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# MIN XIN HOLDINGS LIMITED

## 閩信集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 222)

### ANNOUNCEMENT OF 2008 ANNUAL RESULTS

#### FINANCIAL HIGHLIGHTS

- Profit attributable to equity holders amounted to HK\$164 million, a decrease of 26.2%
- After deducting the non-recurring profits of HK\$58.76 million in 2007, profit attributable to equity holders increased by 0.3%
- Basic earnings per share reached 35.68 HK cents, a decrease of 26.2%
- Total assets and total equity attributable to equity holders dropped by 16.5% and 14.6% to HK\$2.51 billion and HK\$2.25 billion respectively, mainly due to decrease in fair value of Huaneng Shares
- Recommended a final dividend of 3 HK cents per ordinary share

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 2008 as follows:

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2008

	Note	2008 HK\$'000	2007 HK\$'000
<b>Turnover</b>	2	<u>98,622</u>	<u>92,890</u>
<b>Total revenues</b>	2	<u>85,168</u>	<u>92,325</u>
<b>Other gains — net</b>	3	<u>5,242</u>	<u>73,117</u>
Net insurance claims incurred and commission expenses incurred on insurance business	4	(39,519)	(39,538)
Staff costs		(29,660)	(28,051)
Depreciation and amortisation		(6,356)	(4,855)
Impairment loss on available-for-sale financial assets		(325)	—
Other operating expenses		<u>(19,361)</u>	<u>(18,680)</u>
Total operating expenses		<u>(95,221)</u>	<u>(91,124)</u>

**CONSOLIDATED INCOME STATEMENT** *(Continued)*  
*For the year ended 31st December 2008*

	<i>Note</i>	<b>2008</b> <b><i>HK\$'000</i></b>	2007 <i>HK\$'000</i>
<b>Operating (loss)/profit</b>	5	<b>(4,811)</b>	74,318
Finance costs	6	<b>(7,460)</b>	(9,622)
Share of results of jointly controlled entities		<b>170,605</b>	147,440
Share of results of associates		<b>6,153</b>	14,449
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>164,487</b>	226,585
Income tax expense	7	<b>(560)</b>	(4,346)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>163,927</b>	222,239
		<hr/> <hr/>	<hr/> <hr/>
<b>Dividend</b>			
— Final dividend		<b>13,783</b>	18,377
— Special dividend		<b>—</b>	9,189
		<hr/>	<hr/>
		<b>13,783</b>	27,566
		<hr/> <hr/>	<hr/> <hr/>
		<b><i>HK CENTS</i></b>	<b><i>HK CENTS</i></b>
<b>Earnings per share</b>			
— Basic and diluted	8	<b>35.68</b>	48.37
		<hr/> <hr/>	<hr/> <hr/>
<b>Dividend per share</b>			
— Final dividend		<b>3</b>	4
— Special dividend		<b>—</b>	2
		<hr/>	<hr/>
		<b>3</b>	6
		<hr/> <hr/>	<hr/> <hr/>

# CONSOLIDATED BALANCE SHEET

As at 31st December 2008

	<i>Note</i>	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		6,659	7,570
Investment properties		86,713	90,512
Leasehold land and land use rights		17,748	18,041
Jointly controlled entities		1,143,062	939,836
Associates		36,841	65,106
Available-for-sale financial assets		576,576	1,140,870
Deferred income tax assets		673	525
		<u>1,868,272</u>	<u>2,262,460</u>
<b>Current assets</b>			
Land use rights		328,440	313,342
Deferred acquisition costs		15,781	12,944
Insurance receivable	9	15,858	10,293
Reinsurance assets		4,892	7,373
Other debtors		1,347	15,000
Prepayment and deposits		11,896	1,902
Financial assets at fair value through profit or loss			
— listed equity securities held for trading		1,725	5,247
Cash and bank balances		261,309	365,007
		<u>641,248</u>	<u>731,108</u>
Non-current asset classified as held-for-sale		—	11,099
		<u>641,248</u>	<u>742,207</u>
<b>Current liabilities</b>			
Insurance contracts		70,684	74,053
Insurance payable	10	9,772	5,313
Other creditors and accruals		30,036	18,656
Deposits received		—	74,743
Deposits received for disposal of non-current asset held-for-sale		—	8,542
Bank borrowings		89,590	40,422
Current income tax payable		109	264
		<u>200,191</u>	<u>221,993</u>
<b>Net current assets</b>		<u>441,057</u>	<u>520,214</u>
<b>Total assets less current liabilities</b>		<u>2,309,329</u>	<u>2,782,674</u>

