



MIN XIN HOLDINGS LIMITED
閩信集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 222)

ANNOUNCEMENT OF 2007 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to equity holders amounted to HK\$222 million, an increase of 112%
- Basic earnings per share reached 48.37 HK cents, an increase of 112%
- Total assets grew by 53.5% to HK\$3 billion
- Total equity attributable to equity holders increased by 55.3% to HK\$2.63 billion
- Recommended a final dividend of 4 HK cents per share and a special dividend of 2 HK cents per 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 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	2	92,890	86,586
Total revenues	2	92,325	81,012
Other gains — net	3	73,117	14,356
Net insurance claims incurred and commission expenses incurred on insurance business	4	(39,538)	(36,839)
Staff costs		(28,051)	(23,000)
Depreciation and amortisation		(4,855)	(2,003)
Impairment of loan receivable	5	—	(3,227)
Other operating expenses		(18,680)	(18,983)
Total operating expenses		(91,124)	(84,052)

CONSOLIDATED INCOME STATEMENT *(Continued)*
For the year ended 31st December 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Operating profit	5	74,318	11,316
Finance costs	6	(9,622)	(8,068)
Share of results of jointly controlled entities		147,440	99,033
Share of results of associates		14,449	4,137
		<hr/>	<hr/>
Profit before taxation		226,585	106,418
Income tax expense	7	(4,346)	(2,740)
		<hr/>	<hr/>
Profit for the year		222,239	103,678
		<hr/>	<hr/>
Profit/(loss) for the year attributable to			
Equity holders of the Company		222,239	104,825
Minority interest		—	(1,147)
		<hr/>	<hr/>
Profit for the year		222,239	103,678
		<hr/>	<hr/>
Dividend			
— Final dividend		18,377	18,377
— Special dividend		9,189	—
		<hr/>	<hr/>
		27,566	18,377
		<hr/>	<hr/>
		HK CENTS	HK CENTS
		<hr/>	<hr/>
Earnings per share for profit attributable to the equity holders of the Company for the year			
— Basic and diluted	8	48.37	22.82
		<hr/>	<hr/>
Dividend per share			
— Final dividend		4	4
— Special dividend		2	—
		<hr/>	<hr/>
		6	4
		<hr/>	<hr/>

CONSOLIDATED BALANCE SHEET

As at 31st December 2007

	Note	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Property, plant and equipment		7,570	7,299
Investment properties		90,512	76,713
Leasehold land and land use rights		18,041	18,335
Jointly controlled entities		939,836	741,488
Associates		65,106	63,270
Available-for-sale financial assets		1,140,870	620,768
Deferred income tax assets		525	526
		<u>2,262,460</u>	<u>1,528,399</u>
Current assets			
Land use rights		313,342	—
Deferred acquisition costs		12,944	15,861
Insurance receivable	9	10,293	13,167
Reinsurance assets		7,373	10,338
Other debtors		15,000	1,990
Current income tax recoverable		—	22
Prepayment and deposits		1,902	1,083
Financial assets at fair value through profit or loss			
— listed equity securities held for trading		5,247	2,820
Cash and bank balances		365,007	384,297
		<u>731,108</u>	<u>429,578</u>
Non-current asset classified as held-for-sale		11,099	—
		<u>742,207</u>	<u>429,578</u>
Current liabilities			
Insurance contracts		74,053	88,298
Insurance payable	10	5,313	4,717
Other creditors and accruals		18,656	32,199
Deposits received		74,743	44,830
Deposits received for disposal of non-current asset held-for-sale		8,542	—
Bank borrowings		40,422	15,945
Current income tax payable		264	71
		<u>221,993</u>	<u>186,060</u>
Net current assets		<u>520,214</u>	<u>243,518</u>
Total assets less current liabilities		<u>2,782,674</u>	<u>1,771,917</u>

CONSOLIDATED BALANCE SHEET (Continued)*As at 31st December 2007*

	<i>Note</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
Non-current liabilities			
Bank borrowings		143,588	47,929
Deferred income tax liabilities		6,748	29,316
		<u>150,336</u>	<u>77,245</u>
Net assets		<u>2,632,338</u>	<u>1,694,672</u>
Share capital			
Other reserves		459,429	459,429
Retained profits		1,919,783	1,129,435
Proposed dividend		27,566	18,377
Others		224,531	87,431
Amount recognised directly in equity relating to non-current asset classified as held-for-sale		<u>1,029</u>	<u>—</u>
Total equity attributable to equity holders of the Company		<u>2,632,338</u>	<u>1,694,672</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 applied, for the first time, the following new HKFRSs issued by the HKICPA that are effective for accounting periods beginning on or after 1st January 2007.

