative information following the application of this standard.

(a) *Effects of changes in accounting policies on the current year financial statements*

The following tables provide estimates of the extent to which each of the line items in the consolidated profit and loss account and consolidated balance sheet would be changed had the previous policies still been applied in 2005, where it is practicable to make such estimates:

- Estimated effects on the consolidated profit and loss account for the year ended 31st December 2005

		Increase/(decrease) in net profit					
	As reported *HK$'000*	HKAS 1 *HK$'000*	HKAS 17 *HK$'000*	HKAS 28 *HK$'000*	HKAS 39 *HK$'000*	HKFRS 4 *HK$'000*	As estimated *HK$'000*
Total revenues	70,908	–	–	–	–	2,395	73,303
Net insurance claims incurred and commission expenses incurred on insurance business	(35,422)	–	–	–	–	(2,395)	(37,817)
Depreciation and amortization	(2,693)	–	(638)	–	–	–	(3,331)
Share of results of jointly controlled entities	73,704	25,523	(568)	–	(7,140)	–	91,519
Share of results of associates	(3,588)	307	–	6,538	–	–	3,257
Income tax credit/(expense)	695	(25,830)	117	–	672	–	(24,346)
		–	(1,089)	6,538	(6,468)	–	
		HK CENTS	*HK CENTS*	*HK CENTS*	*HK CENTS*	*HK CENTS*	
Increase/(decrease) in basic earnings per share		–	(0.24)	1.42	(1.41)	–	

– Estimated effect on the consolidated balance sheet as at 31st December 2005

	As reported HK$'000	Increase/(decrease) HKAS 1 HK$'000	HKAS 17 HK$'000	HKAS 28 HK$'000	HKAS 39 HK$'000	HKFRS 4 HK$'000	As estimated HK$'000
Assets							
Property, plant and equipment	8,838	–	(8,838)	–	–	–	–
Investment properties	68,721	–	(68,721)	–	–	–	–
Leasehold land and land use rights	18,628	–	(18,628)	–	–	–	–
Fixed assets	–	–	122,204	–	–	–	122,204
Jointly controlled entities	622,898	–	26,261	–	–	–	649,159
Associates	58,345	–	–	7,859	–	–	66,204
Loan receivable	56,647	–	–	–	(56,647)	–	–
Other asset	–	–	–	–	56,647	–	56,647
Premium receivable	12,611	–	–	–	3,372	–	15,983
Reinsurance assets	10,935	–	–	–	–	(10,935)	–
Claims recovered from reinsurers	–	–	–	–	–	7,466	7,466
Trading securities, listed	–	–	–	–	8,707	–	8,707
Financial assets at fair value through profit or loss – listed equity securities held for trading	8,707	–	–	–	(8,707)	–	–
Other current and non-current assets	758,190	–	–	–	–	–	758,190
Total assets	1,624,520	–	52,278	7,859	3,372	(3,469)	1,684,560

	As reported HK$'000	(Increase)/decrease HKAS 1 HK$'000	HKAS 17 HK$'000	HKAS 28 HK$'000	HKAS 39 HK$'000	HKFRS 4 HK$'000	As estimated HK$'000
Liabilities							
Minority interests	–	(14,363)	–	–	–	–	(14,363)
Insurance contracts	(92,633)	–	–	–	–	92,633	–
Insurance liabilities	(5,637)	–	–	–	(3,372)	–	(9,009)
Unearned premiums, net	–	–	–	–	–	(31,003)	(31,003)
Unexpired risks	–	–	–	–	–	(720)	(720)
Outstanding claims reserve	–	–	–	–	–	(57,441)	(57,441)
Deferred income tax liabilities	(199)	–	(3,551)	–	–	–	(3,750)
Other current and non-current liabilities	(186,852)	–	–	–	–	–	(186,852)
Total liabilities	(285,321)	(14,363)	(3,551)	–	(3,372)	3,469	(303,138)
Equity							
Share capital	(459,429)	–	–	–	–	–	(459,429)
Other reserves	(821,892)	–	(24,183)	–	–	–	(846,075)
Retained profits							
Proposed final dividend	(13,783)	–	–	–	–	–	(13,783)
Others	(29,732)	–	(24,544)	(7,859)	–	–	(62,135)
Total equity attributable to equity holders of the Company	(1,324,836)	–	(48,727)	(7,859)	–	–	(1,381,422)
Minority interest	(14,363)	14,363	–	–	–	–	–
Total equity	(1,339,199)	14,363	(48,727)	(7,859)	–	–	(1,381,422)