**CONSOLIDATED BALANCE SHEET (Continued)***As at 31st December 2008*

	<i>Note</i>	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
<b>Non-current liabilities</b>			
Bank borrowings		<b>53,946</b>	143,588
Deferred income tax liabilities		<b>7,201</b>	6,748
		<u><b>61,147</b></u>	<u>150,336</u>
<b>Net assets</b>		<u><b>2,248,182</b></u>	<u>2,632,338</u>
<b>Share capital</b>		<b>459,429</b>	459,429
<b>Other reserves</b>		<b>1,562,840</b>	1,919,783
<b>Retained profits</b>			
Proposed dividend		<b>13,783</b>	27,566
Others		<b>212,130</b>	224,531
<b>Amount recognised directly in equity relating to non-current asset classified as held-for-sale</b>		<u>—</u>	<u>1,029</u>
<b>Total equity attributable to equity holders of the Company</b>		<u><b>2,248,182</b></u>	<u>2,632,338</u>

**NOTES****1 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collectively refer to all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and have been aligned with accounting principles generally accepted in Hong Kong.

The consolidated financial statements have been prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value:

- available-for-sale financial assets
- financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss
- investment properties

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The Group has adopted, for the first time, the Amendments to HKAS 39 “Financial Instruments: Recognition and Measurement” and HKFRS 7 “Financial Instruments: Disclosures” — Reclassification of Financial Assets, the new HKFRS issued by the HKICPA that are effective from 1st July 2008.

The Amendments to HKAS 39 and HKFRS 7 — Reclassification of Financial Assets permit reclassification of non-derivative securities (other than those designated as fair value through profit or loss upon initial recognition) out of the trading category in rare circumstances. The Amendments also permit reclassification of non-derivative securities (other than those designated as fair value through profit or loss upon initial recognition) which would have met the definition of loans and receivables out of the trading category (i.e., out of the fair value through profit or loss category) if the entity has the intention and ability to hold the financial assets for the foreseeable future or until maturity. The reclassified assets would be carried at their fair value on the date of reclassification, which will become their new costs or amortised costs, as applicable. The Amendments also permit reclassification of financial assets from the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold the financial assets for the foreseeable future or until maturity. The Amendments to HKAS 39 and HKFRS 7 can only be applied prospectively from 1st July 2008.

The adoption of the Amendments to HKAS 39 and HKFRS 7 did not have any financial impact on the Group as no reclassification of financial assets was made by the Group in 2008.

Up to the date of issue of this results announcement, the HKICPA has issued a number of new HKFRSs which are not yet effective for the accounting year ended 31st December 2008 and which have not been early adopted by the Group.

The Group is in the process of making an assessment of what the impact of these new HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s results of operations and financial position.

## 2 TURNOVER AND SEGMENTAL INFORMATION

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

The Group's turnover represents gross insurance premiums, insurance brokerage commission, rental income, dividend income from available-for-sale financial assets, bank interest income and management fee income.

The amount of each significant category of revenue recognised during the year is as follows:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Turnover</b>		
Gross insurance premiums	<b>60,892</b>	48,437
Insurance brokerage commission	<b>876</b>	989
Rental income from investment properties	<b>6,421</b>	5,828
Dividend income from available-for-sale financial assets	<b>24,476</b>	30,996
Interest income from bank deposits	<b>5,837</b>	6,520
Management fees	<b>120</b>	120
	<u>98,622</u>	<u>92,890</u>
Movement in unearned insurance premiums	<u>(7,545)</u>	<u>6,760</u>
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	<u>(7,745)</u>	<u>(9,172)</u>
Other revenues		
Dividend income from listed equity securities held for trading	<b>91</b>	31
Others	<b>1,745</b>	1,816
	<u>1,836</u>	<u>1,847</u>
<b>Total revenues</b>	<b><u>85,168</u></b>	<b><u>92,325</u></b>

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 for rentals and investing in properties to gain from the long term appreciation in their values
Investment holding and others	—	investing in strategic investments and other assets for income and capital appreciation purposes
Industrial instrument manufacturing	—	investing in manufacturers and distributors of digital instruments
Toll road investment	—	investing in toll road projects in Mainland China

