MIN XIN HOLDINGS LIMITED
閩信集團有限公司

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

ANNOUNCEMENT OF 2009 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to equity holders amounted to HK$173 million, an increase of 5.5%
- Basic earnings per share reached 37.63 HK cents, an increase of 5.5%
- Total assets grew by 20.9% to HK$3.03 billion
- Total equity attributable to equity holders increased by 13.3% to HK$2.55 billion
- Recommended a final dividend of 3 HK cents per ordinary share

The Board of Directors of Min Xin Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Turnover	2	**90,825**	92,785
Total revenues	2	**80,408**	85,168
Other gains — net	3	**12,049**	5,242
Total operating income		**92,457**	90,410
Net insurance claims incurred and commission expenses incurred on insurance business	4	**(55,770)**	(39,519)
Staff costs		**(29,559)**	(29,660)
Depreciation and amortisation		**(1,878)**	(6,356)
Impairment loss on available-for-sale financial assets		**(28)**	(325)
Other operating expenses		**(17,441)**	(19,361)
Total operating expenses		**(104,676)**	(95,221)
Operating loss	5	**(12,219)**	(4,811)
Finance costs	6	**(2,477)**	(7,460)
Share of results of jointly controlled entities		**185,873**	170,605
Share of results of associates		**5,657**	6,153
Profit before taxation		**176,834**	164,487
Income tax expense	7	**(3,946)**	(560)
Profit for the year		**172,888**	163,927
Dividend			
— Final dividend		**13,783**	13,783
		HK CENTS	*HK CENTS*
Earnings per share			
— Basic and diluted	8	**37.63**	35.68
Dividend per share			
— Final dividend		**3**	3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2009

	2009 *HK$'000*	2008 *HK$'000*
Profit for the year	**172,888**	163,927
Other comprehensive income		
Available-for-sale financial assets		
Fair value changes credited/(charged) to equity	**90,838**	(575,068)
Share of changes in equity of jointly controlled entities		
Fair value changes credited to equity	**55,445**	11,197
Disposal	**601**	(623)
Deferred tax	**(11,187)**	(2,604)
	135,697	(567,098)
Leasehold buildings revaluation reserve		
Unrealised surplus on revaluation of leasehold buildings transferred to investment property	**51**	—
Exchange differences arising on translation of the financial statements of foreign subsidiaries, associates and jointly controlled entities	**4,749**	46,933
Other comprehensive income for the year, net of tax	**140,497**	(520,165)
Total comprehensive income for the year	**313,385**	(356,238)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**5,547**	6,659
Investment properties		**98,281**	86,713
Leasehold land and land use rights		**17,345**	17,748
Jointly controlled entities		**1,367,863**	1,143,062
Associates		**44,735**	36,841
Available-for-sale financial assets		**656,640**	576,576
Deferred income tax assets		**658**	673
		2,191,069	1,868,272
Current assets			
Land use rights		**324,882**	328,440
Properties under development for sale		**107,771**	—
Deferred acquisition costs		**18,346**	15,781
Insurance receivable	9	**14,207**	15,858
Reinsurance assets		**4,536**	4,892
Other debtors		**1,879**	1,347
Prepayment and deposits		**3,801**	11,896
Financial assets at fair value through profit or loss — listed equity securities held for trading		**2,605**	1,725
Cash and bank balances		**365,340**	261,309
		843,367	641,248
Current liabilities			
Insurance contracts		**74,266**	70,684
Insurance payable	10	**7,562**	9,772
Other creditors and accruals		**45,217**	30,036
Deposits received		**125,172**	—
Bank borrowings		**109,710**	89,590
Current income tax payable		**358**	109
		362,285	200,191
Net current assets		**481,082**	441,057
Total assets less current liabilities		**2,672,151**	2,309,329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31st December 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Bank borrowings		**113,551**	53,946
Deferred income tax liabilities		**10,570**	7,201
		124,121	61,147
Net assets		**2,548,030**	2,248,182
Share capital		**459,429**	459,429
Other reserves		**1,728,894**	1,562,840
Retained profits			
Proposed dividend		**13,783**	13,783
Others		**345,924**	212,130
Total equity attributable to equity holders of the Company		**2,548,030**	2,248,182

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 following new standards and amendments to standards issued by the HKICPA which are relevant to the operations of the Group and are mandatory for the first time for the financial year beginning on 1st January 2009 have been adopted.

