MIN XIN HOLDINGS LIMITED
閩信集團有限公司

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

ANNOUNCEMENT OF 2011 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to equity holders amounted to HK$142 million, an increase of 9%
- Basic earnings per share reached 30.84 HK cents, an increase of 9%
- Total assets and total equity attributable to equity holders increased by 9.2% and 4.5% to HK$3.31 billion and HK$2.79 billion respectively

The Board of Directors of Min Xin Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2011

		Unaudited Six months ended 30th June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**48,128**	52,817
Total revenues	*2*	**45,647**	49,647
Other gains — net	*3*	**19,746**	6,071
Total operating income		**65,393**	55,718
Net insurance claims incurred and commission expenses incurred on insurance business		**(17,993)**	(21,722)
Staff costs		**(13,822)**	(14,346)
Depreciation		**(680)**	(692)
Other operating expenses		**(8,000)**	(11,958)
Total operating expenses		**(40,495)**	(48,718)
Operating profit	*4*	**24,898**	7,000
Finance costs	*5*	**(788)**	(613)
Share of results of jointly controlled entities		**129,769**	117,528
Share of results of associates	*6*	**1,265**	11,449
Profit before taxation		**155,144**	135,364
Income tax expense	*7*	**(13,440)**	(5,403)
Profit for the period		**141,704**	129,961
		HK CENTS	*HK CENTS*
Earnings per share			
— Basic and diluted	*8*	**30.84**	28.29

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2011

	Unaudited Six months ended 30th June	
	2011	2010
	HK$'000	*HK$'000*
Profit for the period	**141,704**	129,961
Other comprehensive income		
Available-for-sale financial assets		
Fair value changes charged to equity	**(30,790)**	(147,752)
Share of changes in equity of jointly controlled entities		
Fair value changes charged to equity	**(9,592)**	(14,481)
Disposal	**(829)**	3,515
Deferred tax	**914**	(1,467)
	(40,297)	(160,185)
Exchange differences arising on translation of the financial statements of foreign subsidiaries, associates and jointly controlled entities	**32,226**	16,316
Share of exchange translation reserve released on disposal of non-current assets held-for-sale by an associate	**—**	(6,396)
	32,226	9,920
Other comprehensive income for the period, net of tax	**(8,071)**	(150,265)
Total comprehensive income for the period	**133,633**	(20,304)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30th June 2011

	Note	Unaudited 30th June 2011 HK$'000	Audited 31st December 2010 HK$'000
Non-current assets			
Property, plant and equipment		**21,041**	21,644
Investment properties		**116,154**	95,695
Jointly controlled entities		**1,793,268**	1,649,907
Associates		**13,169**	11,654
Available-for-sale financial assets		**457,523**	488,313
Reinsurance assets		**1,244**	1,665
Deferred income tax assets		**411**	475
		2,402,810	2,269,353
Current assets			
Properties under development for sale		**—**	595,439
Completed properties held for sale		**658,168**	—
Deferred acquisition costs		**14,222**	15,756
Insurance receivable	*10*	**13,216**	11,163
Reinsurance assets		**2,439**	1,063
Other debtors		**1,629**	875
Prepaid taxes		**17,333**	5,975
Other prepayment and deposits		**9,967**	4,975
Financial assets at fair value through profit or loss		**2,480**	5,947
Cash and bank balances		**187,780**	120,503
		907,234	761,696
Current liabilities			
Insurance contracts		**47,034**	48,895
Insurance payable	*11*	**8,245**	4,374
Other creditors and accruals		**57,038**	72,808
Customer deposits from sales of properties		**202,559**	72,194
Bank borrowings		**52,518**	132,444
Loan from a substantial shareholder		**96,280**	—
Current income tax payable		**2,011**	139
Dividend payable		**13,783**	—
		479,468	330,854
Net current assets		**427,766**	430,842
Total assets less current liabilities		**2,830,576**	2,700,195

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 30th June 2011

	Note	**Unaudited 30th June 2011** *HK$'000*	Audited 31st December 2010 *HK$'000*
Non-current liabilities			
Insurance contracts		**14,294**	15,262
Deferred income tax liabilities		**29,710**	18,211
		44,004	33,473
Net assets		**2,786,572**	2,666,722
Share capital		**459,429**	459,429
Other reserves		**1,796,027**	1,761,357
Retained profits			
Proposed dividend		**—**	13,783
Others		**531,116**	432,153
Total equity attributable to equity holders of the Company		**2,786,572**	2,666,722

Notes

1 Basis of Preparation and Accounting Policies

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2010 annual report.