—	Amendment to HKAS 1	Presentation of Financial Statements — Capital Disclosures
—	HKFRS 7	Financial Instruments: Disclosures
—	HK(IFRIC) — Int 8	Scope of HKFRS 2
—	HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives
—	HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment

The Group has assessed the impact of the adoption of these new HKFRSs and considered that there was no material impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, but will have certain presentation implications. These changes are summarised as below:

- Amendment to HKAS 1 “Presentation of Financial Statements — Capital Disclosures” affects the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.
- HKFRS 7 “Financial Instruments: Disclosures” requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporate many of the disclosure requirements of HKAS 32 “Financial Instruments: Disclosure and Presentation”.
- HK(IFRIC) — Int 8 “Scope of HKFRS 2” requires HKFRS 2 “Share-based Payment” to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value.
- HK(IFRIC) — Int 9 “Reassessment of Embedded Derivatives” requires the Group to assess the existence of an embedded derivative at the date the Group first becomes party to the contract, with reassessment performed only if there is a change to the contract that significantly modifies the cash flows.
- HK(IFRIC) — Int 10 “Interim Financial Reporting and Impairment” prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date.

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 2007 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, toll road investment, industrial instrument manufacturing and investment holding businesses.

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

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover		
Gross insurance premiums	48,437	55,053
Insurance brokerage commission	989	1,380
Dividend income from available-for-sale financial assets	30,996	14,806
Interest income from bank deposits	6,520	9,773
Rental income from investment properties	5,828	5,454
Management fees	120	120
	<u>92,890</u>	<u>86,586</u>
Movement in unearned insurance premiums	<u>6,760</u>	<u>(376)</u>
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	<u>(9,172)</u>	<u>(7,343)</u>
Other revenues		
Dividend income from listed equity securities held for trading	31	80
Interest income from unlisted held-to-maturity debt securities	—	125
Others	1,816	1,940
	<u>1,847</u>	<u>2,145</u>
Total revenues	<u>92,325</u>	<u>81,012</u>

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
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	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	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
Year ended 31st December														
Turnover	55,896	62,633	2,382	2,235	—	—	—	—	34,612	21,718	—	—	92,890	86,586
Movement in net unearned insurance premiums and reinsurance premiums ceded	(2,412)	(7,719)	—	—	—	—	—	—	—	—	—	—	(2,412)	(7,719)
Other revenues	1,817	288	—	1,618	—	—	—	—	30	239	—	—	1,847	2,145
Total revenues	55,301	55,202	2,382	3,853	—	—	—	—	34,642	21,957	—	—	92,325	81,012
Segment results	8,247	4,368	5,672	8,030	—	—	—	—	90,416	24,413	—	—	104,335	36,811
Corporate overheads	—	—	—	—	—	—	—	—	—	—	(30,017)	(25,495)	(30,017)	(25,495)
Operating profit/(loss)	8,247	4,368	5,672	8,030	—	—	—	—	90,416	24,413	(30,017)	(25,495)	74,318	11,316
Finance costs	—	—	—	—	—	—	—	—	—	—	(9,622)	(8,068)	(9,622)	(8,068)
Share of results of jointly controlled entities	141,357	94,002	—	—	—	—	6,083	5,031	—	—	—	—	147,440	99,033
Share of results of associates	—	—	—	—	14,454	4,103	—	—	(5)	34	—	—	14,449	4,137
Profit/(loss) before taxation	149,604	98,370	5,672	8,030	14,454	4,103	6,083	5,031	90,411	24,447	(39,639)	(33,563)	226,585	106,418
Income tax expense	—	—	—	—	—	—	—	—	—	—	—	—	(4,346)	(2,740)
Profit for the year	—	—	—	—	—	—	—	—	—	—	—	—	222,239	103,678
Depreciation and amortisation for the year	259	247	3,459	550	—	—	—	—	534	601	603	605	4,855	2,003
Impairment of loan receivable	—	3,227	—	—	—	—	—	—	—	—	—	—	—	3,227
At 31st December														
Segment assets	157,632	168,306	355,178	28,368	—	—	—	—	1,465,995	934,959	—	—	1,978,805	1,131,633
Corporate assets	—	—	—	—	—	—	—	—	—	—	20,920	21,586	20,920	21,586
Investments in jointly controlled entities	899,248	708,855	—	—	—	—	40,588	32,633	—	—	—	—	939,836	741,488
Investments in associates	—	—	—	—	65,106	52,539	—	—	—	10,731	—	—	65,106	63,270
Total assets	1,056,880	877,161	355,178	28,368	65,106	52,539	40,588	32,633	1,465,995	945,690	20,920	21,586	3,004,667	1,957,977
Segment liabilities	84,515	98,871	909	587	—	—	—	—	10,733	20,130	—	—	96,157	119,588
Unallocated liabilities	—	—	—	—	—	—	—	—	—	—	276,172	143,717	276,172	143,717
Total liabilities	84,515	98,871	909	587	—	—	—	—	10,733	20,130	276,172	143,717	372,329	263,305
Capital expenditure incurred during the year	162	889	307,094	49	—	—	—	—	44	66	2	—	307,302	1,004