— HKAS 1 (Revised) "Presentation of Financial Statements" requires details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such to be presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. This change in presentation has no effect on reported profit or loss, total income and expenses or net assets for any period presented.

— HKAS 23 (Revised) "Borrowing Costs" requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised as part of the cost of that asset. This requirement has had no impact on these consolidated financial statements as the amendment was consistent with the policy already adopted by the Group.

— Amendments to HKFRS 7 "Improving Disclosures about Financial Instruments" require expanded disclosures about the fair value measurement and liquidity risk. The amendments introduce a three-level fair value hierarchy according to the extent to which they are based on observable market data. In addition, the amendments enhance the existing requirements for the disclosure of liquidity risk primarily requiring a separate maturity analysis for derivative and non-derivative financial liabilities. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

  As the Group's financial instruments measured at fair value are based on quoted prices in active markets and the Group did not hold any derivative financial liabilities, the adoption of these amendments did not have a significant impact on the disclosures in these consolidated financial statements.

— HKFRS 8 "Operating Segments" replaces HKAS 14 "Segment Reporting". It requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group ("management approach"), with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in different reportable segments being identified and presented (Note 2). Corresponding amounts have been provided on a basis consistent with the revised segment information.

— The Group also adopted a number of insignificant amendments to standards and interpretations. These are described under Note 2.2 of the 2008 annual report. These amendments have had no material impact on these consolidated financial statements.

Up to the date of issue of this results announcement, the HKICPA has issued a number of new standards and amendments which are not yet effective for the accounting year ended 31st December 2009 and which have not been early adopted by the Group.

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

- — HKAS 24 (Revised) Related Party Disclosures
- — HKAS 27 (Revised) Consolidated and Separate Financial Statements
- — HKFRS 3 (Revised) Business Combinations
- — HKFRS 9 Financial Instruments
- — HKICPA's improvements to HKFRSs 2009 published in May 2009

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

	2009	2008
	HK$'000	*HK$'000*
Turnover		
Gross insurance premiums	**75,208**	60,892
Insurance brokerage commission	**517**	876
Rental income from investment properties	**6,806**	6,421
Dividend income from available-for-sale financial assets	**8,174**	24,476
Management fees	**120**	120
	90,825	92,785
Movement in unearned insurance premiums	**(2,803)**	(7,545)
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	**(9,587)**	(7,745)
Other revenues		
Interest income from bank deposits	**1,533**	5,837
Dividend income from listed equity securities held for trading	**103**	91
Others	**337**	1,745
	1,973	7,673
Total revenues	**80,408**	85,168

In prior years, the Group had determined the segment information on the basis of business segment, which are distinguishable business divisions of the Group that provide products and services to customers or dealing with the market that are different to those of other business segments (e.g. financial services, property development and investment, investment holding and others, industrial instrument manufacturing and toll road investment). Business segment information is presented as the primary reporting format while geographical segment information, which is grouped by the location of the principal operations and investees as the secondary reporting format (e.g. Hong Kong, Mainland China and Macao).

However, information reported to the chief operating decision maker which includes the Executive Board Committee and Chief Executive, is determined on the basis of business entities, investments held and investees. For business entities and investments held, operating performance evaluation and resource allocation are based on individual business activities operated and investments held by the Group. For investees, operating performance evaluation is based on the individual investee of the Group.

On first-time adoption of HKFRS 8 "Operating Segments" and in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of making strategic decisions, resource allocation and performance assessment, the Group has identified the following reportable segments.

— Banking Investment: this segment includes the Group's 36.75% interest in the Xiamen International Bank Group which conducts banking business in Mainland China and Macao.

— Insurance: this segment includes the Group's general insurance business in Hong Kong and Macao and insurance brokerage business in Hong Kong.

— Property Development and Investment: this segment includes the development and sale of residential properties and leasing of high quality office space in Mainland China.

— Strategic Investment: this segment represents the Group's investment in 72 million A-Share in Huaneng Power International, Inc..

— Others: this segment includes results of operations not directly identified under other reportable segments (mainly industrial instrument manufacturing and toll road investment in Mainland China) and head office activities. Head office is also considered to be a segment as discrete financial information is available for the head office activities.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenues derived from customers, products and services directly identifiable with individual segment are reported directly under respective segments. All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs related to head office activities that cannot be reasonably allocated to other segments, products and services are grouped under head office. Transactions between segments are priced based on similar terms offered to or transacted with external parties. Inter-segment income and expenses are eliminated on consolidation. The measure used for reporting segment profit is "profit for the year", i.e. profit after taxation of the business entities, net income generated from investments held and share of results of investees.