	Financial services		Property development and investment		Investment holding and others		Industrial instrument manufacturing		Toll road investment		Unallocated items		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Year ended 31st December</b>														
Turnover	67,075	55,896	2,994	2,382	28,553	34,612	—	—	—	—	—	—	98,622	92,890
Movement in net unearned insurance premiums and reinsurance premiums ceded	(15,290)	(2,412)	—	—	—	—	—	—	—	—	—	—	(15,290)	(2,412)
Other revenues	1,823	1,817	13	—	—	30	—	—	—	—	—	—	1,836	1,847
<b>Total revenues</b>	<b>53,608</b>	<b>55,301</b>	<b>3,007</b>	<b>2,382</b>	<b>28,553</b>	<b>34,642</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>85,168</b>	<b>92,325</b>
<b>Segment results</b>	<b>3,186</b>	<b>8,247</b>	<b>(6,712)</b>	<b>5,672</b>	<b>27,445</b>	<b>90,416</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>23,919</b>	<b>104,335</b>
Corporate overheads	—	—	—	—	—	—	—	—	—	—	(28,730)	(30,017)	(28,730)	(30,017)
<b>Operating profit/(loss)</b>	<b>3,186</b>	<b>8,247</b>	<b>(6,712)</b>	<b>5,672</b>	<b>27,445</b>	<b>90,416</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(28,730)</b>	<b>(30,017)</b>	<b>(4,811)</b>	<b>74,318</b>
Finance costs	—	—	—	—	—	—	—	—	—	—	(7,460)	(9,622)	(7,460)	(9,622)
Share of results of jointly controlled entities	164,662	141,357	—	—	—	—	5,943	6,083	—	—	—	—	170,605	147,440
Share of results of associates	—	—	—	—	—	(5)	—	—	6,153	14,454	—	—	6,153	14,449
<b>Profit/(loss) before taxation</b>	<b>167,848</b>	<b>149,604</b>	<b>(6,712)</b>	<b>5,672</b>	<b>27,445</b>	<b>90,411</b>	<b>5,943</b>	<b>6,083</b>	<b>6,153</b>	<b>14,454</b>	<b>(36,190)</b>	<b>(39,639)</b>	<b>164,487</b>	<b>226,585</b>
Income tax expense	—	—	—	—	—	—	—	—	—	—	—	—	(560)	(4,346)
<b>Profit for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>163,927</b>	<b>222,239</b>
Depreciation and amortisation for the year	299	259	5,064	3,459	393	534	—	—	—	—	600	603	6,356	4,855
Impairment loss on available-for-sale financial assets	—	—	—	—	325	—	—	—	—	—	—	—	325	—
<b>At 31st December</b>														
Segment assets	152,877	157,632	403,880	355,178	752,349	1,465,995	—	—	—	—	—	—	1,309,106	1,978,805
Corporate assets	—	—	—	—	—	—	—	—	—	—	20,511	20,920	20,511	20,920
Investments in jointly controlled entities	1,094,913	899,248	—	—	—	—	48,149	40,588	—	—	—	—	1,143,062	939,836
Investments in associates	—	—	—	—	—	—	—	—	36,841	65,106	—	—	36,841	65,106
<b>Total assets</b>	<b>1,247,790</b>	<b>1,056,880</b>	<b>403,880</b>	<b>355,178</b>	<b>752,349</b>	<b>1,465,995</b>	<b>48,149</b>	<b>40,588</b>	<b>36,841</b>	<b>65,106</b>	<b>20,511</b>	<b>20,920</b>	<b>2,509,520</b>	<b>3,004,667</b>
Segment liabilities	84,257	84,515	1,489	909	14,037	10,733	—	—	—	—	—	—	99,783	96,157
Unallocated liabilities	—	—	—	—	—	—	—	—	—	—	161,555	276,172	161,555	276,172
<b>Total liabilities</b>	<b>84,257</b>	<b>84,515</b>	<b>1,489</b>	<b>909</b>	<b>14,037</b>	<b>10,733</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>161,555</b>	<b>276,172</b>	<b>261,338</b>	<b>372,329</b>
Capital expenditure incurred during the year	189	162	19	307,094	133	44	—	—	—	—	—	2	341	307,302

## Geographical segments

The Group operates in three principal economic environments, namely Hong Kong, Mainland China and Macao. 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 also carries out certain insurance underwriting activities in Macao.