Except as described below, the accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the 2010 annual report.

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 2011 have been adopted.

— HKAS 24 (Revised) Related Party Disclosures

— HKICPA's improvements to HKFRSs 2010 published in May 2010

The adoption of these new standards and amendments to standards has no material impact on the Group's results of operations and financial position for the current or prior periods.

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 ending 31st December 2011 and which have not been early adopted by the Group.

The Group is in the process of making an assessment of what the impact of these new standards and amendments to standards 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 period is as follows:

	Six months ended 30th June	
	2011	2010
	HK$'000	*HK$'000*
Turnover		
Gross insurance premiums	**27,379**	31,883
Insurance brokerage commission	**10**	289
Rental income from investment properties	**3,449**	3,269
Dividend income from available-for-sale financial assets	**17,230**	17,316
Management fees	**60**	60
	48,128	52,817
Movement in unearned insurance premiums	**604**	191
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	**(4,192)**	(3,700)
Other revenues		
Interest income from bank deposits	**871**	273
Dividend income from listed equity securities held for trading	**15**	35
Others	**221**	31
	1,107	339
Total revenues	**45,647**	49,647

The Group identifies its operating segments based on the reports reviewed internally by the chief operating decision-makers which include the Executive Board Committee and General Manager that are used to make strategic decisions, allocate resources and assess performance.

The reports to the chief operating decision-makers are analysed on the basis of business entities, investments held and investees. For business entities and investments held, operating performance evaluation and resources allocation are based on individual business activities operated and investments held by the Group. For investees, operating performance evaluation is based on individual investee of the Group.

The Group has the following reportable operating segments:

— Banking Investment: this segment includes the Group's 36.75% interest in the Xiamen International Bank Group ("XIB 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.

— 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. ("Huaneng").

— Others: this segment includes results of operations not directly identified under other reportable segments (mainly industrial instrument manufacturing 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-makers monitor 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 period", 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 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	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	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*
Six months ended 30th June														
Turnover														
External customers	—	—	28,997	33,785	1,901	1,716	17,230	17,316	—	—	—	—	48,128	52,817
Inter-segments	—	—	—	—	—	—	—	—	1,570	1,472	(1,570)	(1,472)	—	—
	—	—	28,997	33,785	1,901	1,716	17,230	17,316	1,570	1,472	(1,570)	(1,472)	48,128	52,817
Movement in net unearned insurance premiums and reinsurance premiums ceded	—	—	(3,588)	(3,509)	—	—	—	—	—	—	—	—	(3,588)	(3,509)
Other revenues	—	—	572	154	167	40	—	—	368	145	—	—	1,107	339
Total revenues	—	—	25,981	30,430	2,068	1,756	17,230	17,316	1,938	1,617	(1,570)	(1,472)	45,647	49,647
Other gains — net	—	—	3,274	540	17,885	5,263	47	105	(1,460)	163	—	—	19,746	6,071
Total operating income	—	—	29,255	30,970	19,953	7,019	17,277	17,421	478	1,780	(1,570)	(1,472)	65,393	55,718
Total operating expenses	—	—	(24,691)	(28,469)	(3,448)	(6,828)	—	—	(13,926)	(14,893)	1,570	1,472	(40,495)	(48,718)
Operating profit/(loss)	—	—	4,564	2,501	16,505	191	17,277	17,421	(13,448)	(13,113)	—	—	24,898	7,000
Finance costs	—	—	—	—	(186)	(326)	—	—	(602)	(287)	—	—	(788)	(613)
Share of results of jointly controlled entities	128,057	116,381	—	—	—	—	—	—	1,712	1,147	—	—	129,769	117,528
Share of results of associates	—	—	—	—	—	—	—	—	1,265	11,449	—	—	1,265	11,449
Profit/(loss) before taxation	128,057	116,381	4,564	2,501	16,319	(135)	17,277	17,421	(11,073)	(804)	—	—	155,144	135,364
Income tax expense	—	—	(101)	(362)	(11,409)	(3,046)	(1,723)	(1,731)	(207)	(264)	—	—	(13,440)	(5,403)
Profit/(loss) for the period	128,057	116,381	4,463	2,139	4,910	(3,181)	15,554	15,690	(11,280)	(1,068)	—	—	141,704	129,961
Interest income from bank deposits	—	—	342	96	167	40	—	—	362	137	—	—	871	273
Depreciation for the period	—	—	118	121	140	133	—	—	424	438	—	—	682	692

