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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)

### **VERY SUBSTANTIAL DISPOSAL**

#### **THE DISPOSAL**

On 12 August 2011, the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Equity Interest at the Consideration.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Since the relevant percentage ratios in respect of the Disposal are more than 75%, the Disposal constitutes a very substantial disposal under Chapter 14 of the Listing Rules for the Company and is therefore subject to the notification, publication and shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, (i) further details of the Disposal; (ii) the financial information of XIB; and (iii) a notice convening the EGM to approve the Disposal will be despatched to the Shareholders on or before 2 September 2011 in accordance with the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. Accordingly, no Shareholder is required to abstain from voting in respect of the resolution(s) to approve the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

#### **GENERAL**

As completion of the Sale and Purchase Agreement is subject to the fulfillment of a number of Conditions Precedent which are described in this announcement, the Disposal may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

#### **THE SALE AND PURCHASE AGREEMENT**

On 12 August 2011, the Company and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Equity Interest at the Consideration.

Set out below are the principal terms of the Sale and Purchase Agreement:

**Date:**

12 August 2011

**Parties:**

- (1) The Company as the seller
- (2) 福建省交通運輸集團有限責任公司 (Fujian Provincial Communication Transportation Group Co., Ltd.\*) as the Purchaser

The Purchaser is a state-owned corporate group specialized in port management, maritime transportation, road transportation, modern logistics and commercial trading in Fujian Province, PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is a third party independent of the Company and connected persons of the Company. In addition, the Group has not engaged in any previous transactions which were related to the Disposal or with the Purchaser in the past 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

**Equity Interest to be disposed of:**

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Equity Interest which represents 5% of the equity interest in XIB. The Company currently has a 36.75% interest in XIB and such interest was classified as jointly controlled entity and accounted for under equity method in 2010 Audited Accounts.

**Consideration:**

The Consideration is the aggregate of the following:

- (1) RMB320,688,000 (equivalent to approximately HK\$385,948,000) ("**Consideration 1**"); and
- (2) 2011 XIB Net Profit x 5% x 50% ("**Consideration 2**"), provided that if XIB shall suffer a consolidated net loss during such accounting year, Consideration 2 shall be deemed to be zero.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to the net assets attributable to the Equity Interest as reflected in the 2010 XIB Audited Accounts and the consolidated net profit (if any) attributable to the Equity Interest as reflected in the 2011 XIB Audited Accounts. In negotiating and agreeing on the amount of the Consideration, the Company took into account the market value of shares in comparable financial institutions in the similar sector. The Company also considered that being able to obtain an amount equivalent to 50% of the relevant profit of XIB (if any) attributable to the Equity Interest as part of the Consideration, which was arrived at after arm's length negotiations, will be beneficial to and in the interest of the Company and the Shareholders as a whole.

Consideration 1 represents:

- (1) approximately 192% of the net assets attributable to the Equity Interest as reflected in the 2010 XIB Audited Accounts prepared in accordance with China Accounting Standards (please refer to the section headed "Information on XIB" below); and
- (2) approximately 180% of the carrying value attributable to the Equity Interest which has been adjusted in accordance with HKFRSs as reflected in the 2010 Audited Accounts (please refer to the section headed "Information on XIB" below).

## Conditions Precedent:

Completion of the Sale and Purchase Agreement is subject to the satisfaction of following Conditions Precedent on or before 31 March 2012:

- (1) the Disposal having been approved by the shareholders of the Company in accordance with the Listing Rules;
- (2) the Purchaser having obtained approval of the Disposal by the relevant governing authorities;
- (3) the board of directors of XIB having approved the transfer of the Equity Interest;
- (4) all other shareholders of XIB having waived their pre-emption rights in relation to the Equity Interest; and
- (5) the CBRC Approval having been obtained. The Company and the Purchaser shall through XIB apply for the CBRC Approval as soon as possible after entering into the Sale and Purchase Agreement and shall promptly provide all information required for such application.

If the Conditions Precedent could not be satisfied on or before 31 March 2012, the Company and the Purchaser may agree to extend the deadline to 31 May 2012, or the Sale and Purchase Agreement shall terminate. In the event of termination, the Company and the Purchaser shall have no further obligations under the Sale and Purchase Agreement and the Company shall return the Deposit to the Purchaser.