Segment assets include all tangible, intangible assets and current assets held by the business entities, net book value of investments held and share of net assets of and loans to investees. Segment liabilities include insurance liabilities, creditors and accruals, income tax payable and deferred tax liabilities attributable to individual segments and bank borrowings managed directly by the segments or directly related to those segments. Dividend payable to equity holders of the Company is treated as unallocated liabilities in reporting segment assets and liabilities.

	Banking investment		Insurance		Property development and investment		Strategic investment		Others		Inter-segment elimination		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	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														
External customers	**—**	—	**79,295**	65,368	**3,356**	2,941	**8,174**	24,476	**—**	—	**—**	—	**90,825**	92,785
Inter-segments	**—**	—	**—**	—	**—**	—	**—**	—	**2,936**	2,517	**(2,936)**	(2,517)	**—**	—
	—	—	**79,295**	65,368	**3,356**	2,941	**8,174**	24,476	**2,936**	2,517	**(2,936)**	(2,517)	**90,825**	92,785
Movement in net unearned insurance premiums and reinsurance premiums ceded	**—**	—	**(12,390)**	(15,290)	**—**	—	**—**	—	**—**	—	**—**	—	**(12,390)**	(15,290)
Other revenues	**—**	—	**985**	3,518	**60**	66	**—**	—	**928**	4,089	**—**	—	**1,973**	7,673
Total revenues	**—**	—	**67,890**	53,596	**3,416**	3,007	**8,174**	24,476	**3,864**	6,606	**(2,936)**	(2,517)	**80,408**	85,168
Other gains — net	**—**	—	**5,898**	2,241	**6,237**	701	**—**	—	**(86)**	2,300	**—**	—	**12,049**	5,242
Total operating income	**—**	—	**73,788**	55,837	**9,653**	3,708	**8,174**	24,476	**3,778**	8,906	**(2,936)**	(2,517)	**92,457**	90,410
Total operating expenses	**—**	—	**(70,176)**	(54,703)	**(6,438)**	(10,835)	**—**	—	**(30,998)**	(32,200)	**2,936**	2,517	**(104,676)**	(95,221)
Operating (loss)/profit	**—**	—	**3,612**	1,134	**3,215**	(7,127)	**8,174**	24,476	**(27,220)**	(23,294)	**—**	—	**(12,219)**	(4,811)
Finance costs	**—**	—	**—**	—	**(2,427)**	(7,401)	**—**	—	**(50)**	(59)	**—**	—	**(2,477)**	(7,460)
Share of results of jointly controlled entities	**178,099**	164,662	**—**	—	**—**	—	**—**	—	**7,774**	5,943	**—**	—	**185,873**	170,605
Share of results of associates	**—**	—	**—**	—	**—**	—	**—**	—	**5,657**	6,153	**—**	—	**5,657**	6,153
Profit/(loss) before taxation	**178,099**	164,662	**3,612**	1,134	**788**	(14,528)	**8,174**	24,476	**(13,839)**	(11,257)	**—**	—	**176,834**	164,487
Income tax credit/(expense)	**—**	—	**(495)**	519	**(3,222)**	(783)	**—**	—	**(229)**	(296)	**—**	—	**(3,946)**	(560)
Profit/(loss) for the year	**178,099**	164,662	**3,117**	1,653	**(2,434)**	(15,311)	**8,174**	24,476	**(14,068)**	(11,553)	**—**	—	**172,888**	163,927
Interest income from bank deposits	**—**	—	**784**	1,707	**60**	53	**—**	—	**689**	4,077	**—**	—	**1,533**	5,837
Depreciation and amortisation for the year	**—**	—	**276**	299	**682**	5,064	**—**	—	**920**	993	**—**	—	**1,878**	6,356
Impairment loss on available-for-sale financial assets	**—**	—	**—**	—	**—**	—	**—**	—	**28**	325	**—**	—	**28**	325