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 customers or the investee. Segment assets and capital expenditure are presented based on the geographical location of the assets.

	Hong Kong		Mainland China		Macao		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December								
Turnover	51,293	59,118	33,447	20,292	8,150	7,176	92,890	86,586
Movement in net unearned insurance premiums and reinsurance premiums ceded	457	(6,182)	—	—	(2,869)	(1,537)	(2,412)	(7,719)
Other revenues	112	380	1,726	1,737	9	28	1,847	2,145
Total revenues	51,862	53,316	35,173	22,029	5,290	5,667	92,325	81,012
Operating profit/(loss)	(23,867)	(17,972)	96,089	26,186	2,096	3,102	74,318	11,316
Finance costs	(9,622)	(7,276)	—	(792)	—	—	(9,622)	(8,068)
Share of results of jointly controlled entities	—	—	147,440	99,033	—	—	147,440	99,033
Share of results of associates	—	—	14,449	4,137	—	—	14,449	4,137
Profit/(loss) before taxation	(33,489)	(25,248)	257,978	128,564	2,096	3,102	226,585	106,418
Income tax expense	(125)	(387)	(4,137)	(2,282)	(84)	(71)	(4,346)	(2,740)
Profit/(loss) for the year	(33,614)	(25,635)	253,841	126,282	2,012	3,031	222,239	103,678
At 31st December								
Segment assets	316,277	186,118	1,650,299	910,968	12,229	34,547	1,978,805	1,131,633
Corporate assets	20,202	20,808	718	778	—	—	20,920	21,586
Investments in jointly controlled entities	—	—	939,836	741,488	—	—	939,836	741,488
Investments in associates	—	—	65,106	63,270	—	—	65,106	63,270
Total assets	336,479	206,926	2,655,959	1,716,504	12,229	34,547	3,004,667	1,957,977
Capital expenditure incurred during the year	203	889	307,097	51	2	64	307,302	1,004

3 OTHER GAINS — NET

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Fair value gains on listed equity securities		
measured at fair value through profit or loss	260	923
Fair value gains on revaluation of investment properties	13,799	5,807
Gain on disposal of available-for-sale financial assets	49,655	—
Gain on disposal of a subsidiary (a)	—	1,979
Net exchange gains	9,345	5,647
Others	58	—
	<u>73,117</u>	<u>14,356</u>

(a) On 16th February 2006, the Group entered into an agreement to dispose of its entire 51% equity interest in Jinan Pacific Real Estate Development Co., Ltd. (“Jinan Pacific”) to an independent third party for a cash consideration of RMB10.1 million (equivalent to approximately HK\$9.7 million). The disposal was subject to the completion of the relevant governmental and regulatory approval process, which was completed in June 2006. A gain of HK\$1.98 million was recognised by the Group upon the completion of the disposal for the year ended 31st December 2006.

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net insurance claims incurred on insurance business (a)	16,361	15,630
Commission expenses incurred on insurance business (b)	23,177	21,209
	<u>39,538</u>	<u>36,839</u>

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

	Gross <i>HK\$'000</i>	2007 Reinsurance <i>HK\$'000</i>	Net <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>
		2006	
	Gross <i>HK\$'000</i>	Reinsurance <i>HK\$'000</i>	Net <i>HK\$'000</i>
Current year claims and loss adjustment expenses	16,090	(11)	16,079
Additional cost for prior years' claims and loss adjustment expenses	218	110	328
(Decrease)/increase in claims incurred but not reported	(891)	291	(600)
Decrease in the expected cost of claims for unexpired risks	(177)	—	(177)
	<u>15,240</u>	<u>390</u>	<u>15,630</u>