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

	Hong Kong		Mainland China		Macao		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
<b>Year ended 31st December</b>								
<b>Turnover</b>	<b>58,093</b>	51,293	<b>28,686</b>	33,447	<b>11,843</b>	8,150	<b>98,622</b>	92,890
Movement in net unearned insurance premiums and reinsurance premiums ceded	(12,347)	457	—	—	(2,943)	(2,869)	(15,290)	(2,412)
Other revenues	202	112	1,623	1,726	11	9	1,836	1,847
<b>Total revenues</b>	<b>45,948</b>	51,862	<b>30,309</b>	35,173	<b>8,911</b>	5,290	<b>85,168</b>	92,325
<b>Operating profit/(loss)</b>	<b>(29,291)</b>	(23,867)	<b>21,823</b>	96,089	<b>2,657</b>	2,096	<b>(4,811)</b>	74,318
Finance costs	(7,460)	(9,622)	—	—	—	—	(7,460)	(9,622)
Share of results of jointly controlled entities	—	—	170,605	147,440	—	—	170,605	147,440
Share of results of associates	—	—	6,153	14,449	—	—	6,153	14,449
<b>Profit/(loss) before taxation</b>	<b>(36,751)</b>	(33,489)	<b>198,581</b>	257,978	<b>2,657</b>	2,096	<b>164,487</b>	226,585
Income tax credit/(expense)	220	(125)	(783)	(4,137)	3	(84)	(560)	(4,346)
<b>Profit/(loss) for the year</b>	<b>(36,531)</b>	(33,614)	<b>197,798</b>	253,841	<b>2,660</b>	2,012	<b>163,927</b>	222,239
<b>At 31st December</b>								
Segment assets	220,106	316,277	999,815	1,650,299	89,185	12,229	1,309,106	1,978,805
Corporate assets	19,830	20,202	681	718	—	—	20,511	20,920
Investments in jointly controlled entities	—	—	1,143,062	939,836	—	—	1,143,062	939,836
Investments in associates	—	—	36,841	65,106	—	—	36,841	65,106
<b>Total assets</b>	<b>239,936</b>	336,479	<b>2,180,399</b>	2,655,959	<b>89,185</b>	12,229	<b>2,509,520</b>	3,004,667
Capital expenditure incurred during the year	266	203	27	307,097	48	2	341	307,302

**3 OTHER GAINS — NET**

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Fair value (losses)/gains on listed equity securities measured at fair value through profit or loss	<b>(2,070)</b>	260
Fair value gains on revaluation of investment properties	<b>3,201</b>	13,799
Gain on disposal of investment properties	<b>1,725</b>	—
Gain on disposal of available-for-sale financial assets	—	49,655
Net exchange gains	<b>2,386</b>	9,345
Others	—	58
	<hr/> <b>5,242</b> <hr/>	<hr/> 73,117 <hr/>

**4 NET INSURANCE CLAIMS INCURRED AND COMMISSION EXPENSES INCURRED ON INSURANCE BUSINESS**

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Net insurance claims incurred on insurance business (a)	<b>17,572</b>	16,361
Commission expenses incurred on insurance business (b)	<b>21,947</b>	23,177
	<hr/> <b>39,519</b> <hr/>	<hr/> 39,538 <hr/>

(a) **Net insurance claims incurred on insurance business**

	<b>Gross</b> <i>HK\$'000</i>	<b>2008</b> <b>Reinsurance</b> <i>HK\$'000</i>	<b>Net</b> <i>HK\$'000</i>
Current year claims and loss adjustment expenses	15,384	(280)	<b>15,104</b>
Additional cost for prior years' claims and loss adjustment expenses	2,536	248	<b>2,784</b>
(Decrease)/increase in claims incurred but not reported	(2,310)	2,005	<b>(305)</b>
Decrease in the expected cost of claims for unexpired risks	(11)	—	<b>(11)</b>
	<u>15,599</u>	<u>1,973</u>	<u><b>17,572</b></u>
		<b>2007</b>	
	<b>Gross</b> <i>HK\$'000</i>	<b>Reinsurance</b> <i>HK\$'000</i>	<b>Net</b> <i>HK\$'000</i>
Current year claims and loss adjustment expenses	17,257	(42)	17,215
(Run-off savings)/additional cost for prior years' claims and loss adjustment expenses	(1,596)	348	(1,248)
(Decrease)/increase in claims incurred but not reported	(6)	7	1
Increase in the expected cost of claims for unexpired risks	393	—	393
	<u>16,048</u>	<u>313</u>	<u>16,361</u>

