



民安(控股)有限公司

The Ming An (Holdings) Company Limited
(incorporated in the Cayman Islands with limited liability)

(the "Company")
(Stock code: 1389)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

- Gross written premiums amounted to HK\$1,346 million
- Profit attributable to shareholders amounted to HK\$717 million, including a one-off gain of HK\$555 million from the disposal of equity interest in Pacific Century Insurance Holdings Limited
- Earnings per share amounted to HK\$0.247
- The Board recommended the payment of a final dividend of HK 3 cents per share; including the interim dividend paid, as a result, the total dividend for 2007 will amount to HK 5 cents per share (2006: Nil)

CHAIRMAN'S STATEMENT

OVERVIEW

The year 2007 was a very significant year for The Ming An (Holdings) Company Limited (the "Company", and together with its subsidiaries, the "Group"). We made important progress on our network expansion in the PRC. We also managed to achieve satisfactory results in the Group's revenue in 2007. The Group's turnover increased by 25.1% to HK\$1,346 million (2006: HK\$1,076 million). Profit attributable to shareholders was HK\$717 million (2006: HK\$306 million), representing an increase of 134.3%.

The Board of Directors of the Company (the "Board") appointed three asset management firms, two in Hong Kong and one in the PRC, to manage our investment funds with a view to maximizing our investment returns. The three asset management firms generated satisfactory returns for us on the back of booming capital markets in 2007. For the year ended 31 December 2007, the Group's total investment income recorded an increase of 297.8% to HK\$911 million (2006: HK\$229 million), of which HK\$555 million was attributed by the disposal of the equity interest in Pacific Century Insurance Holdings Limited during the year.

BUSINESS REVIEW

The Group's business achieved a satisfactory advancement in 2007. The gross written premiums reached HK\$1,346 million, with the Hong Kong operations contributing 67.8% of the total and the PRC operations accounting for the remaining 32.2%.

In 2007, the Hong Kong insurance market remained highly competitive. Specifically, there was significant pricing pressure on the property and motor insurance segments. The Group strived to expand distribution channels, including banks and life insurers, and worked closely with our strategic partner Cheung Kong (Holdings) Limited ("Cheung Kong"). We succeeded in reinforcing the existing sales channels while exploring new channels for our wide array of products. The Group's Hong Kong business recorded a growth of 8.7% in 2007 over the previous year.

The insurance industry of the PRC continued to grow rapidly. Meanwhile, the Group maintained a strong growth momentum and accelerated its nationwide network coverage in the PRC. We have made important progress on our strategic plans in our operations in the PRC. We successfully opened seven new provincial branches in the PRC, including Beijing, Hebei, Shandong, Jiangsu, Shanghai, Zhejiang and Ningbo. Together with our Guangdong, Shenzhen and Hainan branches, we now have a well-established network of ten provincial branches nationwide. Apart from provincial branches, our sub-branches expanded rapidly from six in 2006 to nineteen in 2007. The Group has successfully captured the opportunities in the rapidly expanding market. Our PRC turnover showed a remarkable increase of 83.1% compared with 2006. The gross written premiums reached HK\$434 million in 2007 (2006: HK\$237 million).

To support our fast-growing business in the PRC, we have reinforced our information technology infrastructure by establishing a centralized management system. This system enables our PRC headquarters to manage and monitor the underwriting and claims procedures of the branch offices more effectively and efficiently by refining the business flow and strengthening the control over operation risk. Also, we set up a nationwide 24-hour customer hotline "95506" in June 2007 so as to improve customer service standards and enhance customer satisfaction.

The Group actively participated in the fulfillment of social responsibilities in 2007. China Insurance (Holdings) Company Limited and its subsidiaries ("China Insurance Group") were appointed as the sole sponsor for insurance services of the "2007 Special Olympics World Summer Games" (the "Games"), held in Shanghai in October 2007. It marked the first time that the Games were hosted by an Asian country. The Group, being part of China Insurance Group, became one of the insurance providers of this project. This helped enhance our brand awareness and promote our market image.

DIVIDEND

The Board is pleased to recommend a final dividend for 2007 of HK 3 cents per share payable to shareholders whose names are on the Register of Members as at 27 May 2008. This final dividend, together with the interim dividend paid during the year, will result in a total dividend of HK 5 cents per share for the year 2007.