(b) Restatement of prior year and opening balances

The following tables disclose the adjustments that have been made in accordance with the transitional provisions of the respective HKFRSs to the respective line items in the consolidated profit and loss account and consolidated balance sheet as previously reported in 2004 and the effects of the changes in the accounting policies on opening consolidated balance sheet as at 1st January 2005:

– Effects on the consolidated profit and loss account for the year ended 31st December 2004

	At 31st December 2004, as previously reported HK$'000	Increase/(decrease) in net profit HKAS 1 HK$'000	HKAS 17 HK$'000	HKAS 28 HK$'000	HKFRS 4 HK$'000	At 31st December 2004, as restated HK$'000
Total revenues	144,010	–	–	482	2,167	146,659
Net insurance claims incurred and commission expenses incurred on insurance business	(28,756)	–	–	–	(2,167)	(30,923)
Depreciation and amortization	(2,471)	–	601	–	–	(1,870)
Other provisions and losses	(9,384)	–	–	9,384	–	–
Share of results of jointly controlled entities	65,118	(15,527)	(569)	–	–	49,022
Share of results of associates	3,988	(19)	–	(11,187)	–	(7,218)
Income tax expense	(20,406)	15,546	(360)	–	–	(5,220)
		–	(328)	(1,321)	–	
		HK CENTS	HK CENTS	HK CENTS	HK CENTS	
Decrease in basic earnings per share		–	(0.07)	(0.29)	–	

– Effects on the consolidated balance sheet as at 31st December 2004 and 1st January 2005

	At 31st December 2004, as previously reported HK$'000	Increase/(decrease) HKAS 1 HK$'000	HKAS 17 HK$'000	HKAS 28 HK$'000	HKFRS 4 HK$'000	At 31st December 2004, as restated HK$'000	Increase/(decrease) HKAS 39 HK$'000	At 1st January 2005, as adjusted HK$'000
Assets								
Property, plant and equipment	–	–	8,396	–	–	8,396	–	8,396
Investment properties	–	–	64,722	–	–	64,722	–	64,722
Leasehold land and land use rights	–	–	19,100	–	–	19,100	–	19,100
Fixed assets	118,872	–	(118,872)	–	–	–	–	–
Jointly controlled entities	546,185	–	(26,830)	–	–	519,355	14,885	534,240
Associates	68,678	–	–	(1,321)	–	67,357	–	67,357
Loan receivable	–	–	–	–	–	–	58,050	58,050
Other asset	58,050	–	–	–	–	58,050	(58,050)	–
Premium receivable	18,883	–	–	–	–	18,883	–	18,883
Claims recovered from reinsurers	12,817	–	–	–	(12,817)	–	–	–
Reinsurance assets	–	–	–	–	17,131	17,131	–	17,131
Trading securities, listed	6,200	–	–	–	–	6,200	(6,200)	–
Financial assets at fair value through profit or loss – listed equity securities held for trading	–	–	–	–	–	–	6,200	6,200
Other current and non-current assets	598,843	–	–	–	–	598,843	–	598,843
Total assets	1,428,528	–	(53,484)	(1,321)	4,314	1,378,037	14,885	1,392,922