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Gross commissions paid and payable	23,874	21,805
Less: Commissions received and receivable from reinsurers	(697)	(596)
Net commissions expenses	<u>23,177</u>	<u>21,209</u>

5 OPERATING PROFIT

	2007	2006
	HK\$'000	HK\$'000
Operating profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	9,345	5,647
Rentals received and receivable from investment properties less direct outgoings	4,621	4,800
Charging		
Depreciation and amortisation	4,855	2,003
Loss on disposal of property, plant and equipment	6	18
Impairment of loan receivable (a)	—	3,227
Operating lease rentals in respect of land and buildings	758	584
Auditors' remuneration	3,133	3,035
Management fee	1,880	1,880
Retirement benefit costs	641	615
	<u>641</u>	<u>615</u>

(a) The amount represented an impairment loss made against an advance to an unrelated company reducing the net carrying value of the advance to nil at 31st December 2006.

6 FINANCE COSTS

	2007	2006
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	9,622	6,944
Interest on substantial shareholder's loan wholly repayable within five years	—	332
Interest on short term advances wholly repayable within five years (a)	—	792
	<u>9,622</u>	<u>8,068</u>

(a) The interest was incurred for unsecured demand loans borrowed by a former non-wholly owned subsidiary of the Group, Jinan Pacific (Note 3(a)).

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 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.

On 16th March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC. The applicable tax rate for Mainland China profits of the Group will be reduced from 33% to 25% from 1st January 2008.

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	256	101
Mainland China and Macao taxation	85	71
	<u>341</u>	<u>172</u>
Over provision in prior years		
Macao taxation	<u>(1)</u>	<u>—</u>
Deferred tax		
Relating to the origination and reversal of temporary differences	<u>4,006</u>	<u>2,568</u>
Income tax expense	<u>4,346</u>	<u>2,740</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 2007 of HK\$222,239,000 (2006: HK\$104,825,000) and the weighted average of 459,428,656 (2006: 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 RECEIVABLES

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 2007, the ageing analysis of insurance receivable by invoice date was as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 30 days	2,450	2,624
31-60 days	2,758	3,422
61-90 days	2,238	2,879
Over 90 days	2,847	4,242
	<u>10,293</u>	<u>13,167</u>

10 INSURANCE PAYABLES

At 31st December 2007, the ageing analysis of the insurance payable by invoice date was as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Within 30 days	1,056	942
31-60 days	1,163	1,294
61-90 days	1,138	952
Over 90 days	1,956	1,529
	<u>5,313</u>	<u>4,717</u>

DIVIDEND

In light of the satisfactory performance of the Group and the gain of HK\$49.66 million from the disposal of 36 million shares of Huaneng during the year, the Directors have resolved to recommend at the forthcoming Annual General Meeting of the Company to be held on 26th June 2008 the payment of a special dividend of 2 HK cents per share totaling HK\$9,188,573 (2006: Nil) in addition to the payment of a final dividend of 4 HK cents per share totaling HK\$18,377,146 (2006: 4 HK cents per share totaling HK\$18,377,146) for the year ended 31st December 2007. The proposed dividend, if approved, will be paid on or before 18th July 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24th June 2008 to 26th June 2008, 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 23rd June 2008.

OVERALL RESULTS

In 2007, the Group recorded an audited consolidated profit attributable to equity holders of HK\$222.24 million, an increase of HK\$117.42 million, or 112.0%, from HK\$104.82 million in 2006. Basic earnings per share reached 48.37 HK cents and the return on average equity was 10.3%.

The Group produced exceptional results with the growth mainly attributable to the increase in the recognition of dividend income from Huaneng Power International, Inc. (“Huaneng”) by HK\$16.19 million, the increase in the share of profit after taxation of Xiamen International Bank by HK\$47.36 million, as well as the gain of HK\$49.66 million from the disposal of 36 million shares of Huaneng during the year.

BUSINESS REVIEW

Banking Business

In 2007, the banking business of the Group attained satisfactory growth and reported a rise in the profit after taxation by 50.4% to HK\$141.36 million, which accounted for 63.6% of the overall results of the Group.