2008 OUTLOOK

In 2008, China's economy is expected to experience moderate growth. Rising household income in many parts of the country suggests that the domestic demand for insurance products will continue to grow healthily. Insurance industry is also expected to sustain its healthy growth momentum. We will continue to ride on the booming insurance market in the PRC while further extending the reach of our network. We plan to open eight new provincial branches in Hubei, Anhui, Liaoning, Tianjin, Henan, Sichuan, Hunan and Fujian, and have already obtained approval from the China Insurance Regulatory Commission ("CIRC") for the opening of these provincial branches. With these eight new provincial branches, we will have a total of eighteen provincial branches at the end of 2008. Meanwhile, we also plan to swiftly expand our sub-branches from the existing nineteen to around sixty at the end of 2008. Although the ambitious expansion plan may cost a short-term loss in our PRC operations in 2008, we believe that it is beneficial for the Group to fully capitalize on the opportunities present in the PRC market by well-positioning ourselves in order to generate long-term growth and better value for shareholders.

The mature Hong Kong insurance market will remain highly competitive. The Group will continue to make every effort to enhance its operational effectiveness, thus maintaining steady business performance. We shall further enhance the Group's competitive advantages and ability to serve the economic needs of society, and consolidate our leading position by actively responding to customers' changing needs by developing new business products. In this endeavor, we will speed up our pace of expanding sales channels and strengthening cooperation with banks and life insurance companies by cross-selling our products. We will focus our efforts on expanding personal line products and even tailor-made products for our client's specific needs.

On the investment front, the global capital markets remain volatile. We will optimize our investment structure, pursue a prudent investment approach and utilize the expertise of the three asset management firms to maximize our investment returns and to further increase profitability for our shareholders.

We strongly believe that our professional management team is the engine behind our visionary strategies and will continue to differentiate ourselves from the competitors. Thus, one of our main objectives remains attracting, retaining and training skilled employees. While continuing to identify and hire experienced professionals for our network expansion, we will diligently implement a range of initiatives to attract and retain the best people, including extensive training programs and seminars. In addition, the Group will strive to offer competitive compensation so as to retain qualified personnel within the Group.

Finally, I would like to extend my sincerest gratitude to our staff for their hard work and dedication in 2007. I would also like to express my sincere thanks to our shareholders and customers for their understanding and support. The Board and senior management will work proactively towards creating valuable returns for our investors and shareholders.

Feng Xiao Zeng
Chairman

Hong Kong, 20 March 2008

The Board has pleasure in presenting the audited consolidated results of the Group for the year ended 31 December 2007 with comparative figures for the previous corresponding year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

(Expressed in Hong Kong dollars)

	<i>Note</i>	2007 \$	2006 \$
Gross written premiums	4	1,346,414,178	1,076,161,271
Change in gross provision for unearned premiums		<u>(135,321,266)</u>	<u>(29,709,484)</u>
Gross earned premiums		1,211,092,912	1,046,451,787
Reinsurers' share of earned premiums	5	<u>(469,107,304)</u>	<u>(418,706,260)</u>
Net earned premiums		741,985,608	627,745,527
Net commission expenses	5	<u>(179,050,995)</u>	<u>(142,944,961)</u>
Gross claims paid		<u>(992,693,279)</u>	<u>(773,639,791)</u>
Change in gross provision for outstanding claims		<u>483,252,499</u>	<u>(125,223,725)</u>
Gross claims incurred		(509,440,780)	(898,863,516)
Reinsurers' share of claims incurred	5	<u>209,554,920</u>	<u>732,246,589</u>
Net claims incurred		(299,885,860)	(166,616,927)
Change in net provision for unexpired risks	5	<u>142,000</u>	<u>5,857,000</u>
Management and other operating expenses		<u>(296,737,100)</u>	<u>(216,846,587)</u>
Underwriting (loss)/profit		(33,546,347)	107,194,052
Investment income	6	172,296,349	142,416,578
Net realised and unrealised gains on investments	7	738,599,311	86,622,015
Other net (loss)/income	7	(22,072,184)	757,556
Administrative and other expenses		<u>(26,257,485)</u>	<u>(25,541,001)</u>
Profit from operations		829,019,644	311,449,200
Share of profits of associates		<u>493,721</u>	<u>699,789</u>
Profit before taxation	8	829,513,365	312,148,989
Income tax charge	9	<u>(112,975,051)</u>	<u>(5,739,132)</u>
Profit for the year		<u>716,538,314</u>	<u>306,409,857</u>

	<i>Note</i>	2007 \$	2006 \$
Attributable to:			
Equity shareholders of the Company		716,538,314	306,409,866
Minority interest		—	(9)
		<u>716,538,314</u>	<u>306,409,857</u>
Dividends payable to equity shareholders of the Company attributable to the year:			
Interim dividend declared during the year	<i>10</i>	58,127,680	—
Final dividend proposed after the balance sheet date	<i>10</i>	87,191,520	—
		<u>145,319,200</u>	<u>—</u>
Earnings per share attributable to the equity shareholders of the Company:			
Basic	<i>11</i>	<u>0.247</u>	<u>0.138</u>
Diluted	<i>11</i>	<u>0.247</u>	<u>0.138</u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2007