	Banking investment		Insurance		Property development and investment		Strategic investment		Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 31st December												
The Company and subsidiaries	**—**	—	**157,668**	152,871	**598,621**	404,300	**656,640**	565,802	**208,909**	206,644	**1,621,838**	1,329,617
Investments in jointly controlled entities	**1,320,848**	1,094,913	**—**	—	**—**	—	**—**	—	**47,015**	48,149	**1,367,863**	1,143,062
Investments in associates	**—**	—	**—**	—	**—**	—	**—**	—	**44,735**	36,841	**44,735**	36,841
Total assets	**1,320,848**	1,094,913	**157,668**	152,871	**598,621**	404,300	**656,640**	565,802	**300,659**	291,634	**3,034,436**	2,509,520
The Company and subsidiaries	**—**	—	**85,894**	84,265	**266,657**	152,254	**—**	—	**133,855**	24,819	**486,406**	261,338
Total liabilities	**—**	—	**85,894**	84,265	**266,657**	152,254	**—**	—	**133,855**	24,819	**486,406**	261,338
Capital expenditure incurred during the year	**—**	—	**156**	189	**10**	19	**—**	—	**156**	133	**322**	341

(b) Geographical information

The following table sets out the information about the geographical location of (i) the Group's revenues from external customers and (ii) the Group's property, plant and equipment, leasehold land and land use rights, investment properties and investments in jointly controlled entities and associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, leasehold land and land use rights and investment properties and the location of operations, in the case of investments in jointly controlled entities and associates.

	Hong Kong		Mainland China		Macao		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Year ended 31st December								
Revenues from external customers	**67,530**	54,994	**11,549**	27,417	**11,746**	10,374	**90,825**	92,785
At 31st December								
The Company and subsidiaries	**73,292**	69,688	**47,769**	41,298	**112**	134	**121,173**	111,120
Investments in jointly controlled entities	**—**	—	**1,367,863**	1,143,062	**—**	—	**1,367,863**	1,143,062
Investments in associates	**—**	—	**44,735**	36,841	**—**	—	**44,735**	36,841
Specified non-current assets	**73,292**	69,688	**1,460,367**	1,221,201	**112**	134	**1,533,771**	1,291,023

3 OTHER GAINS — NET

	2009	2008
	HK$'000	*HK$'000*
Fair value gains/(losses) on listed equity securities measured at fair value through profit or loss	**768**	(2,070)
Fair value gains on revaluation of investment properties	**11,253**	3,201
Gain on disposal of investment properties	**—**	1,725
Net exchange gains	**28**	2,386
	12,049	5,242

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

	2009	2008
	HK$'000	*HK$'000*
Net insurance claims incurred on insurance business (a)	**26,244**	17,572
Commission expenses incurred on insurance business (b)	**29,526**	21,947
	55,770	39,519

(a) Net insurance claims incurred on insurance business

		2009	
	Gross	**Reinsurance**	**Net**
	HK$'000	***HK$'000***	***HK$'000***
Current year claims and loss adjustment expenses	**21,827**	**(502)**	**21,325**
Additional cost/(run-off savings) for prior years' claims and loss adjustment expenses	**3,189**	**(576)**	**2,613**
Increase in claims incurred but not reported	**2,120**	**186**	**2,306**
	27,136	**(892)**	**26,244**

		2008	
	Gross	Reinsurance	Net
	HK$'000	*HK$'000*	*HK$'000*
Current year claims and loss adjustment expenses	15,384	(280)	15,104
Additional cost for prior years' claims and loss adjustment expenses	2,536	248	2,784
(Decrease)/increase in claims incurred but not reported	(2,310)	2,005	(305)
Decrease in the expected cost of claims for unexpired risks	(11)	—	(11)
	15,599	1,973	17,572

(b) Commission expenses incurred on insurance business

	2009	2008
	HK$'000	*HK$'000*
Gross commissions paid and payable	**30,582**	22,737
Less: Commissions received and receivable from reinsurers	**(1,056)**	(790)
Net commissions expenses	**29,526**	21,947

5 OPERATING LOSS

	2009	2008
	HK$'000	*HK$'000*
Operating loss is stated after crediting and charging the following:		
Crediting		
Net exchange gains	**28**	2,386
Rentals received and receivable from investment properties less direct outgoings	**5,832**	5,554
Charging		
Depreciation and amortisation	**1,878**	6,356
Loss on disposal of property, plant and equipment	**76**	23
Impairment loss on available-for-sale financial assets	**28**	325
Operating lease rentals in respect of land and buildings	**1,144**	1,223
Auditor's remuneration	**2,564**	3,034
— provision for current year	***2,228***	*2,561*
— under provision for prior years	**—**	*137*
— interim attestation work	***336***	*336*
Management fee	**1,880**	1,880
Retirement benefit costs	**705**	728

6 FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on bank loans	**8,033**	7,460
Interest income (a)	**(1,225)**	—
	6,808	7,460
Less: Amounts capitalised in properties under development for sale	**(4,331)**	—
	2,477	7,460

(a) The amount represented interest income from short-term bank deposits placed for unutilised specific borrowings.