The Group, through its 36.75% interest in the Xiamen International Bank Group, conducts banking business in Mainland China and Macao. In 2007, riding on the favourable operating environment resulting from the prosperous economy in Mainland China and Macao, all lines of business of the Xiamen International Bank Group maintained a healthy and rapid development. At the same time, its operating results have also attained a satisfactory growth. For the year ended 31st December 2007, Xiamen International Bank’s consolidated net profit as adjusted under the requirements of Hong Kong Financial Reporting Standards went up by 42.6% to RMB372.72 million from RMB261.40 million in 2006.

During the year under review, based on the figures reported in the audited accounts of the Xiamen International Bank Group prepared under PRC GAAP, the total assets grew by about 40.0% to RMB42.8 billion. Loans to customers and customers’ deposits were RMB26.3 billion and RMB32.6 billion respectively, an increase of 70.1% and 27.5% respectively as compared with those at the end of last year. The return on average equity rose by 2.0% to 18.5%. The net interest income has increased by 48.5% to RMB650 million while the net fee and commission income has increased by 47.7% to RMB110 million.

Since the opening of its Beijing Branch in July 2007, Xiamen International Bank continued to set up sub-branches in places where branches have already been set up, making it the joint venture bank having the most sub-branches in Xiamen. Looking ahead, Xiamen International Bank will actively seek to expand its network and set up sub-branches.

Insurance

Min Xin Insurance Company Limited (“MXIC”), the Group’s wholly-owned subsidiary, achieved a profit after taxation of HK\$7.76 million for the year ended 31st December 2007, an increase of 19.9% from HK\$6.47 million in 2006. During the year under review, premium income has faced a downward pressure due to market competition and operating expenses have faced an upward pressure due to inflation. To combat such pressure, we have strived hard in enhancing our underwriting standard and operating efficiency.

To further strengthen the competitiveness of MXIC, we will extend our ability to open up new business opportunity from the Hong Kong and Macao markets by further investment in our human resources. We remain mindful in bringing in better return to our shareholders.

Property Development and Investment

In 2007, the property development and investment business of the Group reported a profit after taxation of HK\$5.67 million, which represents a decrease of 29.4% from last year and accounted for 2.6% of the overall results of the Group.

During the year, the Group set up a wholly-owned foreign investment enterprise, Minxin (Suzhou) Property Development Co., Ltd. (“Minxin Suzhou”), with a registered capital of HK\$200 million, to undertake the development of the land successfully bided by the Group through public auction at a consideration of RMB285 million (equivalent to approximately HK\$294 million). It is anticipated that the total gross floor area of the land is about 57,000 square meters. In accordance with the usage terms of the land, Minxin Suzhou has planned to build 218 low-density residential units which match with the peripheral natural environment and the ancillary facilities of the ecology park nearby.

As the project is still under the planning stage, Minxin Suzhou recorded a loss of RMB5.46 million (including the amortisation of land use right of RMB3.18 million) for the year ended 31st December 2007.

During the year, two floors of the investment properties of the Group in Fuzhou, Fujian Province (the “Fuzhou Property”) have been leased out, generating a steady rental income to the Group. For the year ended 31st December 2007, the Fuzhou Property recorded a rental income of RMB2.43 million, as compared with RMB2.43 million in last year. Owing to the rise in the property price in Mainland China, the Fuzhou Property reported a rise of 26.6% in its fair value to RMB34 million as compared with last year. Accordingly, the Group recognized a fair value gain of RMB7.14 million, as compared with RMB3.92 million in last year.

Toll Road Investments

In 2007, through its 30% owned associated company, the Group’s toll road investment in Maanshan, Anhui Province, recorded a revenue of RMB53.98 million, an increase of 7.0% from RMB50.44 million in last year. It is anticipated that this investment will continue to bring steady income to the Group.

At the end of 2007, the Group’s 40% owned associated company completed the agreement entered into with the joint venture partner of its subsidiary company in Mainland China for disposing of its equity interest in the toll roads in Fenghua, Zhejiang Province for a consideration of RMB70 million. As a result, the Group realized a profit of HK\$10.95 million.

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 achieved another record profit after taxation of HK\$15.21 million in 2007, an increase of 20.9% from the profit after taxation of HK\$12.58 million in 2006. Min Faith will fully exploit the geographical advantages of its Hong Kong headquarters and the research and production bases in Fujian and Tianjin for the development of diversified product lines of instrumentation. It will maintain to take the lead in the market place and will strive to expand its business size and strengthen its competitiveness.