(Expressed in Hong Kong dollars)

	<i>Note</i>	2007 \$	2006 \$
Assets			
Statutory deposits		111,628,620	110,403,647
Fixed assets			
– Investment properties		1,000,350,000	955,190,000
– Interests in leasehold land held for own use under operating leases		227,016,609	227,288,647
– Property and equipment		140,208,161	109,492,517
Interests in associates		4,173,242	4,679,521
Deferred tax assets		69,200,000	69,396,103
Investments in securities		1,660,663,876	613,717,189
Insurance receivables	12	286,322,144	250,148,274
Other receivables		123,698,127	30,881,041
Reinsurers' share of insurance funds		1,269,723,745	1,686,497,492
Amounts due from fellow subsidiaries		20,019,718	86,388,966
Amounts due from affiliated companies		29,274,215	13,283,827
Amounts due from shareholders		552,152	1,698,010
Deposits with banks with original maturity more than three months		835,722,675	11,432,904
Cash and cash equivalents		1,742,755,765	2,811,782,317
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		7,521,309,049	6,982,280,455
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Liabilities			
Insurance funds		3,008,502,852	3,347,781,085
Insurance protection fund		2,245,683	33,571
Insurance payables	13	417,614,220	406,348,779
Other payables		93,188,720	97,052,828
Amounts due to the immediate holding company		–	25,694
Amounts due to fellow subsidiaries		23,519,536	333,372
Current taxation		121,468,537	4,601,459
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		3,666,539,548	3,856,176,788
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net assets		3,854,769,501	3,126,103,667
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	2007	2006
	\$	\$
Capital and reserves		
Share capital	290,638,400	280,133,400
Share premium	2,292,071,992	2,111,906,010
Reserves	1,272,059,109	734,064,257
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Total equity attributable to equity shareholders of the Company	3,854,769,501	3,126,103,667
Minority interest	—	—
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Total equity	3,854,769,501	3,126,103,667
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NOTES:

1 Status of the Company

The Ming An (Holdings) Company Limited (“the Company”) was incorporated in the Cayman Islands on 5 September 2006 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised).

Pursuant to a reorganisation of the Company and its subsidiary completed on 29 November 2006 to rationalise the group structure in preparation for the public listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Company became the holding company of the subsidiaries now comprising the Group. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited on 22 December 2006.

Details of the Reorganisation are set out in the prospectus dated 11 December 2006 issued by the Company.

2 Basis of presentation of the consolidated financial statements

The Group is regarded as a continuing entity resulting from the Reorganisation and the consolidated financial statements have been prepared on the basis that the Company was the holding company of the Group for both years presented, rather than from 5 September 2006. Accordingly, the Group’s consolidated income statement and consolidated cash flow statement for the year ended 31 December 2006 include the results of operations and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged, or since their respective dates of incorporation/establishment or acquisition, or up to the date of disposal, where there is a shorter period.

For the purpose of the consolidated financial statements, the People’s Republic of China (“the PRC”) does not include Taiwan, Hong Kong and Macau.

This financial report is prepared on a basis consistent with the accounting policies and methods adopted in the 2006 annual financial statements and does not constitute the Group’s statutory financial statements for the year ended 31 December 2007 but there is no material change as compared to those financial statements. The statutory financial statements for the year ended 31 December 2007 will be available from the website of The Stock Exchange of Hong Kong Limited. It is presented in Hong Kong Dollars (“HK\$”).

3 Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(i) Business segments

The Group comprises the following main business segments:

Motor	:	Own damage and third party insurance of motor vehicles
Property	:	Loss of or damage to property (including fire) and pecuniary loss insurance
Liability	:	Employees' compensation and other liability insurance
Marine	:	Cargo, logistic, hull and aircraft insurance
Accident and health	:	Accident and medical insurance