The Consideration will be paid in cash and 10% of Consideration 1 (“**Deposit**”) shall be paid into the Escrow Account within 5 business days from the date of the Sale and Purchase Agreement. After all the Conditions Precedent having been satisfied:

- (1) the Purchaser shall pay 90% of Consideration 1 into the Escrow Account within 15 business days from the Fulfillment Date;
- (2) within 3 months from the Fulfillment Date:
  - (i) the Purchaser shall be responsible for and shall promptly arrange for relevant tax payable by the Company in relation to Consideration 1 to be paid;
  - (ii) the Company and the Purchaser shall procure the transfer of the Equity Interest to be registered at the SAIC; and
  - (iii) the Purchaser shall be responsible for applying to the SAFE in Fujian Province and for remitting the after-tax Consideration 1 to an offshore bank account as designated by the Company;
- (3) within 30 days from the date of issue of the 2011 XIB Audited Accounts, the Purchaser shall be responsible for arranging for relevant tax payable by the Company in relation to Consideration 2 to be paid and for applying to the SAFE in Fujian Province and for remitting the after-tax Consideration 2 to an offshore bank account as designated by the Company.

## **BACKGROUND OF AND REASONS FOR THE DISPOSAL**

Reference is made to the announcement of the Company dated 1 April 2010 and in relation to the approval by CBRC of the change of XIB from a sino-foreign joint venture bank to a Chinese city commercial bank, and from a limited liability company to a joint-stock limited company. The Disposal is part of the proposal to implement such restructuring of XIB and to comply with applicable laws and regulations of the PRC.

The Company currently has a 36.75% interest in XIB, which will be reduced to 31.75% immediately after completion of the Disposal.

In addition, the Company has been informed that XIB is considering a proposal to enlarge its share capital by issuing new shares to third parties. Such capital increase, if implemented, may result in a dilution of the shareholding of the Company in XIB to under 20% immediately after such capital increase. The proposed capital increase and its terms have not yet been finalised at this stage. The Disposal and such capital increase are separate transactions (in particular the capital increase is a transaction to be carried out by XIB and not by the Company), but the Company will include any information relating to such capital increase in the circular relating to the Disposal to be issued to the Shareholders if the terms thereof have been finalised by XIB and made available to the Company before the issuance of such circular, and in any event the Company will issue an announcement in respect of further developments in this regard in accordance with the Listing Rules as and when appropriate.

The Board considers that the Disposal is in the interests of the Company and the Shareholders as a whole, and that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable.

## **USE OF PROCEEDS**

The net proceeds of the Disposal (after payment of tax and other expenses) are estimated to be of approximately RMB294 million (equivalent to approximately HK\$354 million) calculated based on Consideration 1. The Company intends to apply the net proceeds of the Disposal for general working capital of the Group.

## **FINANCIAL EFFECTS OF THE DISPOSAL**

Following the completion of the Sale and Purchase Agreement, it is currently estimated that the financial positions of the Company will be improved by an increase of approximately RMB294 million (equivalent to approximately HK\$354 million) in cash calculated based on Consideration 1. The Company expects to realise an estimated gain of approximately HK\$172 million from the Disposal, after the release of reserves attributable to the Equity Interest, which is calculated based on Consideration 1 and the carrying value attributable to the Equity Interest as reflected in the 2010 Audited Accounts, taking into account estimated tax payable in relation to the Disposal (which is subject to final determination by the relevant PRC tax authority). The remaining 31.75% interest in XIB held by the Company will continue to be classified as jointly controlled entity and accounted for under equity method immediately after completion of the Disposal.

## **INFORMATION ON XIB**

Based in Xiamen, PRC, XIB is the first sino-foreign joint venture bank established in PRC. XIB Group conducts banking business and provides a full range of commercial banking services in Mainland China and Macao.

For the year ended 31 December 2009, the audited consolidated profit before and after tax of XIB Group prepared in accordance with China Accounting Standards were approximately RMB556 million (equivalent to approximately HK\$669 million) and RMB413 million (equivalent to approximately HK\$497 million) respectively. For the year ended 31 December 2010, the audited consolidated profit before and after tax of XIB Group prepared in accordance with China Accounting Standards were approximately RMB583 million (equivalent to approximately HK\$702 million) and RMB538 million (equivalent to approximately HK\$648 million) respectively. The audited consolidated net assets of XIB Group as at 31 December 2010 prepared in accordance with China Accounting Standards was approximately RMB3,332 million (equivalent to approximately HK\$4,010 million).