	At 31st December 2004, as previously reported HK$'000	(Increase)/decrease HKAS 1 HK$'000	HKAS 17 HK$'000	HKAS 28 HK$'000	HKFRS 4 HK$'000	At 31st December 2004, as restated HK$'000	(Increase)/decrease HKAS 39 HK$'000	At 1st January 2005, as adjusted HK$'000
Liabilities								
Minority interest	(16,481)	16,481	–	–	–	–	–	–
Unearned premiums, net	(26,773)	–	–	–	26,773	–	–	–
Unexpired risks	(3,115)	–	–	–	3,115	–	–	–
Outstanding claims reserve	(60,743)	–	–	–	60,743	–	–	
Insurance contracts	–	–	–	–	(95,095)	(95,095)	–	(95,095)
Insurance liabilities	(8,763)	–	–	–	150	(8,613)	–	(8,613)
Deferred income tax liabilities	(3,980)	–	3,668	–	–	(312)	–	(312)
Other current and non-current liabilities	(46,060)	–	–	–	–	(46,060)	–	(46,060)
Total liabilities	(165,915)	16,481	3,668	–	(4,314)	(150,080)	–	(150,080)
Equity								
Share capital	(459,429)	–	–	–	–	(459,429)	–	(459,429)
Other reserves	(702,513)	–	24,182	–	–	(678,331)	(1,881)	(680,212)
Retained profits	(100,671)	–	25,634	1,321	–	(73,716)	(13,004)	(86,720)
Total equity attributable to equity holders of the Company	(1,262,613)	–	49,816	1,321	–	(1,211,476)	(14,885)	(1,226,361)
Minority interest	–	(16,481)	–	–	–	(16,481)	–	(16,481)
Total equity	(1,262,613)	(16,481)	49,816	1,321	–	(1,227,957)	(14,885)	(1,242,842)

3. Turnover and segmental information

The Group is principally engaged in financial services, property development and investment, toll road investment, industrial instrument manufacturing and investment holding businesses.

The Group's turnover represents the gross insurance premiums, insurance brokerage commission, proceeds from sales of property, rental income, interest income and mangement fee income. The amount of each significant category of revenue recognised during the year is as follows:

	2005 HK$'000	2004 (Restated) HK$'000
Turnover		
Gross insurance premiums	**58,442**	57,741
Insurance brokerage commission	**1,385**	1,354
Interest income from bank deposits	**7,110**	4,329
Gross proceeds from disposal of properties for sale	**–**	68,003
Rental income from investment properties	**4,040**	3,814
Management fees	**384**	588
	71,361	135,829
Movement in unearned insurance premiums	**(3,385)**	(3,139)
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	**(8,327)**	(11,084)
Other gains – net		
Dividend income from listed equity securities held for trading	**279**	176
Interest income from unlisted held-to-maturity debt securities	**292**	206
Compensation received on affected right over usage of land *(a)*	**–**	3,954
Fair value gains on listed equity securities measured at fair value through profit or loss	**314**	–
Net realised and unrealised losses on listed trading securities	**–**	(29)
Fair value gains/write back of deficit on revaluation of investment properties	**3,999**	511
Gain on disposal of a subsidiary *(b)*	**3,470**	–
Gain on disposal of an associate *(c)*	**–**	6,030
Gain on disposal of investment properties	**–**	14,205
Net exchange gains and others	**2,905**	–
	11,259	25,053
Total revenues	**70,908**	146,659

(a) In June 2004, a local government office of the Tianqiao District People's Government of Jinan, Shandong Province, Mainland China has agreed to pay the Group RMB4.18 million as a compensation for the Group's consequential loss of potential profits arising from the Group's affected right over the usage of certain parcels of land in Jinan. The compensation was received in December 2004.

(b) During the year, the Group disposed of its entire interests in a non-wholly owned subsidiary which was engaged in property management business but has become inactive in prior years to a third party. As part of the disposal agreement, the Company has agreed to waive the loans and amounts due from the subsidiary of HK$125.9 million, against which a full impairment loss has been recognised in prior years. A gain of HK$3,469,525 was recognised on the disposal.