Year ended 31 December 2007

	Motor	Property	Liability	Marine	Accident and health	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$
Direct businesses	467,781,848	305,629,260	282,574,984	212,698,275	76,136,891	–	1,344,821,258
Reinsurance businesses accepted	103,219	900,403	82,894	409,326	97,078	–	1,592,920
Gross written premiums from external customers	467,885,067	306,529,663	282,657,878	213,107,601	76,233,969	–	1,346,414,178
Net earned premiums	339,018,666	93,173,693	162,058,627	85,192,266	62,542,356	–	741,985,608
Net claims incurred	(173,962,558)	(24,275,338)	(66,138,652)	(11,734,059)	(23,775,253)	–	(299,885,860)
Change in net provision for unexpired risks	–	872,000	1,091,000	(850,000)	(971,000)	–	142,000
Net commission (expenses) / income	(126,829,722)	5,675,615	(25,304,091)	(16,377,992)	(16,214,805)	–	(179,050,995)
Management and other operating expenses	(140,986,892)	(50,702,288)	(41,663,196)	(38,254,861)	(25,129,863)	–	(296,737,100)
Segment results	(102,760,506)	24,743,682	30,043,688	17,975,354	(3,548,565)	–	(33,546,347)
Unallocated operating income and expenses	–	–	–	–	–	862,565,991	862,565,991
(Loss)/profit from operations	(102,760,506)	24,743,682	30,043,688	17,975,354	(3,548,565)	862,565,991	829,019,644
Share of profits of an associate	–	–	–	–	–	493,721	493,721
(Loss)/profit before taxation	(102,760,506)	24,743,682	30,043,688	17,975,354	(3,548,565)	863,059,712	829,513,365
Income tax charge	–	–	–	–	–	(112,975,051)	(112,975,051)
(Loss)/profit for the year	(102,760,506)	24,743,682	30,043,688	17,975,354	(3,548,565)	750,084,661	716,538,314
Significant non-cash (expenses)/ income:							
– Depreciation for the year	(3,491,327)	(2,542,068)	(1,744,522)	(1,264,168)	(832,540)	(15,045)	(9,889,670)
– Change in net provision for unearned premiums	(100,173,574)	7,447,045	(10,951,040)	(2,775,926)	(3,574,352)	–	(110,027,847)
– Change in net provision for outstanding claims	(3,465,117)	(6,372,705)	31,936,373	13,845,728	(3,553,946)	–	32,390,333
– Change in net provision for unexpired risks	–	872,000	1,091,000	(850,000)	(971,000)	–	142,000

31 December 2007

	Motor	Property	Liability	Marine	Accident and health	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$
Segment assets	138,170,319	365,462,043	798,728,095	242,414,650	11,270,782	–	1,556,045,889
Unallocated assets	–	–	–	–	–	5,965,263,160	5,965,263,160
Total assets	138,170,319	365,462,043	798,728,095	242,414,650	11,270,782	5,965,263,160	7,521,309,049
Segment liabilities	821,356,444	529,360,896	1,592,451,505	425,570,930	57,377,297	–	3,426,117,072
Unallocated liabilities	–	–	–	–	–	240,422,476	240,422,476
Total liabilities	821,356,444	529,360,896	1,592,451,505	425,570,930	57,377,297	240,422,476	3,666,539,548
Capital expenditure incurred during the year	16,164,207	11,802,337	1,060,021	1,401,694	769,654	10,687,303	41,885,216

Year ended 31 December 2006

	Motor	Property	Liability	Marine	Accident and health	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$
Direct businesses	286,641,548	285,908,947	240,619,165	196,313,497	64,627,085	–	1,074,110,242
Reinsurance businesses accepted	213,866	1,226,921	80,882	431,737	97,623	–	2,051,029
Gross written premiums from external customers	<u>286,855,414</u>	<u>287,135,868</u>	<u>240,700,047</u>	<u>196,745,234</u>	<u>64,724,708</u>	<u>–</u>	<u>1,076,161,271</u>
Net earned premiums	259,106,522	83,624,365	135,304,146	94,568,799	55,141,695	–	627,745,527
Net claims incurred	(46,394,056)	(5,773,235)	(18,607,445)	(73,028,431)	(22,813,760)	–	(166,616,927)
Change in net provision for unexpired risks	–	(872,000)	9,963,000	(3,234,000)	–	–	5,857,000
Net commission expenses	(79,218,121)	(9,045,161)	(26,629,056)	(12,943,788)	(15,108,835)	–	(142,944,961)
Management and other operating expenses	(54,356,246)	(53,632,436)	(50,395,945)	(36,360,212)	(22,101,748)	–	(216,846,587)
Segment results	79,138,099	14,301,533	49,634,700	(30,997,632)	(4,882,648)	–	107,194,052
Unallocated operating income and expenses	–	–	–	–	–	204,255,148	204,255,148
Profit/(loss) from operations	79,138,099	14,301,533	49,634,700	(30,997,632)	(4,882,648)	204,255,148	311,449,200
Share of profits of an associate	–	–	–	–	–	699,789	699,789
Profit/(loss) before taxation	79,138,099	14,301,533	49,634,700	(30,997,632)	(4,882,648)	204,954,937	312,148,989
Income tax charge	–	–	–	–	–	(5,739,132)	(5,739,132)
Profit/(loss) for the year	<u>79,138,099</u>	<u>14,301,533</u>	<u>49,634,700</u>	<u>(30,997,632)</u>	<u>(4,882,648)</u>	<u>199,215,805</u>	<u>306,409,857</u>
Significant non-cash (expenses)/income:							
– Depreciation for the year	<u>(1,872,365)</u>	<u>(2,080,394)</u>	<u>(1,588,080)</u>	<u>(1,138,881)</u>	<u>(663,481)</u>	<u>(15,182)</u>	<u>(7,358,383)</u>
– Change in net provision for unearned premiums	<u>(2,897,022)</u>	<u>772,357</u>	<u>(9,397,690)</u>	<u>1,812,351</u>	<u>(1,590,486)</u>	<u>–</u>	<u>(11,300,490)</u>
– Change in net provision for outstanding claims	<u>82,573,939</u>	<u>18,446,427</u>	<u>225,343,505</u>	<u>(42,457,496)</u>	<u>(4,933,076)</u>	<u>–</u>	<u>278,973,299</u>
– Change in net provision for unexpired risks	<u>–</u>	<u>(872,000)</u>	<u>9,963,000</u>	<u>(3,234,000)</u>	<u>–</u>	<u>–</u>	<u>5,857,000</u>