	Banking investment		Insurance		Property development and investment		Strategic investment		Others		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	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 30th June 2011 and 31st December 2010												
The Company and subsidiaries	—	—	156,721	151,392	780,876	671,226	457,523	488,313	108,487	58,557	1,503,607	1,369,488
Investments in jointly controlled entities	1,721,127	1,574,218	—	—	—	—	—	—	72,141	75,689	1,793,268	1,649,907
Investments in associates	—	—	—	—	—	—	—	—	13,169	11,654	13,169	11,654
Total assets	1,721,127	1,574,218	156,721	151,392	780,876	671,226	457,523	488,313	193,797	145,900	3,310,044	3,031,049
The Company and subsidiaries	—	—	73,585	72,719	375,023	268,282	1,733	—	59,348	23,326	509,689	364,327
Unallocated liabilities												
Dividend payable											13,783	—
Total liabilities	—	—	73,585	72,719	375,023	268,282	1,733	—	59,348	23,326	523,472	364,327
Capital expenditure incurred during the period	—	—	9	6	17	21	—	—	52	6	78	33

(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, 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 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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Six months ended 30th June								
Revenues from external customers	**18,567**	26,886	**19,131**	19,037	**10,430**	6,894	**48,128**	52,817
At 30th June 2011 and 31st December 2010								
The Company and subsidiaries	**58,261**	56,216	**78,856**	61,036	**78**	87	**137,195**	117,339
Investments in jointly controlled entities	**—**	—	**1,793,268**	1,649,907	**—**	—	**1,793,268**	1,649,907
Investments in associates	**—**	—	**13,169**	11,654	**—**	—	**13,169**	11,654
Specified non-current assets	**58,261**	56,216	**1,885,293**	1,722,597	**78**	87	**1,943,632**	1,778,900

3 Other Gains — Net

	Six months ended 30th June	
	2011	2010
	HK$'000	*HK$'000*
Fair value gains/(losses) on listed equity securities measured at fair value through profit or loss	**397**	(316)
Fair value gains on revaluation of investment properties	**20,459**	6,132
Net exchange (losses)/gains	**(1,110)**	255
	19,746	6,071

4 Operating Profit

	Six months ended 30th June	
	2011	2010
	HK$'000	*HK$'000*
Operating profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	**—**	255
Rentals received and receivable from investment properties less direct outgoings	**2,971**	2,817
Charging		
Net exchange losses	**1,110**	—
Depreciation	**682**	692
Loss on disposal of property, plant and equipment	**8**	7
Operating lease rentals in respect of land and buildings	**405**	463
Management fee	**940**	940
Retirement benefit costs	**391**	382

5 Finance Costs

	Six months ended 30th June	
	2011	2010
	HK$'000	*HK$'000*
Interest on bank loans and overdraft	**4,188**	6,100
Interest on short term advance from a substantial shareholder	**137**	80
Interest on loan from a substantial shareholder	**186**	—
Interest income (a)	**—**	(530)
	4,511	5,650
Less: Amounts capitalised in properties under development for sale	**(3,723)**	(5,037)
	788	613

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

6 Share of Results of Associates

The share of results of associates for the six months ended 30th June 2010 included the share of gain of approximately HK$10.69 million for the disposal of the entire 70% equity interest in the Maanshan Huan Tong Highway Development Limited by Hong Kong Vigorous Limited, an indirect associate of the Company.