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

As at 31st December 2007, the Group estimated the fair value of its investment of Huaneng Shares at RMB1.07 billion (equivalent to approximately HK\$1.14 billion) with reference to the closing bid price of Huaneng’s A-Share of RMB14.84 per share and a fair value gain of HK\$690 million (2006: HK\$260 million) was recognized in the investment revaluation reserve. During the year, the Group received a final dividend for the year ended 31st December 2006 of RMB0.28 per share from Huaneng, generating a dividend income of HK\$31 million (2006: RMB0.25 per share totaling HK\$14.81 million).

The transaction regarding the execution of the transfer agreement between the Group and Fujian Investment & Enterprise Holdings Corporation for the transfer of 36 million Huaneng Shares was completed in the second half of 2007. As a result, the Group recorded a gain on disposal of about HK\$49.66 million.

On 25th March 2008, Huaneng announced its results under the PRC Accounting Standards for the year ended 31st December 2007, with earnings per share of RMB0.5, which represents an increase of 8.7% as compared with last year, and a final dividend of RMB0.3 per share was also proposed.

FINANCIAL REVIEW

The Group maintained a healthy financial position during the year under review. Based on 459,428,656 shares in issue (2006: 459,428,656 shares), the net asset value per share was HK\$5.73 (2006: HK\$3.69) at 31st December 2007. As at 31st December 2007, the total liabilities of the Group were HK\$372.33 million (2006: HK\$263.31 million) and the ratio of total liabilities to total equity attributable to equity holders of the Company was 0.14 (2006: 0.16). As at 31st December 2007, the current assets and current liabilities of the Group were HK\$742.21 million (2006: HK\$429.58 million) and HK\$221.99 million (2006: HK\$186.06 million) respectively with a current ratio of 3.3 (2006: 2.3).

The Group’s five-year floating rate term loan with an outstanding balance of HK\$64 million as at 31st December 2006 had been fully repaid during the year under review. The bank loan was secured by a property (including the leasehold land component) of the Group with a net book value of HK\$13.97 million.

During the year, the Group obtained a three-year floating rate term loan facility of HK\$180 million and a revolving loan facility of HK\$20 million from a bank, of which HK\$120 million is designated for financing the property project of Minxin Suzhou. These bank loan facilities are secured by the Group’s bank deposit of HK\$35.62 million, certain properties (including the leasehold land component) with a book value of HK\$57.52 million as at 31st December 2007, and share mortgages of the Company’s subsidiaries, namely Min Xin Properties Limited and Minxin Suzhou. As at 31st December 2007, the outstanding balance of these bank loans drawn down by the Group was HK\$185 million, of which HK\$41 million has to be repaid within 2008, and the balance of HK\$144 million in two to five years.

The gearing ratio of the Group (total borrowings and advances divided by total net assets) as at 31st December 2007 was 7.0% (2006: 3.8%).

As at 31st December 2007, bank deposits of the Group amounted to HK\$365.01 million (2006: HK\$384.30 million) which included deposits of RMB115.31 million (equivalent to approximately HK\$123.13 million) placed with certain banks in Mainland China (2006: RMB237.16 million, equivalent to approximately HK\$236.27 million).

The Group's assets, liabilities and receipts and payments are primarily denominated in Hong Kong Dollars, Renminbi and United States Dollars. As the increase in the exchange rate of Renminbi has accelerated steadily, the Group's net monetary assets denominated in Renminbi has resulted in foreign currency translation gain of approximately HK\$9.35 million recorded by the Group for the year ended 31st December 2007 (2006: HK\$5.65 million). Apart from the change in Renminbi exchange rate, the Group anticipates that it will not face material risks arising from foreign exchange rates fluctuation.

As at 31st December 2007, the capital commitments of the Group amounted to HK\$3.23 million (including the share of capital commitments of HK\$0.51 million of the jointly controlled entities).

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

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2007, the Group had 64 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

Looking forward into 2008, we believe that the macroeconomic adjustment policy in Mainland China will continue to be an important measure for the government to constrain inflation. Nevertheless, the Board remains prudently optimistic of the economic growth of Mainland China and is confident of the long term steady growth of all the businesses of the Group. In the coming year, the Group will pay closer attention to the policies and market changes so as to ensure that the profits of its banking business will continue to boost. The Group also believes that its prior experience in real estate industry in Mainland China will assist it to increase its investments prudently even under the implementation of the macroeconomic adjustment policy so as to generate long term steady and attractive return to 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 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 of the Company has reviewed the audited financial results of the Group for the year ended 31st December 2007.

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 2007 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, 24th April 2008

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