31 December 2006

	Motor	Property	Liability	Marine	Accident and health	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$
Segment assets	180,451,368	294,273,835	780,415,345	670,577,707	10,927,511	–	1,936,645,766
Unallocated assets	–	–	–	–	–	5,045,634,689	5,045,634,689
Total assets	<u>180,451,368</u>	<u>294,273,835</u>	<u>780,415,345</u>	<u>670,577,707</u>	<u>10,927,511</u>	<u>5,045,634,689</u>	<u>6,982,280,455</u>
Segment liabilities	743,873,159	466,953,076	1,647,682,129	839,607,396	56,014,104	–	3,754,129,864
Unallocated liabilities	–	–	–	–	–	102,046,924	102,046,924
Total liabilities	<u>743,873,159</u>	<u>466,953,076</u>	<u>1,647,682,129</u>	<u>839,607,396</u>	<u>56,014,104</u>	<u>102,046,924</u>	<u>3,856,176,788</u>
Capital expenditure incurred during the year	<u>32,480</u>	<u>220,838</u>	<u>48,980</u>	<u>–</u>	<u>16,490</u>	<u>6,349,269</u>	<u>6,668,057</u>

(ii) Geographical segments

The Group's business participates in two principal economic environments, namely Hong Kong and the PRC.

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

	Year ended 31 December 2007		
	Hong Kong	The PRC	Total
	\$	\$	\$
Direct businesses	911,240,708	433,580,550	1,344,821,258
Reinsurance businesses accepted	1,423,232	169,688	1,592,920
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Gross written premiums from external customers	912,663,940	433,750,238	1,346,414,178
Net earned premiums	529,543,805	212,441,803	741,985,608
Net claims incurred	(177,237,041)	(122,648,819)	(299,885,860)
Change in net provision for unexpired risks	142,000	–	142,000
Net commission expenses	(162,489,101)	(16,561,894)	(179,050,995)
Management and other operating expenses	(136,562,135)	(160,174,965)	(296,737,100)
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Segment results	53,397,528	(86,943,875)	(33,546,347)
Other operating income and expenses	844,441,409	18,124,582	862,565,991
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Profit/(loss) from operations	897,838,937	(68,819,293)	829,019,644
Share of profits of an associate	493,721	–	493,721
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Profit/(loss) before taxation	898,332,658	(68,819,293)	829,513,365
Income tax (charge)/credit	(116,867,078)	3,892,027	(112,975,051)
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Profit/(loss) for the year	781,465,580	(64,927,266)	716,538,314
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	31 December 2007		
	Hong Kong	The PRC	Total
	\$	\$	\$
Segment assets	5,885,168,484	1,636,140,565	7,521,309,049
Segment liabilities	3,080,961,200	585,578,348	3,666,539,548
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Capital expenditure incurred during the year	10,698,625	31,186,591	41,885,216
	<hr/>	<hr/>	<hr/>

	Year ended 31 December 2006		
	Hong Kong	The PRC	Total
	\$	\$	\$
Direct businesses	837,241,741	236,868,501	1,074,110,242
Reinsurance businesses accepted	2,020,142	30,887	2,051,029
	<u>839,261,883</u>	<u>236,899,388</u>	<u>1,076,161,271</u>
Net earned premiums	515,745,383	112,000,144	627,745,527
Net claims incurred	(120,244,160)	(46,372,767)	(166,616,927)
Change in net provision for unexpired risks	5,857,000	–	5,857,000
Net commission expenses	(137,138,456)	(5,806,505)	(142,944,961)
Management and other operating expenses	(157,619,064)	(59,227,523)	(216,846,587)
	<u>106,600,703</u>	<u>593,349</u>	<u>107,194,052</u>
Other operating income and expenses	194,791,746	9,463,402	204,255,148
	<u>301,392,449</u>	<u>10,056,751</u>	<u>311,449,200</u>
Share of profits of an associate	699,789	–	699,789
	<u>302,092,238</u>	<u>10,056,751</u>	<u>312,148,989</u>
Income tax charge	–	(5,739,132)	(5,739,132)
	<u>302,092,238</u>	<u>4,317,619</u>	<u>306,409,857</u>
	<u>302,092,238</u>	<u>4,317,619</u>	<u>306,409,857</u>
	31 December 2006		
	Hong Kong	The PRC	Total
	\$	\$	\$
Segment assets	6,101,551,225	880,729,230	6,982,280,455
	<u>6,101,551,225</u>	<u>880,729,230</u>	<u>6,982,280,455</u>
Segment liabilities	3,518,863,590	337,313,198	3,856,176,788
	<u>3,518,863,590</u>	<u>337,313,198</u>	<u>3,856,176,788</u>
Capital expenditure incurred during the year	2,016,100	4,651,957	6,668,057
	<u>2,016,100</u>	<u>4,651,957</u>	<u>6,668,057</u>