(b) **Commission expenses incurred on insurance business**

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Gross commissions paid and payable	<b>22,737</b>	23,874
Less: Commissions received and receivable from reinsurers	<b>(790)</b>	(697)
Net commissions expenses	<u><b>21,947</b></u>	<u>23,177</u>

## 5 OPERATING (LOSS)/PROFIT

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Operating (loss)/profit is stated after crediting and charging the following:		
<b>Crediting</b>		
Net exchange gains	<b>2,386</b>	9,345
Rentals received and receivable from investment properties less direct outgoings	<b>5,554</b>	4,621
<b>Charging</b>		
Depreciation and amortisation	<b>6,356</b>	4,855
Loss on disposal of property, plant and equipment	<b>23</b>	6
Impairment loss on available-for-sale financial assets (a)	<b>325</b>	—
Operating lease rentals in respect of land and buildings	<b>1,223</b>	758
Auditor's remuneration	<b>3,040</b>	3,133
Management fee	<b>1,880</b>	1,880
Retirement benefit costs	<b>728</b>	641

- (a) The amount represented an impairment loss recognised against the investment in Fujian Hua Yuan City Construction Environment Protection Co., Ltd., an available-for-sale financial asset held by the Group.

## 6 FINANCE COSTS

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Interest on bank loans	<b>7,460</b>	9,622

## 7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year. Taxation on Mainland China and Macao profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in Mainland China and Macao.

The amount of taxation charged to the consolidated income statement represents:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	<b>257</b>	256
Macao taxation	<b>8</b>	85
	<u>265</u>	<u>341</u>
Over provision in prior years		
Macao taxation	<u>(10)</u>	<u>(1)</u>
Deferred tax		
Relating to the origination and reversal of temporary differences	<b>294</b>	4,006
Resulting from a decrease in tax rate	<b>11</b>	—
	<u>305</u>	<u>4,006</u>
Income tax expense	<u><b>560</b></u>	<u>4,346</u>

## 8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the year ended 31st December 2008 of HK\$163,927,000 (2007: HK\$222,239,000) and the weighted average of 459,428,656 (2007: 459,428,656) ordinary shares in issue during the year.

The Group has no dilutive potential ordinary shares in issue during the current and prior years and therefore diluted earnings per share is the same as basic earnings per share for the years presented.

## 9 INSURANCE RECEIVABLE

The credit period for the majority of insurance receivable normally ranges from 90 to 120 days. The credit terms of insurance receivable, including whether guarantees from third parties are required, are determined by senior management.

At 31st December 2008, the ageing analysis of insurance receivable by invoice date was as follows:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 30 days	<b>3,466</b>	2,450
31-60 days	<b>4,527</b>	2,758
61-90 days	<b>3,880</b>	2,238
Over 90 days	<b>3,985</b>	2,847
	<u><b>15,858</b></u>	<u>10,293</u>

## 10 INSURANCE PAYABLE

At 31st December 2008, the ageing analysis of the insurance payable by invoice date was as follows:

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 30 days	<b>3,719</b>	1,056
31-60 days	<b>2,059</b>	1,163
61-90 days	<b>1,654</b>	1,138
Over 90 days	<b>2,340</b>	1,956
	<u><b>9,772</b></u>	<u>5,313</u>

## DIVIDEND

The Directors have resolved to recommend at the forthcoming Annual General Meeting of the Company to be held on 18th June 2009 the payment of a final dividend of 3 HK cents per ordinary share totaling HK\$13,782,860 for the year ended 31st December 2008 (2007: special dividend of 2 HK cents per ordinary share totaling HK\$9,188,573 and final dividend of 4 HK cents per ordinary share totaling HK\$18,377,146). The proposed dividend, if approved, will be paid on or before 17th July 2009.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16th June 2009 to 18th June 2009, 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, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 15th June 2009.

## **BUSINESS REVIEW**

In 2008, the global financial crisis hard hit the economies around the world, and its negative impacts on the global economy still remain obvious. In this unusual time, however, Mainland China has managed to surmount the adverse impact of severe natural disasters and maintained a stable and relatively rapid growth. Despite such complicated domestic and external economic environment, the Group has actively overcome the hardship and has maintained a healthy development and satisfactory earnings.

### **Operating Results**

In 2008, the Group recorded an audited consolidated profit attributable to equity holders of HK\$163.93 million, a decrease of 26.2% from that of 2007. Basic earnings per share amounted to 35.68 HK cents.