7 Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the period. Taxation on Mainland China and Macao profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in Mainland China and Macao.

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

	Six months ended 30th June	
	2011	2010
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**143**	145
Mainland China taxation	**1,723**	1,731
Macao taxation	**11**	55
	1,877	1,931
Under provision in prior years		
Macao taxation	**—**	1
Deferred tax		
Relating to the origination and reversal of temporary differences	**11,563**	3,471
Income tax expense	**13,440**	5,403

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 six months ended 30th June 2011 of HK$141,704,000 (2010: HK$129,961,000) and the weighted average of 459,428,656 (2010: 459,428,656) ordinary shares in issue during the period.

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

9 Dividend

The Board of Directors has resolved that no interim dividend be declared for the six months ended 30th June 2011 (2010: Nil).

10 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 30th June 2011, the ageing analysis of insurance receivable by invoice date was as follows:

	30th June 2011	31st December 2010
	HK$'000	*HK$'000*
Within 30 days	**4,070**	3,415
31-60 days	**3,047**	2,146
61-90 days	**2,597**	2,435
Over 90 days	**3,502**	3,167
	13,216	11,163

11 Insurance Payable

At 30th June 2011, the ageing analysis of insurance payable by invoice date was as follows:

	30th June 2011	31st December 2010
	HK$'000	*HK$'000*
Within 30 days	**3,628**	1,659
31-60 days	**1,277**	801
61-90 days	**1,117**	826
Over 90 days	**2,223**	1,088
	8,245	4,374

BUSINESS REVIEW

In the first half of 2011, the devastating earthquake and tsunami in Japan, and individual regional economic deterioration have brought a number of uncertain factors to the global economic recovery process. Nevertheless, as the overall economic performance in Mainland China remained strong, the Group was able to achieve a satisfactory growth.

Operating Results

In the first half of 2011, the Group recorded an unaudited consolidated profit attributable to equity holders of HK$141.7 million, an increase of 9% from HK$129.96 million in same period last year. Basic earnings per share amounted to 30.84 HK cents.

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 period under review, the banking business of the Group recorded an unaudited profit after tax of HK$128.06 million, an increase of 10% over that of the same period in 2010.

During the period under review, Xiamen International Bank promoted the development of its business amid the rather severe external situation. The development of its loan business has attained good results through the adjustment of the loan structure. It also timely launched interbank financing products leading to a substantial growth in interbank business. Moreover, with the vigorous development of intermediary business, it has successfully developed new business, resulting in a satisfactory growth in intermediary business with soaring revenue during the period under review.

Xiamen International Bank Group's unaudited consolidated net profit prepared in accordance with PRC Accounting Standards went up by 6.4% to RMB291.01 million from RMB273.58 million for the same period in 2010.

As at the end of June 2011, the total assets of the Xiamen International Bank Group grew by about 17.9% to RMB83.6 billion as compared to those at the end of 2010. Loans to customers and customers' deposits stood at RMB51.1 billion and RMB55.5 billion respectively, an increase of 15.5% and 0.7% respectively, as compared to those at the end of 2010. Owing to the increase in the average balance of interest-bearing assets as well as the spread rate as compared with the same period of last year, the net interest income rose by 46.5% as compared to the same period in 2010. The net fee and commission income also surged by 82.5% as compared to the same period in 2010 due to the growth in intermediary business.

Looking forward into the second half, Xiamen International Bank Group will vigorously promote the growth of deposit base, make reasonable adjustments to the loan structure and to enhance the level of loan yields with a view to attain a sustainable steady and healthy development. However, with the risk arising from the European sovereign debt problems and the slow economic recovery in the United States and Europe, together with the economic slowdown and the inflation problem in Mainland China, the outlook in the second half is more uncertain. Hence, Xiamen International Bank Group will be more prudent to expand its business in the next few months.

Insurance Business

Min Xin Insurance Company Limited ("MXIC"), the Group's wholly-owned subsidiary, achieved a net profit after tax of HK$4.23 million for the first half of 2011, an increase of 101.3% from that in the same period of 2010. Such increase was mainly due to the improvement of investment income, particularly that of the gain generated from property revaluation.