7 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. Taxation on Mainland China and Macao profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in Mainland China and Macao.

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

	2009	2008
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**344**	257
Macao taxation	**226**	8
	570	265
Over provision in prior years		
Macao taxation	**(8)**	(10)
Deferred tax		
Relating to the origination and reversal of temporary differences	**3,384**	294
Resulting from a decrease in tax rate	**—**	11
	3,384	305
Income tax expense	**3,946**	560

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 2009 of HK$172,888,000 (2008: HK$163,927,000) and the weighted average of 459,428,656 (2008: 459,428,656) ordinary shares in issue during the year.

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

9 INSURANCE RECEIVABLE

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

At 31st December 2009, the ageing analysis of insurance receivable by invoice date was as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**3,355**	3,466
31-60 days	**3,666**	4,527
61-90 days	**3,311**	3,880
Over 90 days	**3,875**	3,985
	14,207	15,858

10 INSURANCE PAYABLE

At 31st December 2009, the ageing analysis of the insurance payable by invoice date was as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**3,533**	3,719
31-60 days	**1,404**	2,059
61-90 days	**1,019**	1,654
Over 90 days	**1,606**	2,340
	7,562	9,772

DIVIDEND

The Directors have resolved to recommend at the forthcoming Annual General Meeting of the Company to be held on 23rd June 2010 the payment of a final dividend of 3 HK cents per ordinary share totaling HK$13,782,860 for the year ended 31st December 2009 (2008: final dividend of 3 HK cents per ordinary share totaling HK$13,782,860). The proposed dividend, if approved, will be paid on or before 21st July 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21st June 2010 to 23rd June 2010, 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 18th June 2010.

BUSINESS REVIEW

In 2009, the global economy generally showed signs of stabilisation and recovery under the massive economic stimulus packages launched by various major economies around the world. The emerging market economies, Asian economies in particular, enjoyed a rather apparent economic upturn. However, the unemployment rates of the United States, the Euro Zone and Japan remained at record high, which induced various uncertainties to the full economic recovery.

Operating Results

In 2009, the Group recorded an audited consolidated profit attributable to equity holders of HK$172.89 million, an increase of 5.5% over that of 2008. Basic earnings per share amounted to 37.63 HK cents.

Although the dividend income received from Huaneng Power International, Inc. reduced by HK$16.3 million, with the increase of HK$13.44 million in the share of profit after tax of Xiamen International Bank and the reduction of HK$9.7 million in the loss of the property development business, the Group reported an increase in the consolidated profit attributable to equity holders by HK$8.96 million as compared to that of 2008.

Banking Business

The Group, through its 36.75% interest in the Xiamen International Bank Group, conducts banking business in Mainland China and Macao. During the year, the banking business of the Group recorded a profit after tax of HK$178.1 million, an increase of 8.2% over that of 2008.

Facing with the extremely complicated situation both at home and abroad, the Central Government adhered to proactive fiscal policies and moderately eased monetary policies. Under the support of the RMB4 trillion stimulus packages, the Mainland economy took the lead to achieve overall economic recovery, with its GDP for the year increased by 8.7% as compared to previous year. Besides, the Macao economy also saw the termination of its negative growth that lasted for four consecutive quarters, and began to rebound during the second half. However, the excess market liquidity and massive lending pumped by the banks in Mainland China leading to rapid growth of credit, and coupled with the policies to raise the capital adequacy ratio and the allowances to non-performing loans ratio announced by regulatory authorities, the business of small to medium banks, in particular the growth of their credit business, were affected to some extent. Further, the escalating asset prices and stock market indices had also brought concerns to the overheated economy.

For the year under review, Xiamen International Bank's audited consolidated net profit prepared under China Accounting Standards went up by 11.8% to RMB412.97 million from RMB369.41 million in 2008. This is mainly due to the increase in the unrealised fair value gain in the financial products held for trading during the year.