4 Turnover

The principal activities of the Group are the underwriting of all classes of general insurance business in Hong Kong and in the PRC.

Turnover represents gross written premiums, net of discounts and returns, from direct and inward reinsurance businesses during the year.

5 Reinsurers' share of earned premiums, net commission expenses, reinsurers' share of claims incurred and change in net provision for unexpired risks

	2007	2006
	\$	\$
Premiums ceded to reinsurers	(494,400,723)	(437,115,254)
Change in reinsurers' share of provision for unearned premiums	<u>25,293,419</u>	<u>18,408,994</u>
Reinsurers' share of earned premiums	<u>(469,107,304)</u>	<u>(418,706,260)</u>
Gross commission income	<u>107,255,747</u>	100,736,660
Gross commission expenses	<u>(286,306,742)</u>	<u>(243,681,621)</u>
Net commission expenses	<u>(179,050,995)</u>	<u>(142,944,961)</u>
Reinsurers' share of claims paid	<u>660,417,086</u>	328,049,565
Reinsurers' share of change in provision for outstanding claims	<u>(450,862,166)</u>	<u>404,197,024</u>
Reinsurers' share of claims incurred	<u>209,554,920</u>	<u>732,246,589</u>
Change in gross provision for unexpired risks	<u>(8,653,000)</u>	(1,201,200)
Change in reinsurers' share of provision for unexpired risks	<u>8,795,000</u>	<u>7,058,200</u>
Change in net provision for unexpired risks	<u>142,000</u>	<u>5,857,000</u>

6 Investment income

	2007	2006
	\$	\$
Interest income on financial assets not at fair value through profit or loss		
– Debt securities	<u>8,217,721</u>	–
– Bank balances	<u>102,068,387</u>	<u>92,738,446</u>
	110,286,108	92,738,446
Interest income from securities held for trading	<u>12,382,737</u>	6,838,691
Rental income	<u>39,578,124</u>	34,786,586
Dividend income		
– Listed equity securities	<u>4,152,321</u>	7,174,109
– Unlisted equity securities	<u>5,897,059</u>	<u>878,746</u>
	<u>172,296,349</u>	<u>142,416,578</u>

7 Net realised and unrealised gains on investments and other net (loss)/income

	2007	2006
	\$	\$
(i) Net realised and unrealised gains on investments		
<i>Property related income</i>		
– Revaluation surplus on investment properties	35,060,000	20,181,916
<i>Investment related income/(losses)</i>		
– Net gains on disposal of available-for-sale securities		
– transfer from equity	233,088,641	31,152,792
– arising in current year	404,972,365	6,430,077
– Net gains on disposal of securities held for trading	66,906,977	9,295,804
– Net unrealised (losses)/gains on securities held for trading	(1,428,672)	20,633,038
– Loss on disposal of an associate	–	(231)
– Goodwill arisen from acquisition of a subsidiary	–	30,438
– Losses on disposal of subsidiaries	–	(1,101,819)
	<u>738,599,311</u>	<u>86,622,015</u>
(ii) Other net (loss)/income		
<i>Fee and commission income</i>		
– Handling fee income	991,253	692,699
– Management fee income	700,000	700,000
– Miscellaneous commission income	3,251,387	736,266
<i>Use of land and buildings</i>		
– Impairment losses of land and buildings written back	–	4,323,425
– Net impairment losses of interest in leasehold land held for own use under operating leases	–	(4,770,448)
– Net (losses)/gains on disposals of property and equipment	(236,433)	367,201
<i>Others</i>		
– Net foreign exchange losses	(27,440,138)	(11,409,913)
– Sundry income	646,418	6,581,067
– Bad debts recovered	15,329	3,537,259
	<u>(22,072,184)</u>	<u>757,556</u>