(c) In 2004, the Group disposed of its entire equity and debt interests in an associate, Changchun Changxin International Real Estate Development Co., Ltd., to a third party for a cash consideration of RMB22.15 million (equivalent to approximately HK$20.9 million). The Group held a 20% interest in this associate and a gain of HK$6,030,032 was recognised from this disposal in 2004.

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is presented as the primary reporting format pursuant to the Group's internal financial reporting system.

Business segments

The Group's activities comprise the following major business segments:

Financial services	–	underwriting of general insurance, insurance brokerage, investing in banking business and trading in securities for short term profit
Property development and investment	–	development and sale of residential properties, leasing of investment properties and investing in properties to gain from the long term appreciation in their values
Toll road investment	–	investing in toll road projects in Mainland China
Industrial instrument manufacturing	–	investing in manufacturers and distributors of digital instruments
Investment holding and others	–	investing in strategic investments and other assets for income and capital appreciation purposes

	Financial services		Property development and investment		Toll road investment		Industrial instrument manufacturing		Investment holding and others		Unallocated items		Consolidated	
	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000
Year ended 31st December														
Turnover	**64,504**	62,371	**918**	69,235	–	–	–	–	**5,939**	4,223	–	–	**71,361**	135,829
Net insurance claims incurred and commission expenses incurred on insurance business	**(11,712)**	(14,223)	–	–	–	–	–	–	–	–	–	–	**(11,712)**	(14,223)
Other gains – net	**3,264**	353	**1,713**	24,700	–	–	–	–	**6,282**	–	–	–	**11,259**	25,053
Total revenues	**56,056**	48,501	**2,631**	93,935	–	–	–	–	**12,221**	4,223	–	–	**70,908**	146,659
Segment results	**7,452**	7,629	**(2,682)**	38,354	–	–	–	–	**10,649**	3,186	–	–	**15,419**	49,169
Corporate overheads	–	–	–	–	–	–	–	–	–	–	**(25,356)**	(24,019)	**(25,356)**	(24,019)
Operating (loss)/profit	**7,452**	7,629	**(2,682)**	38,354	–	–	–	–	**10,649**	3,186	**(25,356)**	(24,019)	**(9,937)**	25,150
Finance costs	–	–	–	–	–	–	–	–	–	–	**(3,527)**	(70)	**(3,527)**	(70)
Share of results of jointly controlled entities	**69,723**	45,533	–	–	–	–	**3,981**	3,489	–	–	–	–	**73,704**	49,022
Share of results of associates	–	–	–	–	**(3,596)**	(7,256)	–	–	**8**	38	–	–	**(3,588)**	(7,218)
Profit before taxation	**77,175**	53,162	**(2,682)**	38,354	**(3,596)**	(7,256)	**3,981**	3,489	**10,657**	3,224	**(28,883)**	(24,089)	**56,652**	66,884
Income tax credit/(expense)													**695**	(5,220)
Profit for the year													**57,347**	61,664
Depreciation and amortisation for the year	**236**	585	**1,328**	273	–	–	–	–	**509**	427	**620**	585	**2,693**	1,870
Reversal of impairment of other properties (recognised in equity)	–	–	–	–	–	–	–	–	–	–	–	(6,024)	–	(6,024)
Impairment of loan receivable	**1,403**	–	–	–	–	–	–	–	–	–	–	–	**1,403**	–
At 31 December														
Segment assets	**230,739**	232,714	**92,814**	92,377	–	–	–	–	**597,560**	444,193	**583**	–	**921,696**	769,284
Corporate assets	–	–	–	–	–	–	–	–	–	–	**21,581**	22,041	**21,581**	22,041
Investments in jointly controlled entities	**596,050**	496,836	–	–	–	–	**26,848**	22,519	–	–	–	–	**622,898**	519,355
Investments in associates	–	–	–	–	**48,028**	57,283	–	–	**10,317**	10,074	–	–	**58,345**	67,357
Total assets	**826,789**	729,550	**92,814**	92,377	**48,028**	57,283	**26,848**	22,519	**607,877**	454,267	**22,164**	22,041	**1,624,520**	1,378,037
Segment liabilities	**103,592**	108,755	**7,220**	11,484	–	–	–	–	**8,282**	1,006	–	–	**119,094**	121,245
Unallocated liabilities	–	–	–	–	–	–	–	–	–	–	**166,227**	28,835	**166,227**	28,835
Total liabilities	**103,592**	108,755	**7,220**	11,484	–	–	–	–	**8,282**	1,006	**166,227**	28,835	**285,321**	150,080
Capital expenditure incurred during the year	**425**	55	**28**	531	–	–	–	–	**2,090**	365	–	–	**2,543**	951