After deducting the non-recurring gain of HK\$49.66 million from the disposal of 36 million shares of Huaneng Power International, Inc. and the share of results of an associated company of HK\$9.1 million for the gain on the disposal of the toll road investment in 2007, the consolidated profit attributable to equity holders in 2008 rose by 0.3% as compared to that of 2007.

### **Banking Business**

The Group, through its 36.75% interest in the Xiamen International Bank Group, conducts banking business in Mainland China and Macao.

In 2008, major financial markets around the world experienced extreme volatilities, particularly in the second half of the year, triggered by the collapse of Lehman Brothers. Nevertheless, the banking business of the Group was still able to attain a 16.5% growth in its profit after taxation which amounted to HK\$164.66 million.

Although Mainland China suffered from natural disasters, and global economies, including Hong Kong and Macao, were adversely affected by the turbulence of global financial markets, the traditional banking business of Xiamen International Bank continued to maintain a satisfactory growth and achieved encouraging performance. Its investment-related businesses, however, were negatively affected by the fallout of the financial crisis. For the year of 2008, Xiamen International Bank's consolidated net profit prepared under China Accounting Standards went up by 0.1% to RMB369.41 million from RMB369.21 million in 2007. This is mainly due to the provision for impairment loss against its investment portfolio by Xiamen International Bank Group during the year.

During the year under review, the total assets of Xiamen International Bank Group grew by about 2.6% to RMB44.09 billion. Loans to customers and customers' deposits were RMB27.97 billion and RMB37.52 billion respectively, an increase of 6.3% and 2.2% respectively as compared to those at the end of 2007. The return on average equity was about 16.4%, a decrease of 2.7% as compared to that of 2007. The net interest income and the net fee and commission income have increased by 52.2% and 8.8% respectively as compared to those of last year.

The recession of global economy has led to the slowdown of business activities. Mainland China's pace of economic growth has decelerated apparently with sharply decreased exports. In order to alleviate the impact of the financial crisis, the central government of Mainland China rolled out massive economic stimulus package and eased its monetary policy. It is anticipated that the Mainland China will still have a steady growth this year. Xiamen International Bank Group will adjust its business strategies and will continue to invest in a prudent manner in order to cope with the changes in operating environment, to ensure a long-term growth of its business.

## **Insurance Business**

Min Xin Insurance Company Limited (“MXIC”), the Group’s wholly-owned subsidiary, registered a net profit after tax of HK\$1.71 million for the year ended 31st December 2008, a decrease of 78% from HK\$7.76 million in 2007. Such adverse result was mainly due to sluggish insurance market premium rate sustaining in the previous few years. MXIC, however, was timely in fine tuning its underwriting strategy to capture the turnaround of the market during the second half of the year resulting in a favorable top line growth.

Despite the uncertain economic outlook, MXIC will persevere in securing growth in a profitable manner by maintaining a tactful business strategy.

## **Property Development and Investment**

The property development and investment business of the Group includes the real estate development business and the leasing of certain investment properties in Mainland China. In 2008, the property development and investment business reported a loss after taxation of HK\$7.5 million as compared to the profit after taxation of HK\$1.54 million of last year.

Since the successful bidding through public auction of a piece of land in Suzhou (the “Suzhou Project”) in early 2007, the Group has set up a wholly-owned subsidiary, Minxin (Suzhou) Property Development Co., Ltd. (“Minxin Suzhou”) to undertake the real estate development business in Mainland China. In 2008, Minxin Suzhou recorded a loss of RMB8.51 million (including the amortisation of land use right of RMB4.24 million), as compared to a loss of RMB5.46 million (including the amortisation of land use right of RMB3.18 million) for 2007.

During the year under review, the central government of Mainland China swiftly adjusted its macro-control measures to avoid overheating of its real estate industry to the active promotion of the steady and healthy development of the industry, and officially designated the real estate industry as one of the “key pillar industries of national economy”. Minxin Suzhou timely adjusted the progress of various work to meet the changing macro economic policies and the local real estate market in Suzhou, in particular, the construction progress of the surrounding ecology park of the Suzhou Project. It also actively made application for the construction work of its real estate development projects. Subsequent to the balance sheet date, Minxin Suzhou has obtained the construction permit for the commencement of the construction work. Currently, the construction work for the Suzhou Project has been progressing well and it is targeted to complete the construction of the main structure by the end of 2009. It has been planned that the Suzhou Project, which has a total construction area of about 81,000 square metres, will build 55 blocks with a total of 218 low density residential units.