8 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2007	2006
	\$	\$
(a) Staff costs:		
Contributions to defined contribution retirement plan	13,993,026	8,797,241
Salaries, wages and other benefits	<u>160,380,299</u>	<u>139,199,803</u>
	<u>174,373,325</u>	<u>147,997,044</u>
(b) Other items:		
Auditors' remuneration		
– audit services	2,375,634	1,615,800
– tax services	630,690	137,700
Depreciation	9,889,670	7,358,383
Operating lease charges in respect of land and buildings	10,468,840	2,226,496
Net impairment losses provided for/(written back)		
– fixed assets	–	447,023
– insurance receivables	(3,569,513)	2,515,559
Rentals receivable from investment properties less direct outgoings	(37,976,790)	(33,291,245)
– direct outgoings	1,601,334	1,495,341
Share of associate's taxation	<u>42,927</u>	<u>136,383</u>

9 Income tax

Taxation in the consolidated income statement represents:

	2007	2006
	\$	\$
Current tax – Hong Kong Profits Tax		
Provision for the year	<u>116,867,078</u>	–
Current tax – the PRC		
Tax for the year	–	5,682,828
(Over)/under-provision in respect of prior years	<u>(3,892,027)</u>	<u>56,304</u>
	<u>112,975,051</u>	<u>5,739,132</u>
Deferred tax		
Origination and reversal of temporary differences	<u>–</u>	<u>–</u>
Income tax charge	<u>112,975,051</u>	<u>5,739,132</u>

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

Taxation outside Hong Kong is calculated at rates prevailing in the respective jurisdictions.

10 Dividends

Dividends payable to equity shareholders of the Company attributable to the year

	2007	2006
	\$	\$
Interim dividend declared and paid of 2 cents per ordinary share (2006: Nil)	58,127,680	–
Final dividend proposed after the balance sheet date of 3 cents per ordinary share (2006: Nil)	87,191,520	–
	<u>145,319,200</u>	<u>–</u>

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

11 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company for the year of \$716,538,314 (2006: \$306,409,857) and the weighted average number of 2,904,369,342 (2006: 2,216,474,904) shares in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares as at 31 December 2006 and 2007.

12 Insurance receivables

	2007	2006
	\$	\$
Premiums receivable under direct business	211,641,604	196,391,784
Amounts due under reinsurance contracts	139,673,057	122,172,439
Less: allowance for doubtful debts	(65,239,999)	(68,624,603)
	<u>286,074,662</u>	<u>249,939,620</u>
Deposits retained by cedants	247,482	208,654
	<u>286,322,144</u>	<u>250,148,274</u>
Amounts expected to be settled within 1 year		
– Premiums receivable under direct business	197,012,575	191,971,221
– Amounts due under reinsurance contracts	78,018,662	43,176,952
	<u>275,031,237</u>	<u>235,148,173</u>

An ageing analysis of the insurance receivables excluding deposits retained by cedants (net of impairment losses for bad and doubtful debts) is as follows:

	2007	2006
	\$	\$
Current	242,427,974	224,793,432
1 to 3 months past due	19,183,114	2,843,532
More than 3 months past due but less than 12 months past due	13,420,149	7,511,209
Over 1 year past due	11,043,425	14,791,447
	<u>286,074,662</u>	<u>249,939,620</u>

The Group normally allows a credit period ranging from 0-90 days for premiums receivable under direct business and 50 days to 90 days for the amounts due under reinsurance contracts after the quarterly statements have been sent.

13 Insurance payables

	2007	2006
	\$	\$
Amounts due under direct business	148,740,991	123,366,245
Amounts due under reinsurance contracts accepted	1,007,133	1,684,782
Amounts due under reinsurance contracts ceded	148,075,912	116,297,542
	<u>297,824,036</u>	<u>241,348,569</u>
Deposits retained from reinsurers	119,790,184	165,000,210
	<u>417,614,220</u>	<u>406,348,779</u>
Amounts expected to be settled within 1 year:		
– Amounts due under direct business	134,849,101	110,920,679
– Amounts due under reinsurance contracts accepted	224,307	1,065,656
– Amounts due under reinsurance contracts ceded	84,084,754	34,174,855
	<u>219,158,162</u>	<u>146,161,190</u>

An ageing analysis of the insurance payables excluding deposits retained from reinsurers is as follows:

	2007	2006
	\$	\$
Current or on demand	210,495,683	159,083,255
1 to 3 months overdue	30,608,748	12,481,693
More than 3 months but less than 12 months overdue	26,925,036	39,556,646
Over 1 year overdue	29,794,569	30,226,975
	<u>297,824,036</u>	<u>241,348,569</u>