As at the end of 2009, the total assets of Xiamen International Bank Group grew by about 6.6% to RMB46.89 billion. Loans to customers and customers' deposits were RMB28.62 billion and RMB41.93 billion respectively, an increase of 2.3% and 11.8% respectively, as compared to those at the end of 2008. As interest margin narrowed substantially as a result of the declining interest rates, the net interest income fell by 17%, and the net fee and commission income also dropped by 17.2% as compared to those of 2008.

Looking ahead into 2010, the uncertainties of the global economy will affect the development of China's economy. However, the urbanisation and the upgrade of consumption structure of China will promote the economic development, which in turn, will create a favorable environment for the dynamic growth of the economy of Mainland China. In the coming years, the Xiamen International Bank Group will focus on deposit taking to promote its business, actively improve its loan-deposit structure, enhance the creativity of its intermediary business and fund management, strengthen its risk management to turn challenges into opportunities, and capture new opportunities and challenges arising from the banking reform with a view to creating a new future.

Insurance Business

Min Xin Insurance Company Limited ("MXIC"), the Group's wholly-owned subsidiary, registered a net profit after tax of HK$3.29 million for the year ended 31st December 2009, an increase of 92.4% from HK$1.71 million in 2008. Such improved results were due to the rebound of the investment market plus the efforts of the management in fine-tuning its underwriting and claims control strategies. MXIC, learning from these experiences, will continue to seek for business growth opportunities in a profitable manner.

Property Development and Investment

The property development and investment business of the Group comprises the real estate development business and the leasing of certain investment properties in Mainland China. In 2009, the property development and investment business reported a loss after taxation of HK$2.43 million, which was HK$12.88 million less than that of 2008.

Minxin (Suzhou) Property Development Co., Ltd. ("Minxin Suzhou"), a wholly-owned subsidiary of the Group, undertakes the real estate development business in Suzhou, Mainland China (the "Suzhou Project"). In 2009, Minxin Suzhou recorded a loss of RMB4.27 million (including the amortisation of land use right of RMB0.35 million), as compared to a loss of RMB8.51 million (including the amortisation of land use right of RMB4.24 million) in 2008. During the year, Minxin Suzhou pledged its land use right of a parcel of land to a bank in Suzhou, Mainland China for drawing down a construction loan of RMB150 million to finance the construction costs of its property development project. The interest expense of the loan amounted to RMB4.35 million has been capitalised in properties under development for sale.

Upon the setting up of Minxin Suzhou, the Group borrowed HK$180 million from a bank in Hong Kong for financing the Suzhou Project, of which HK$54 million remained outstanding as at the end of the year. Owing to the reduction in both the Hong Kong Interbank Offered Rate and the principal of the loans, the interest expenses for the year declined by HK$4.97 million to HK$2.43 million as compared to that in 2008.

During the year under review, because of the proactive fiscal policy and moderately eased monetary policy together with a series of preferential policies for the real estate industry launched by the Central Government, the real estate market saw a swift rebound with a sustained surge in land prices during the first half. As a result, the Central Government tightened land transactions and announced measures to cool down over-soaring prices for residential flats during the second half, resulting in more uncertainties for the real estate market. Currently, the framework construction of the Suzhou Project has basically been completed. It has entered into the implementation stage for sales promotion. The Group will closely monitor the ever changing macroeconomic policies and the local real estate market in Suzhou so as to complete the sales with a view to attaining a maximised profit. The Suzhou Project, which has a total construction area of about 81,000 square metres, will build 55 blocks with a total of 218 low density residential units.

As one of the participants in the real estate development market in Mainland China, the Group pursues another critical strategy to maintain a sustainable development of projects. The Group believes that the urbanisation of China will be the greatest impetus to the growth of its real estate industry in the coming future. Hence, the Group will persist in adopting its prudent strategy for land acquisition, and will take part in suitable land auctions in second-tier cities to explore promising new projects.

Apart from generating a steady rental income to the Group, the Group's investment properties and car parks in Fuzhou, Fujian Province (the "Fuzhou Property") represent growing capital value in the long term and can also act as quality securities for acquiring longer term finance. Benefiting from the substantial increase in rental following the renewal of lease in the second half of 2008, the Fuzhou Property recorded an increase of 16.7% in rental income to RMB3.06 million in 2009, as compared to RMB2.62 million in 2008. As at 31st December 2009, the Fuzhou Property reported a rise of 15.7% in its fair value to RMB39.43 million as compared to RMB34.09 million as at 31st December 2008. During the year, the Group recognised a fair value gain of HK$6.24 million, as compared to HK$0.7 million in 2008.