As XIB has measured its investment properties and an unlisted equity investment at cost in preparing its audited consolidated financial statements under China Accounting Standards, the Company has aligned such accounting policies of XIB with the policies adopted by the Group. Hence, the investment properties and the unlisted equity investment held by XIB were remeasured to its fair value at reporting date and the fair value gain/loss was recognised in audited consolidated financial statements of the Company.

For the year ended 31 December 2009, the Group's share of consolidated profit before and after tax of XIB Group as adjusted in accordance with HKFRSs were approximately HK\$238 million and HK\$178 million respectively. For the year ended 31 December 2010, the Group's share of consolidated profit before and after tax of XIB Group as adjusted in accordance with HKFRSs were approximately HK\$248 million and HK\$229 million respectively. As at 31 December 2010, the Group's share of consolidated net assets of XIB Group as adjusted in accordance with HKFRSs was approximately HK\$1,574 million.

## **INFORMATION ON THE COMPANY**

The Group is principally engaged in banking investment, insurance, property development and investment, and investment holdings.

Immediately after the Disposal, the principal business activities of the Group will remain unchanged and the Group will still be principally engaged in banking investment in view of the remaining 31.75% interest in XIB held by the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

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A circular containing, among other things, (i) further details of the Disposal; (ii) the financial information of XIB; and (iii) a notice convening the EGM to approve the Disposal will be despatched to the Shareholders on or before 2 September 2011 in accordance with the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. Accordingly, no Shareholder is required to abstain from voting in respect of the resolution(s) to approve the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

## GENERAL

As completion of the Disposal is subject to the fulfillment of a number of Conditions Precedent which are described in this announcement, the Disposal may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“2010 Audited Accounts”	the audited consolidated financial statements of the Group for the year ended 31 December 2010 prepared in accordance with HKFRSs
“2010 XIB Audited Accounts”	the audited consolidated financial statements of the XIB Group for the year ended 31 December 2010 prepared in accordance with China Accounting Standards
“2010 XIB Net Assets”	the audited consolidated net assets of the XIB Group as reflected in the 2010 XIB Audited Accounts
“2011 XIB Audited Accounts”	the audited consolidated financial statements of the XIB Group for the year ending 31 December 2011 prepared in accordance with China Accounting Standards
“2011 XIB Net Profit”	the audited consolidated net profit (if any) of the XIB Group as reflected in the 2011 XIB Audited Accounts
“CBRC”	the China Banking Regulatory Commission
“CBRC Approval”	approval of the Disposal by the CBRC
“China Accounting Standards”	the Accounting Standards for Business Enterprises of the PRC
“Company”	Min Xin Holdings Limited
“Consideration”	the consideration for the sale and purchase of the Equity Interest as described in this announcement under the paragraph headed “Consideration”
“Conditions Precedent”	the conditions precedent to completion of the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal by the Company of the Equity Interest to the Purchaser on the terms and conditions of the Sale and Purchase Agreement

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Disposal, the Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders
“Equity Interest”	5% equity interest in XIB as at the date of the Sale and Purchase Agreement
“Escrow Account”	a bank account of the Purchaser but operated jointly by the Company and the Purchaser
“Fulfillment Date”	the date when the last Condition Precedent is fulfilled
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Purchaser”	福建省交通運輸集團有限責任公司 (Fujian Provincial Communication Transportation Group Co., Ltd.*), a limited liability company established in the PRC, being the purchaser under the Sale and Purchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC
“SAIC”	the State Administration for Industry & Commerce of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 August 2011 and entered into between the Company and the Purchaser
“Share(s)”	ordinary share(s) of HK\$ 1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“XIB”	Xiamen International Bank

“XIB Group”

XIB and its subsidiaries

“%”

per cent.

By Order of the Board  
**Min Xin Holdings Limited**  
**Weng Ruo Tong**  
*Chairman*

Hong Kong, 12 August 2011

*As at the date of this announcement, the Executive Directors of the Company are Messrs Weng Ruo Tong (Chairman), Wang Hui Jin (Vice Chairman), Zhu Xue Lun and Li Jin Hua; the Non-Executive Director is Mr Zhang Rong Hui; and the Independent Non-Executive Directors are Messrs Ip Kai Ming, Sze Robert Tsai To and So Hop Shing.*

*Translation of Renminbi into Hong Kong dollars in this announcement is based on the exchange rate of RMB1.00 = HK\$1.2035. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in RMB has been, could have been or may be converted at such or any other rate at all.*

*\* the relevant English name is only a transliteration of the Chinese name for reference only.*