Despite the adverse market environment, the management team of MXIC will continue to make efforts to increase their insurance income through enhancing their underwriting quality and operating efficiency.

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 the first half of 2011, the property development and investment business reported an unaudited profit after tax of HK$4.91 million, while an unaudited loss after tax of HK$3.18 million was reported for the same period of 2010.

The real estate development in Suzhou, Mainland China (the "Suzhou Project") undertaken by Minxin (Suzhou) Property Development Co., Ltd. ("Minxin Suzhou"), a wholly-owned subsidiary of the Group, commenced presale in 2010. As at the end of June 2011, the presale construction area was about 18,878 square meters with contracted sales of about RMB188.49 million. Minxin Suzhou will recognise the sales in the second half for those sale contracts with properties that had already been delivered to the purchasers.

Given the decline in the advertising expenditure of RMB3.12 million as compared to the same period of last year, Minxin Suzhou recorded a loss of RMB2.27 million in the first half of 2011, a decrease of RMB3.07 million as compared to the loss of RMB5.34 million for the same period of last year. During the period under review, Minxin Suzhou has obtained a new loan to finance the full repayment of the outstanding principal balance of its construction loan of RMB100 million obtained in July 2009. During the period under review, the interest expenses of the loan amounting to RMB2.66 million have been capitalised as properties under development for sale. The capitalised interest expenses for the same period in 2010 were RMB4.28 million. The mortgage of the land use right of a parcel of land of Minxin Suzhou was released subsequent to the period under review.

Following the launch of a new series of control measures towards the China property market by the Central Government in January 2011, the municipal government of various major cities have promulgated different rules which include restrictions on mortgages and purchases. The effects of the measures have appeared in the property market as the pace of the rising price of the residential units has notably slowed down while speculation has been effectively curbed.

In view of the austerity measures, Minxin Suzhou will pay close attention to the economic situation and changes in the control policies in Mainland China in the second half. It will timely make effective response, and take advantage of its completed properties with a view to actively promote sales and return of proceeds.

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") can also bring considerable growing value benefited from the healthy economic growth in Mainland China. The Fuzhou Property recorded a rental income to RMB1.59 million in the first half of 2011, maintained the same level as compared to that of the same period in 2010. As at 30th June 2011, the Fuzhou Property reported a rise of 28.2% in its fair value to RMB63.08 million as compared to RMB49.19 million as at 31st December 2010. During the period under review, the Group recognised a fair value gain of HK$17.9 million and a fair value gain after deferred tax of HK$6.49 million, as compared to a fair value gain of HK$5.26 million and a fair value gain after deferred tax of HK$2.22 million for the same period in 2010.

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

Despite the economic growth in Mainland China maintained at 9.6% in the first half of 2011, the Shanghai Composite Index slipped by about 50 points as compared to that at the end of 2010. In particular, the share prices of coal-based power generation companies have fallen further. The closing bid price of Huaneng's A-Share also fell to RMB5.28 per share as at 30th June 2011 from RMB5.75 per share as at 31st December 2010. 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 reduced by approximately HK$30.79 million to approximately HK$457.52 million (equivalent to approximately RMB380.16 million) as compared to that at the end of 2010. The loss of approximately HK$30.79 million arising from the change in its fair value (31st December 2010: fair value loss of approximately HK$168.33 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 generate a steady dividend income to the Group. During the period under review, Huaneng paid a final dividend for 2010 of RMB0.20 per share. The Group recorded a dividend income of HK$17.23 million, as compared to the final dividend payment for 2009 of RMB0.21 per share totaling HK$17.32 million received by the Group for the same period in 2010.

Huaneng recently announced its results prepared in accordance with PRC Accounting Standards for the first half of 2011. Its operation revenue has increased by 31.1% as compared to the same period last year, while its operating expenses have increased by 34.2% due to the increase in fuel prices and power generation, etc. as compared to the same period last year. Its net profit attributable to equity holders have dropped by 41.8% to RMB1.18 billion with earnings per share of RMB0.08 for the period under review as compared to RMB0.17 per share for the first half in 2010.