Investment in Huaneng Power International Inc. ("Huaneng Shares")

Under the RMB4 trillion stimulus policy launched by the Central Government, the stock market indices surged sharply. As at the end of December 2009, the Shanghai Composite Index surged by more than 1,000 points as compared to that at the end of 2008. The closing bid price of Huaneng's A-share also rose to RMB8 per share as at 31st December 2009 over RMB6.92 per share as at 31st December 2008. The fair value of the Group's investment in 72 million Huaneng Shares measured with reference to the closing bid price of Huaneng's A-share increased by approximately RMB77.76 million (equivalent to approximately HK$90.84 million) to approximately RMB576 million (equivalent to approximately HK$656.64 million) as compared to that at the end of 2008. With Huaneng Shares classified as a long term available-for-sale financial asset of the Group, the gain of approximately HK$90.84 million arising from the change in its fair value (2008: fair value loss of approximately HK$575.07 million) was recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve.

Being classified as a long term available-for-sale financial asset of the Group, Huaneng Shares not only generate a steady dividend income to the Group, but also represent growing capital value for the Group in the long term. The Group will fully exploit this quality asset in its future development.

During the year, as Huaneng reduced its final dividend payment for 2008 to RMB0.1 per share in light of the loss reported for the year of 2008, the Group recorded a dividend income of HK$8.17 million, as compared to the final dividend payment for 2007 of RMB0.3 per share totaling HK$24.48 million received by the Group for the year of 2008.

On 24th March 2010, Huaneng announced its results under the China Accounting Standards for the year of 2009. As a result of a 10.5% growth in its operating revenue when compared to that of 2008, coupled with lower fuel costs, Huaneng was able to achieve a turnaround, and reported an earnings per share of RMB0.42 as compared to a loss per share of RMB0.3 for 2008.

High-Tech Investments

Min Faith Investments Limited ("Min Faith"), an investment of the Group engaging in the manufacturing of industrial digital instrumentations and smart electric meters through its subsidiaries in Mainland China, has posted another record profit after tax of HK$19.43 million in the year of 2009, a 30.8% increase as compared to that in 2008. In 2010, Min Faith will strive to attain breakthroughs in strategic and business development with a view to achieving a greater step forward in the expansion of the scale and profitability of Min Faith.

FINANCIAL REVIEW

Net Asset Value per Share

As a result of the massive economic stimulus policy, the economies enjoyed a more noticeable economic upturn with ample liquidity for the year under review. The Group persists in investing prudently as usual and strives to maintain a healthy financial position. Based on 459,428,656 shares in issue (2008: 459,428,656 shares), the net asset value per share was HK$5.55 (2008: HK$4.89) at 31st December 2009.

Total Liabilities to Equity Ratio and Current Ratio

As at 31st December 2009, the total liabilities of the Group were HK$486.41 million (2008: HK$261.34 million) and the ratio of total liabilities to total equity attributable to equity holders of the Company was 0.19 (2008: 0.12). As at 31st December 2009, the current assets and current liabilities of the Group were HK$843.37 million (2008: HK$641.25 million) and HK$362.29 million (2008: HK$200.19 million) respectively with a current ratio of 2.3 (2008: 3.2).

Borrowings and Charged Assets

During the year, the Group has partially repaid the principal of HK$90 million of the three-year floating rate term loans for financing the Suzhou Project drew down in 2007 and the outstanding balance of these bank loans was HK$54 million as at 31st December 2009.

During the year, Minxin Suzhou drew down a two-year floating rate term loan of RMB150 million from a bank in Suzhou, Mainland China for financing the construction costs of its property development project. The loan was bearing interest at a spread over Renminbi lending rate announced by the People's Bank of China.

As at 31st December 2009, the total bank borrowings of the Group amounted to HK$225 million, of which HK$111 million will be repayable in 2010 and the balance of HK$114 million will be repayable in 2011.