Geographical segments

The Group operates in three principal economic environments, namely Hong Kong, Mainland China and Macau. The Group's insurance and investment activities are mainly conducted in Hong Kong whilst the Group's property development activities and the major investees are located in Mainland China. The Group has certain insurance underwriting activities in Macau.

In presenting geographical segmental information, segment revenue is presented based on the geographical location of customers. Segment assets and capital expenditure are presented based on the geographical location of the assets.

	Hong Kong		Mainland China		Macau		Consolidated	
	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000	2005 HK$'000	2004 (Restated) HK$'000
Year ended 31st December								
Turnover	**59,699**	57,528	**4,347**	70,907	**7,315**	7,394	**71,361**	135,829
Net insurance claims incurred and commission expenses incurred on insurance business	**(10,633)**	(13,341)	**–**	–	**(1,079)**	(882)	**(11,712)**	(14,223)
Other gains – net	**6,617**	19,957	**4,398**	5,096	**244**	–	**11,259**	25,053
Total revenues	**55,683**	64,144	**8,745**	76,003	**6,480**	6,512	**70,908**	146,659
Operating (loss)/profit	**(13,344)**	350	**1,125**	22,601	**2,282**	2,199	**(9,937)**	25,150
At 31 December								
Segment assets	**223,652**	265,358	**672,854**	398,865	**25,190**	105,061	**921,696**	769,284
Corporate assets	**20,786**	21,206	**795**	835	**–**	–	**21,581**	22,041
Investments in jointly controlled entities	**–**	–	**622,898**	519,355	**–**	–	**622,898**	519,355
Investments in associates	**–**	–	**58,345**	67,357	**–**	–	**58,345**	67,357
	244,438	286,564	**1,354,892**	986,412	**25,190**	105,061	**1,624,520**	1,378,037
Capital expenditure incurred during the year	**2,501**	420	**42**	531	**–**	–	**2,543**	951

4. Net insurance claims incurred and commission expenses incurred on insurance business

(a) Net insurance claims incurred on insurance business

	2005		
	Gross	**Reinsurance**	**Net**
	HK$'000	***HK$'000***	***HK$'000***
Current year claims and loss adjustment expenses	**35,952**	**(7,072)**	**28,880**
Additional cost for prior year claims and loss adjustment expenses	**(18,836)**	**8,334**	**(10,502)**
Decrease in the expected cost of claims for unexpired risks	**(2,395)**	**–**	**(2,395)**
	14,721	**1,262**	**15,983**

	2004		
	Gross	Reinsurance	Net
	HK$'000	*HK$'000*	*HK$'000*
Current year claims and loss adjustment expenses	34,090	(8,750)	25,340
Additional cost for prior year claims and loss adjustment expenses	(18,997)	6,729	(12,268)
Increase in the expected cost of claims for unexpired risks	2,167	–	2,167
	17,260	(2,021)	15,239

(b) Commission expenses incurred on insurance business

	2005	2004
	HK$'000	*HK$'000*
Gross commissions paid and payable	**20,189**	16,584
Less: Commissions received and receivable from reinsurers	**(750)**	(900)
Net commissions payable	**19,439**	15,684