OTHER INFORMATION

DIVIDEND

The Directors recommend the payment of a final dividend of HK 3 cents per share (2006: Nil) to shareholders of the Company whose names are on the register of members on 27 May 2008. The necessary resolution will be proposed at the forthcoming Annual General Meeting on 27 May 2008, and if passed, dividend will be distributed to shareholders on or about 2 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 22 May 2008 to 27 May 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for this final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30p.m. on 21 May 2008.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The over-allotment option granted by the Company as referred to in the Company's prospectus dated 11 December 2006 (the "Over-allotment Option") was fully exercised by the Global Coordinator on behalf of the International Underwriters on 3 January 2007 in respect of an aggregate of 105,050,000 shares. 105,050,000 Over-allotment shares were allotted and issued by the Company at HK\$1.88 per Share. The total number of shares in issue as at 31 December 2007 was 2,906,384,000.

Our major sources of funds generated from our insurance business are insurance premiums received and claims recoveries. Other sources of fund include rental, interest and dividend income from investment activities as well as proceeds from disposal of investments. We aim to maintain adequate cash to meet claim payments and other obligations in relation to our insurance business, capital expenditures, operating expenses and tax payments. Our liquidity needs will be affected depending on the timing, frequency and severity of losses under our outstanding policies. We closely monitor and maintain a minimum cash level, taking into account the possibility of infrequent large claims arising from catastrophic events that could affect our general insurance business.

The Group's cash and bank deposits (excluding statutory deposits) as at 31 December 2007 amounted to HK\$2,578 million (2006: HK\$2,823 million). We believe that we have sufficient working capital to meet our present requirement. There was no bank borrowing during the year.

CONTINGENT LIABILITIES

In the normal course of business, we provide guarantees to insured parties and banks as part of our claims and underwriting processes. As of 31 December 2007, we had a contingent liability of HK\$30 million (2006: HK\$30 million) in respect of a potential Hong Kong tax exposure relating to certain realized and unrealized gains on the disposal of listed investments for the 2001, 2002 and 2003 tax years. Considering that such gains were capital in nature, the Directors of the Company believe that the Group has good prospect to support its tax position, and therefore no provision for a potential tax exposure of approximately HK\$30 million (2006: HK\$30 million) was made in the consolidated financial statements.

USE OF PROCEEDS

Proceeds from the issue of new shares of the Company for listing on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including new shares issued pursuant to the exercise of the Over-allotment Option, after deduction of related share issuance expenses, amounted to approximately HK\$1,247 million. Such proceeds had been partially utilized during the year ended 31 December 2007 in accordance with the proposed use of proceeds set out in the prospectus dated 11 December 2006 issued by the Company (the "Prospectus"):

- approximately HK\$500 million for supporting our PRC expansion strategy, including for capital requirements and setting up provincial branches in Beijing, Shanghai, Jiangsu, Zhejiang, Shandong, Hebei and Ningbo and setting up sub-branches.
- approximately HK\$13 million for further investment to improve our IT system infrastructure, including the customised core business operating system and the financial software.

As at 31 December 2007, the remaining balance of the net proceeds amounted to approximately HK\$734 million and was deposited with banks in Hong Kong. The Directors intend to utilize the balance of such net proceeds in the manner disclosed in the Prospectus.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this Announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to serving the long-term interests of shareholders by being transparent and employing sound business practices. This commitment extends to the prompt disclosure of relevant information in accordance with the Listing Rules, as well as a continual determination to achieve high levels of ethics and corporate governance within every aspect of the Group’s business. The Board of Directors will continue to review and monitor the Group’s corporate governance practices from time to time with the aim of maintaining a high standard of corporate governance.

During the year ended 31 December 2007, the Board of Directors believes that 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.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company’s audit committee has reviewed the Group’s annual results for the year ended 31 December 2007, in conjunction with the Company’s auditors. The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2007 have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this Announcement.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2007.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 27 May 2008. For details of the Annual General Meeting, please refer to the Notice of Annual General Meeting which is expected to be published in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The Company's 2007 annual report containing all the information required by the Listing Rules will be published on the website of the Stock Exchange and on the website of the Company in due course.

By Order of the Board

Feng Xiao Zeng

Chairman

Hong Kong, 20 March 2008

As at the date of this announcement, the executive Directors of the Company are PENG Wei, CHENG Kwok Ping, CHAN Pui Leung, and LEE Wai Kun; the non-executive Directors of the Company are FENG Xiao Zeng, LIN Fan, WU Chi Hung, IP Tak Chuen, Edmond, MA Lai Chee, Gerald, and HONG Kam Cheung; and the independent non-executive Directors of the Company are YUEN Shu Tong, DONG Juan, WONG Hay Chih, YU Ziyou, and LEE Yim Hong, Lawrence.

This announcement is posted on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk on the "Latest Listed Companies Information" page and on the website of the Company at www.mahcl.com.