High-Tech Investments

Min Faith Investments Limited ("Min Faith"), an investment of the Group engaging in the manufacturing of industrial digital instrumentations through its subsidiaries in Mainland China, has recorded a substantial increase in profit after tax in the first half of 2011 as compared to the low base figure in the same period of 2010. In the rest of the year, Min Faith will accelerate the commercialization and marketing of its R&D achievements, with apparatus for oil fields and semiconductor assembly industries in particular, with the aim to achieve better returns for the shareholders.

FINANCIAL REVIEW

Net Asset Value per Share

The Group persists in investing prudently as usual and strives to maintain a healthy financial position. Based on 459,428,656 shares in issue (31st December 2010: 459,428,656 shares), the net asset value per share was HK$6.07 (31st December 2010: HK$5.8) at 30th June 2011.

Total Liabilities to Equity Ratio and Current Ratio

As at 30th June 2011, the total liabilities of the Group were HK$523.47 million (31st December 2010: HK$364.33 million) and the ratio of total liabilities to total equity attributable to equity holders of the Company was 0.16 (31st December 2010: 0.14). As at 30th June 2011, the current assets and current liabilities of the Group were HK$907.23 million (31st December 2010: HK$761.7 million) and HK$479.47 million (31st December 2010: HK$330.85 million) respectively with a current ratio of 1.9 (31st December 2010: 2.3).

Borrowings and Charged Assets

As at 30th June 2011, the Group had outstanding bank loans principal of HK$50 million (31st December 2010: HK$132.95 million) and bank overdraft balance of HK$2.52 million (31st December 2010: Nil) to be repaid within one year. In terms of currency denomination, the outstanding bank loans principal and bank overdraft balance of HK$52.52 million (100%) was denominated in Hong Kong Dollars (31st December 2010: HK$15 million, 11.3%). The outstanding bank loan principal of approximately HK$117.95 million (88.7%) denominated in Renminbi at 31st December 2010 had been fully repaid during the period. The outstanding bank loans of the Group are subject to floating interest rates. The Group had undrawn overdraft facility of HK$7.48 million as at 30th June 2011.

As at 30th June 2011, the above bank loans were secured by the Group's certain properties with a book value of approximately HK$11.91 million (31st December 2010: certain properties and land use right (recognised as costs of properties under development for sale) with a book value of approximately HK$352.86 million). Subsequent to reporting date, the mortgage of the land use right of a parcel of land (recognised as costs of completed properties held for sale) with a book value of approximately HK$347.66 million was released after full repayment of the outstanding bank loan principal of approximately HK$117.95 million denominated in Renminbi.

As at 30th June 2011, the Group had entrusted loan principal from Fujian Investment and Development Holdings Corporation, a substantial shareholder of the Company, of RMB80 million (equivalent to approximately HK$96.28 million). The entrusted loan was unsecured with a term to be expired on 24th June 2012 and was bearing interest at 10% per annum (31st December 2010: Nil).

Save for the above, the other assets of the Group were not pledged as at 30th June 2011 and 31st December 2010.

Gearing Ratio

As at 30th June 2011, 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 5.3% (31st December 2010: 5%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. As at 30th June 2011, the total bank deposits of the Group amounted to HK$187.77 million (31st December 2010: HK$120.49 million) of which 62.2% were denominated in Hong Kong Dollars, 34.4% in Renminbi and 3.4% in other currencies (31st December 2010: 78.5% in Hong Kong Dollars, 16.9% in Renminbi and 4.6% 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 (31st December 2010: HK$16 million), in bank deposits. That subsidiary has also maintained a bank deposit of approximately MOP6.04 million (equivalent to approximately HK$5.86 million) (31st December 2010: MOP4.93 million, equivalent to approximately HK$4.79 million) for fulfilling certain requirements under the Macao Insurance Ordinance.

According to the guarantees provided by a subsidiary of the Group in respect of mortgage facilities granted by certain banks to certain purchasers of that subsidiary's properties in Mainland China, a sum of approximately RMB2.55 million (equivalent to approximately HK$3.07 million) (31st December 2010: RMB0.73 million, equivalent to approximately HK$0.86 million) held by that subsidiary was placed at designated bank accounts as deposits for potential default in payment of mortgage loans advanced to those property purchasers. Such deposits will only be released when those property purchasers obtain the "property title certificate" which is then pledged to the relevant banks.