Apart from generating a steady rental income to the Group, the Group’s investment properties and car parks in Fuzhou, Fujian Province (the “Fuzhou Property”) represent growing capital value in the long term and can also act as quality securities for acquiring longer term finance. Benefiting from the substantial increase in rental following the renewal of lease, the Fuzhou Property recorded an increase of 7.8% in rental income to RMB2.62 million from RMB2.43 million in 2007. As at 31st December 2008, the Fuzhou Property reported a rise of 1.8% in its fair value to HK\$38.71 million as compared to that at 31st December 2007. Accordingly, the Group recognised a fair value gain of HK\$0.7 million, as compared to HK\$9.7 million in 2007.

## **Investment in Huaneng Power International Inc. (“Huaneng Shares”)**

The global financial crisis has caused turbulence to A Shares market in Mainland China. As at the end of 2008, the Shanghai Composite Index dropped by about 3,440 points as compared to that of 2007. The closing bid price of Huaneng’s A-share also fell to RMB6.92 per share as at 31st December 2008 from RMB14.84 per share as at 31st December 2007. The fair value of the Group’s investment in 72 million Huaneng Shares estimated with reference to the closing bid price of Huaneng’s A-Share reduced by about RMB570.24 million to RMB498.24 million (equivalent to approximately HK\$565.8 million) as compared to that at the end of 2007. With Huaneng Shares classified as a long term available-for-sale financial asset of the Group, the loss of about HK\$575.07 million arising from the change in its fair value (2007: fair value gain of about HK\$688.04 million) was directly recognised in the investment revaluation reserve.

In 2008, the Group received a final dividend for 2007 of RMB0.3 per share from Huaneng, generating a dividend income of HK\$24.48 million (2007: RMB0.28 per share totaling HK\$31 million).

On 1st April 2009, Huaneng announced its results under the China Accounting Standards for 2008. Notwithstanding the growth in its operating income by 34.5% when compared to that of 2007, the significant increase in the fuel prices has led to the reduction in gross profit, resulting in a loss of RMB0.31 per share as compared with an earnings per share of RMB0.5 for 2007. With its accumulated undistributed profits, Huaneng intends to distribute 2008 final cash dividend of RMB0.1 per share in order to provide returns to the shareholders.

### **High-Tech Investments**

Min Faith Investments Limited (“Min Faith”), an investment of the Group engaging in the manufacturing of industrial digital instruments through its subsidiaries in Mainland China, has registered another extraordinary year of profit after taxation of HK\$14.86 million in 2008, a slight decrease of 2.3% from the record profit after taxation of HK\$15.21 million in 2007. Amid the economic downturn worldwide, Min Faith is facing a difficult year in 2009. It will strive to maintain its lead in the industrial digital instrumentation market and further exploit the opportunities of diversification and expansion of its product lines.

### **Toll Road Investments**

In 2008, through its 30% owned associated company, the Group’s toll road investment in Maanshan, Anhui Province, recorded a revenue of RMB52.65 million, a decrease of 2.5% from RMB53.98 million in last year.

On 12th March 2009, the aforesaid associated company entered into an agreement with its joint venture partner of the toll road subsidiary in Maanshan to dispose of its entire 70% equity interest in that subsidiary company for a consideration of RMB122 million.

## **FINANCIAL REVIEW**

The Group consistently holds the principle of financial prudence, and still maintains a healthy financial position despite of the liquidity crunch in the financial market. Based on 459,428,656 shares in issue (2007: 459,428,656 shares), the net asset value per share was HK\$4.89 (2007: HK\$5.73) at 31st December 2008. The decrease was mainly attributable to the reduction in the fair value of the Group’s investment in 72 million Huaneng’s A-Share as compared to that at the end of 2007, which represented a drop in the net asset value per share by HK\$1.25.

As at 31st December 2008, the total liabilities of the Group were HK\$261.34 million (2007: HK\$372.33 million) and the ratio of total liabilities to total equity attributable to equity holders of the Company was 0.12 (2007: 0.14). As at 31st December 2008, the current assets and current liabilities of the Group were HK\$641.25 million (2007: HK\$742.21 million) and HK\$200.19 million (2007: HK\$221.99 million) respectively with a current ratio of 3.2 (2007: 3.3).