5. Operating (loss)/profit

	2005	2004
	HK$'000	*HK$'000*
Operating (loss)/profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	**2,831**	–
Charging		
Depreciation and amortisation	**2,693**	1,870
Loss on disposal of property, plant and equipment	**29**	–
Net exchange losses	**–**	216
Operating lease rentals in respect of land and buildings	**919**	640
Finance costs:		
Interest on long term bank loans wholly repayable within five years	**2,273**	–
Interest on short term advances wholly repayable within five years	**1,254**	70
	3,527	70
Auditors' remuneration	**1,932**	1,997
Management fee	**1,880**	1,880
Retirement benefit costs	**653**	616

6. Income tax credit/(expense)

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year. Taxation on Mainland China and Macau profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in Mainland China and Macau.

The amount of taxation credited/(charged) to the consolidated profit and loss account represents:

	2005	2004 *(Restated)*
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**(10)**	(8)
Mainland China and Macau taxation	**(10)**	(6,438)
	(20)	(6,446)
Over/(under) provision in prior years		
Hong Kong profits tax	**–**	–
Mainland China and Macau taxation	**45**	(38)
	45	(38)
Deferred tax		
Relating to the origination and reversal of temporary differences	**670**	1,264
Income tax credit/(expense)	695	(5,220)

7. Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company of HK$59,849,138 *(2004: HK$56,699,868 as restated)* and the weighted average of 459,428,656 *(2004: 459,428,656)* ordinary shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current year and prior year and therefore no diluted earnings per share information is presented in these accounts.

8. Deposits received

On 29th March 2006, an associate of the Group, Promise Good Limited ("PGL"), entered into an agreement to dispose of its interests in the subsidiaries investing in toll road projects in Fenghua, the PRC to their minority shareholder (the "Buyer"). The agreed consideration for the disposal was RMB70 million and the Group has received deposits of RMB15 million from the Buyer on behalf of PGL as at 31st December 2005. The Group's estimated share of PGL's gain on disposal of these subsidiaries is approximately HK$7 million.

DIVIDEND

The Directors have resolved to recommend at the forthcoming Annual General Meeting of the Company to be held on 16th June 2006 the payment of a final dividend of 3 cents per share totaling HK$13,782,860 *(2004: Nil)* for the year ended 31st December 2005 to those shareholders whose names appear on the Register of Members on 16th June 2006. The proposed dividend, if approved, will be paid on or before 3rd July 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 13th June 2006 to 16th June 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above proposed dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrars, Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 12th June 2006.

OVERALL RESULTS

The Group recorded a consolidated profit attributable to equity holders of HK$59.85 million for the year ended 31st December 2005 with earnings per share of 13.03 cents, an increase of 5.6% from the restated consolidated profit attributable to equity holders of HK$56.70 million and earnings per share of 12.34 cents for the year ended 31st December 2004.

BUSINESS REVIEW

Banking Business

During the year under review, Xiamen International Bank Group, a 36.75% owned major investment of the Group, reported a steady growth in its Renminbi business and its deposit base and loan portfolios have increased significantly as compared with last year. The rise in interest rate spread earned by Xiamen International Bank Group also resulted in an increase in its net interest income as compared with last year. The consolidated net profit of Xiamen International Bank as adjusted in accordance with the Hong Kong Financial Reporting Standards reached HK$189.72 million, an increase of 53.1% from HK$123.90 million for the year ended 31st December 2004. By leveraging the success in setting up its Shanghai Branch at the Lujiazui Finance and Trade Zone of Pudong Area, Xiamen International Bank will continue to devote its efforts in developing a nationwide business network. It will adopt the basic policy of strengthening its foundation and progressing prudently in order to further enhance the size of its business, the standard of management as well as its overall efficiencies.