As at 31st December 2009, the above bank loans were secured by the Company's bank deposit of approximately HK$8.73 million, the Group's certain properties (including the leasehold land component) with a book value of approximately HK$63.35 million, land use rights of a parcel of land in Suzhou held by Minxin Suzhou with a book value of approximately RMB284.98 million (equivalent to approximately HK$324.88 million) and share mortgages of the Company's subsidiaries, namely Min Xin Properties Limited and Minxin Suzhou.

Save for the above, the other assets of the Group have not been pledged as at 31st December 2009.

Subsequent to the reporting date, the Group has obtained secured loan facilities of HK$60 million from a bank in Hong Kong and drew down HK$50 million to repay the loans of HK$54 million matured after the reporting date. These facilities were secured by the self-use office building owned by a wholly-owned subsidiary in Hong Kong with a net book value of HK$12.59 million (fair value of HK$100 million). The security of the new facilities was previously one of the collateral of the loans repaid, and the application for the release of other collaterals has been processed.

Gearing Ratio

As at 31st December 2009, the gearing ratio of the Group (total borrowings and advances divided by total net assets) still maintained at a relatively low level and was only 8.8% (2008: 6.4%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. As at 31st December 2009, the total bank deposits of the Group amounted to HK$365.33 million (2008: HK$261.3 million) of which 28.7% were denominated in Hong Kong Dollars, 69.8% in Renminbi and 1.5% in other currencies (2008: 81.4% in Hong Kong Dollars, 16.5% in Renminbi and 2.1% in other currencies).

Pursuant to the requirements from the Office of the Commissioner of Insurance in Hong Kong, a subsidiary maintains at all times a portion of its funds, being not less than HK$16 million, in bank deposits. That subsidiary has also maintained a bank deposit of approximately MOP4.21 million (equivalent to approximately HK$4.09 million) for fulfilling certain requirements under the Macao Insurance Ordinance.

Risk of Exchange Rate Fluctuation

The Group's assets, liabilities and receipts and payments are primarily denominated in Hong Kong Dollars and Renminbi. As the exchange rate of Renminbi against Hong Kong Dollars has slightly increased as compared to that at the end of 2008, the Group's net monetary assets denominated in Renminbi has resulted in translation gain of approximately HK$0.03 million recorded by the Group in 2009 (2008: approximately HK$2.39 million). Save for the above, the Group anticipates that it will not face material risks arising from foreign exchange rates fluctuation.

Commitments

As at 31st December 2009, the commitments of the Group for its real estate development business amounted to RMB89.91 million, equivalent to approximately HK$102.5 million (2008: RMB158.22 million, equivalent to approximately HK$179.67 million), and the capital commitments relating to property, plant and equipment amounted to approximately HK$0.2 million (2008: approximately HK$0.2 million).

Contingent Liabilities

As at 31st December 2009 and 2008, the Group did not have any material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2009, the Group had 73 employees. The remuneration of the employees is based on individual merits and experience. The Group also provides other benefits to the employees including retirement benefits and medical scheme.

PROSPECTS

Looking forward into 2010, the Board foresees that the Group will face a complicated operating environment. Although the macroeconomic trend is favorable at large, the imbalance of economic structure is still apparent. It is believed that the Central Government will launch more flexible and specific moderately eased monetary policy to prevent inflation, increase domestic demand, and expedite the transformation of the economic development and adjustment of the economic structure so that the national economy can sustain a steady growth.

As for the internal environment, the proposed reform of Xiamen International Bank as mentioned in the Company's announcement dated 1st April 2010 posts challenges as well as opportunities to the Group. With the reduction of the Company's shareholding to not exceeding 20%, the results of Xiamen International Bank will cease to be accounted for under the equity method in the consolidated financial statements of the Group, thus having a material adverse impact on the consolidated results of the Group. Nevertheless, the Group anticipates that the equity value may increase in view of the proposed reform. As a result, a gain will arise when the shareholding is reduced.

The Group will in the future focus on enhancing its analysis and judgment towards the macroeconomic control policy under the prevailing situation, actively seek attractive investment opportunities, and appropriately exert more efforts in the real estate development in Mainland China. It will also enhance its ability to capture market opportunities and improve its integrated operation in order to strive to provide reasonable returns for the shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

AUDIT COMMITTEE

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

The Audit Committee of the Company has reviewed the audited financial results of the Group for the year ended 31st December 2009.

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 2009 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
Weng Ruo Tong
Chairman

HONG KONG, 22nd April 2010

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