The Group has drawn down a three-year floating rate term loan for financing the Suzhou Project in 2007, of which HK\$36 million was repaid during the year. The Group has also fully repaid during the year a floating rate revolving loan of HK\$5 million which was drawn down in 2007.

As at 31st December 2008, the outstanding balance of these bank loans drawn down by the Group was HK\$144 million, of which HK\$90 million has to be repaid within one year, and the balance of HK\$54 million in two to five years. As at 31st December 2008, the Group has unutilised banking facilities of HK\$20 million which could be drawn down at anytime.

As at 31st December 2008, the above bank loans are secured by the Group's bank deposit of approximately HK\$8.66 million, certain properties (including the leasehold land component) with a book value of approximately HK\$57.67 million and share mortgages of the Company's subsidiaries, namely Min Xin Properties Limited and Minxin Suzhou. Save for the above, the other assets of the Group have not been pledged. In addition, pursuant to certain requirements of the Office of the Commissioner of Insurance in Hong Kong and the Macao Insurance Ordinance, a subsidiary has allocated its funds of HK\$16 million and MOP2.72 million respectively as bank deposits.

As at 31st December 2008, the gearing ratio of the Group (total borrowings and advances divided by total net assets) still maintained at a relatively low level and was only 6.4% (2007: 7%).

The Group's bank deposits are interest bearing at prevailing market rates. As at 31st December 2008, the total bank deposits of the Group amounted to HK\$261.3 million (2007: HK\$365 million) of which 81.4% were denominated in Hong Kong Dollars, 16.5% in Renminbi and 2.1% in other currencies (2007: 64.2% in Hong Kong Dollars, 33.7% in Renminbi and 2.1% in other currencies).

The Group's assets, liabilities and receipts and payments are primarily denominated in Hong Kong Dollars and Renminbi. As the exchange rate of Renminbi has increased as compared to that at the end of 2007, the Group's net monetary assets denominated in Renminbi has resulted in foreign currency translation gain of approximately HK\$2.39 million recorded by the Group in 2008 (2007: HK\$9.35 million). Save for the above, the Group anticipates that it will not face material risks arising from foreign exchange rates fluctuation.

As at 31st December 2008, the commitments of the Group for its real estate development business amounted to HK\$179.67 million (2007: HK\$2.55 million), and the capital commitments relating to property, plant and equipment amounted HK\$0.2 million (2007: HK\$0.68 million).

As at 31st December 2008 and 2007, the Group does not have any material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31st December 2008, the Group had 73 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**

As the influence of the global financial crisis will gradually worsen and spill over, and the economies in certain major developed countries have stepped into recession concurrently, the global economic environment for this year is still challenging, and the capital and credit market will remain tense. With the introduction of aggressive monetary policies and fiscal measures by the governments of various countries, and a series of economic stimulus packages and monetary ease policy adopted by the central government of Mainland China to increase the domestic demand, adjust the economic structure and improve the livelihood of people, the Board believes that these measures will bring positive support to the banking business invested by the Group.

For the real estate business in Mainland China, the Group will, while steadily proceeding with the construction of the Suzhou Project, selectively seek appropriate and attractive investment opportunities in the real estates market in Mainland China. Despite of the market uncertainties in the future, the Board is still optimistic about the prospects of the real estates market in Mainland China in the long term.

The year of 2009 will still be a year with great challenges. However, the Board believes that whenever there is a crisis, there is an opportunity. In the future, the Group will strive to combat the adverse impact arising from the financial crisis, and will adjust its business strategies to meet the changes of economic environment. It will also seek to capture any favorable opportunities for prudent investment in order to ensure a continuous, stable and healthy growth, and generate greater value for the shareholders.

## **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 Sze Robert Tsai To, 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 of the Company has reviewed the audited financial results of the Group for the year ended 31st December 2008.

## 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 2008 except that the non-executive directors of the Company are not appointed for any specific terms as they are subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Company's Articles of Association.

On behalf of the Board

**DING SHI DA**

*Chairman*

HONG KONG, 23rd April 2009

*As at the date of this announcement, the executive directors are Messrs Ding Shi Da (Chairman), Weng Ruo Tong (Vice Chairman), Zhu Xue Lun, Wang Hui Jin and Weng Jian Yu; the non-executive director is Mr Li Jin Hua; and the independent non-executive directors are Messrs Ip Kai Ming, Sze Robert Tsai To and So Hop Shing.*