Insurance

Min Xin Insurance Company Limited ("MXIC"), the Group's wholly-owned subsidiary, achieved a net profit after tax of HK$6.69 million for the year ended 31st December 2005, an increase of 14.2% from HK$5.86 million in 2004. Despite the increasingly competitive environment in the Hong Kong Insurance Market, MXIC was successful in increasing its market share significantly in the domestic helpers insurance sector.

Riding on the improving economy of Hong Kong and Macau, MXIC will continue its effort in securing more business, especially in the private car, domestic helpers and bancasurance business, in order to achieve a better return for its shareholders.

Property Development and Investment

The Group's 51% owned property development subsidiary in Jinan, Shandong Province, has sold all the property units of its last development project in late 2004. However, the parcel of land bidded in late 2004 for property development purposes was still at its planning stage in 2005. As a result, a loss after taxation of RMB5.31 million was recorded by the subsidiary in 2005 against a profit after taxation of RMB10.72 million in 2004. On 16th March 2006, the Company obtained approval from its shareholders to dispose of its equity interest in this subsidiary to an independent third party for a consideration of RMB10.08 million.

Following the leasing of one floor of its investment property in Fuzhou, Fujian Province, to a local insurance company in the first half of 2005, the Group also successfully leased another floor of that property to the local branch of an international shipping and logistics company for a term of three years before the end of 2005. The Group recorded a rental income of HK$0.90 million for the year ended 31st December 2005 and it is expected that the rental income will rise in 2006.

Toll Road Investments

During the year under review, through its 30% owned associated company, the Group's toll road investment in Maanshan, Anhui Province, recorded a revenue of RMB47.25 million, a decrease of 6.0% from RMB50.29 million in last year.

Due to the diversion effect on traffic flow, the Group's toll road investment, through its 40% owned associated company in Fenghua, Zhejiang Province, recorded a revenue of RMB20.32 million, a decrease of 31.3% from RMB29.57 million in last year. On 29th March 2006, this associated company entered into an agreement with the joint venture party of its subsidiaries holding the toll roads in Mainland China to dispose of its equity interest in the subsidiaries for a consideration of RMB70 million.

High-Tech Investments

Min Faith Investments Limited ("Min Faith"), a jointly controlled entity of the Group which is engaged in the manufacturing of industrial digital instruments in Mainland China, has achieved a better second half in 2005 notwithstanding the impacts arising from the macroeconomic adjustment policies in Mainland China and the increased operating costs incurred in relation to its removal to the new location and new product development efforts in the first half of 2005. For the year 2005, it recorded a profit after taxation of HK$9.95 million, an increase of 14.1% from the profit after taxation of HK$8.72 million in 2004. Min Faith will continue to increase its research and development efforts and expand its product application into new areas in order to maintain the leading position in market share and technology.

Investment in Huaneng Power International, Inc.

The transfer procedures of the 108,000,000 non-tradable legal person shares of Huaneng Power International, Inc. ("Huaneng") from the Company's substantial shareholder, Fujian Investment & Enterprise Holdings Corporation, were completed on 15th June 2005. As at 31st December 2005, the Group recorded a revaluation gain of HK$4.31 million in the investment revaluation reserve. On 29th March 2006, Huaneng announced its 2005 results with earnings per share of RMB0.40 and recommended final dividend of RMB0.25 per share. It is expected that the Group will record a dividend income (excluding the pre-acquisition portion) of approximately RMB15.31 million in 2006.

Financial Review

The Group maintained a sound financial position during the year under review. Based on the issued share capital of 459,428,656 shares *(2004: 459,428,656 shares)*, the net asset value per share was HK$2.91 *(2004: HK$2.67)*. As at 31st December 2005, the current assets and current liabilities was HK$487.19 million *(2004: HK$630.05 million)* and HK$189.31 million *(2004: HK$149.77 million)* respectively, with a current ratio of 2.6 *(2004: 4.2)*.