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 increased as compared to that at the end of 2010, the bank balance denominated in Hong Kong Dollars for registered capital of a wholly-owned subsidiary of the Group incorporated in Mainland China has resulted in a translation loss recorded by that subsidiary due to the prevailing foreign exchange control policies. Hence, the Group recorded a translation loss of approximately HK$1.11 million for the first half of 2011 (For the first half of 2010: translation gain of approximately HK$0.26 million). Save for the above, the Group anticipates that it will not face material risks arising from foreign exchange rates fluctuation.

Commitments

As at 30th June 2011, the commitments of the Group for its real estate development business amounted to RMB3.32 million, equivalent to approximately HK$3.99 million (31st December 2010: RMB25.05 million, equivalent to approximately HK$29.55 million), and the capital commitments relating to property, plant and equipment amounted to approximately HK$0.2 million (31st December 2010: approximately HK$0.2 million).

A wholly-owned subsidiary of the Group incorporated in Mainland China obtained approval for change to an investment holding company in December 2010. The Group therefore committed to increase the paid-in registered capital of that subsidiary to HK$300 million within two years pursuant to relevant approval documents. As at 30th June 2011, the Group's commitment in respect of the additional capital injection was HK$237 million (31st December 2010: HK$297 million).

Contingent Liabilities

As at 30th June 2011, a subsidiary of the Group provided guarantees in respect of mortgage facilities granted by certain banks and financial institutions to certain purchasers of that subsidiary's properties in Mainland China. The maximum guarantees given to those banks and financial institutions amounted to RMB85.41 million (equivalent to approximately HK$102.79 million) as at 30th June 2011 (31st December 2010: RMB24.26 million, equivalent to approximately HK$28.61 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by those purchasers, that subsidiary is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by those defaulted purchasers to the relevant banks and financial institutions, and that subsidiary is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of grant of the relevant mortgage loans and ends when the property purchaser obtains the "property title certificate" which is then pledged to the relevant banks and financial institutions. The Group considers that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty in case of default in payments and therefore no provision has been made for those guarantees.

EMPLOYEES AND REMUNERATION POLICY

As at 30th June 2011, the Group had 66 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 ahead, the global economic recovery will certainly be affected as the European sovereign debt crisis intensifies, coupled with the lowering of the U.S. sovereign rating. At the same time, the inflation and property control measures in Mainland China will also affect the economic growth there. We believe that in order to curb inflation and the effectiveness of the austerity measures, the Central Government will continue to implement a proactive fiscal policy and prudent monetary policy, whereas the macro-control policy will be maintained. It is therefore expected that the economic growth in Mainland China will slow down, and that inflation will gradually be brought under control in the second half while liquidity remains tight. To cope with this fast-changing economic environment, the Board will closely monitor the macro-control policy in Mainland China and the changes in international economic environment.

As for banking investment, the Company disposed of 5% of its equity interest in Xiamen International Bank to an independent third party on 12th August 2011 at a consideration of about RMB320.69 million (to be adjusted pursuant to Consideration 2 as mentioned in the relevant announcement issued by the Company on 12th August 2011) in order to implement the restructuring of Xiamen International Bank and to comply with applicable laws and regulations of the PRC. It is anticipated that after completion of the disposal, the Group will record a gain of about HK$154.93 million (excluding the abovementioned Consideration 2), and the Group will continue to account for the 31.75% equity interest in Xiamen International Bank under equity method immediately after completion of the disposal. The Group will in the second half actively promote the completion of the disposal.

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 six months ended 30th June 2011 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.

COMPLIANCE WITH MODEL CODE

The Company has adopted its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made to all the Directors of the Company who confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the unaudited interim accounts for the six months ended 30th June 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

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

Hong Kong, 30th 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 Zhang Rong Hui; and the Independent Non-Executive Directors are Messrs Ip Kai Ming, Sze Robert Tsai To and So Hop Shing.