During the year, the Group obtained a five-year floating rate loan facility of HK$120 million from a bank in Hong Kong for the purpose of the acquisition of Huaneng's non-tradable legal person shares. The bank loan is secured by a property (including the leasehold land component) of the Group with a net book value of HK$14.43 million as at 31st December 2005. In addition, the Group's non-wholly owned subsidiary had outstanding short-term fixed rate advances amounted to HK$27.39 million *(2004: HK$21.14 million)* as at 31st December 2005. The gearing ratio (total borrowings divided by total net asset) was 11.0% *(2004: 1.7%)* as at 31st December 2005.

As at 31st December 2005, bank deposits of the Group amounted to HK$300.38 million *(2004: HK$504.18 million)*, which included deposits of RMB141.02 million (equivalent to HK$135.50 million) placed with certain banks in Mainland China *(2004: RMB128.64 million, equivalent to HK$120.78 million)*.

The Group's assets and liabilities and receipts and payments are primarily denominated in Hong Kong Dollars, Renminbi and United States Dollars. In 2005, the PRC government commenced a reform of exchange rate adjustment mechanism for Renminbi. Since the announcement of the appreciation of Renminbi on 21 July 2005, the exchange rate of Renminbi against various major currencies (including United States Dollars and Hong Kong Dollars) has increased steadily. The Group's net monetary assets denominated in Renminbi has resulted in foreign currency translation gain of approximately HK$2.83 million recorded by the Group in 2005. The Group anticipates that it will not face material adverse risks arising from fluctuated foreign exchange rates.

Contingent Liabilities

As at 31 December 2005, a non wholly-owned subsidiary of the Group in Mainland China has issued guarantees amounting to RMB0.79 million (equivalent to HK$0.76 million) *(2004: RMB40.25 million, equivalent to HK$37.79 million)* for mortgage loan facilities obtained by certain buyers for acquiring properties from it. Such guarantees will be released upon receipt of the title deeds of the properties by the relevant banks.

Employees and remuneration policy

As at 31st December 2005, the Group had 74 employees. The remuneration of the employees is based on individual merits and experience. The Group also provides other benefits to the employees including retirement benefits and medical scheme.

PROSPECTS

The year of 2006 will be the first year of the Eleventh Five-Year Plan implemented by the PRC government. The PRC economy is expected to maintain a steady growth rate in 2006 as driven by favourable factors including the continuing industrialization trend and the 2008 Olympic Games in Beijing. Coupled with the full opening of the financial services industry, it is envisaged that the investees of the Group in Mainland China, particularly those in the financial services industry, will be benefited. The Group will continue to increase its investments in financial services industry in Mainland China in future, and seek new investments in suitable business that will generate long-term returns to the Group. The Directors believe that by capitalizing on the Group's solid foundation and the experience accumulated in the past, the Group is in an advantageous position to seize market opportunities and sustain the current financial performance in future.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

AUDIT COMMITTEE

The Company has an Audit Committee comprising three independent non-executive directors, namely Messrs Robert Tsai To Sze, Ip Kai Ming and So Hop Shing, with written terms of reference. The primary duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The Audit Committee has reviewed the audited financial results of the Group for the year ended 31st December 2005.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules for the year ended 31st December 2005 except that:

1. the Independent Non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's Articles of Association.

2. the Directors have not been required by the Company's Articles of Association to retire by rotation at least every three years. However, in accordance with the Company's Articles of Association, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation at every annual general meeting.

In order to ensure full compliance with the relevant code provisions, a special resolution will be proposed to amend the relevant Articles of Association at the forthcoming annual general meeting of the Company to be held in June 2006.

By Order of the Board
Ding Shi Da
Chairman

Hong Kong, 25th April 2006

As at the date of this announcement, the executive Directors are Mr. Ding Shi Da (Chairman), Mr. Chen Gui Zong (Vice Chairman), Mr. Zhu Xue Lun and Mr. Weng Jian Yu; the non-executive Director is Mr. Wang Hui Jin; and the independent non-executive Directors are Mr. Ip Kai Ming, Mr. Robert Tsai To Sze and Mr. So Hop Shing.