MIN XIN HOLDINGS LIMITED
閩信集團有限公司

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

ANNOUNCEMENT OF 2012 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to equity holders amounted to HK$163 million, an increase of 14.9%
- Basic earnings per share reached 35.47 HK cents, an increase of 14.9%
- Total assets and total equity attributable to equity holders increased by 7% and 7.4% to HK$3.63 billion and HK$3.23 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 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June 2012

		Unaudited Six months ended 30th June	
		2012	2011 (Restated) (Note 1)
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**48,823**	48,058
Total revenues	*2*	**45,593**	45,647
Other gains — net	*3*	**8,898**	19,746
Total operating income		**54,491**	65,393
Net insurance claims incurred and commission expenses incurred on insurance business		**(18,155)**	(17,993)
Costs of properties sold		**(14,372)**	—
Staff costs		**(14,617)**	(13,822)
Depreciation		**(615)**	(680)
Other operating expenses		**(6,375)**	(8,000)
Total operating expenses		**(54,134)**	(40,495)
Operating profit	*4*	**357**	24,898
Finance costs	*5*	**(6,199)**	(788)
Share of results of jointly controlled entities		**172,326**	129,769
Share of results of associates		**53**	1,265
Profit before taxation		**166,537**	155,144
Income tax expense	*6*	**(3,591)**	(13,378)
Profit for the period		**162,946**	141,766
		HK CENTS	*HK CENTS*
Earnings per share			
Basic and diluted	*7*	**35.47**	30.86

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2012

	Unaudited Six months ended 30th June	
	2012	2011 (Restated) (Note 1)
	HK$'000	*HK$'000*
Profit for the period	**162,946**	141,766
Other comprehensive income		
Available-for-sale financial assets		
Fair value changes credited/(charged) to equity	**89,202**	(30,790)
Share of changes in equity of jointly controlled entities		
Fair value changes credited/(charged) to equity	**15,819**	(9,592)
Disposal	**92**	(829)
Deferred income tax	**(4,268)**	914
	100,845	(40,297)
Exchange translation reserve		
Exchange differences arising on translation of the financial statements of foreign subsidiaries, jointly controlled entities and associates	**(22,654)**	32,226
	(22,654)	32,226
Other comprehensive income for the period, net of tax	**78,191**	(8,071)
Total comprehensive income for the period	**241,137**	133,695

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June 2012

	Note	**Unaudited 30th June 2012**	31st December 2011 (Restated) (Note 1)
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**20,057**	20,454
Investment properties		**130,812**	122,456
Jointly controlled entities		**2,129,326**	1,963,657
Associates		**13,790**	13,879
Available-for-sale financial assets		**566,316**	477,114
Reinsurance assets		**4,214**	3,268
Deferred income tax assets		**2,845**	428
		2,867,360	2,601,256
Current assets			
Completed properties held for sale		**527,413**	544,509
Deferred acquisition costs		**12,437**	12,637
Insurance receivable	*9*	**12,840**	11,085
Reinsurance assets		**2,428**	1,668
Dividend receivable from available-for-sale financial assets		**4,397**	—
Other debtors		**1,982**	2,758
Prepaid taxes		**6,592**	6,559
Other prepayment and deposits		**4,472**	3,078
Financial assets at fair value through profit or loss		**2,112**	1,942
Cash and bank balances		**187,917**	207,204
		762,590	791,440
Current liabilities			
Insurance contracts		**44,312**	41,466
Insurance payable	*10*	**7,590**	5,703
Other creditors and accruals		**90,243**	100,449
Customer deposits from sale of properties		**27,768**	29,064
Bank borrowings		**50,000**	50,000
Loan and advance from a substantial shareholder		**109,922**	111,060
Current income tax payable		**764**	126
Dividend payable		**18,377**	—
		348,976	337,868
Net current assets		**413,614**	453,572
Total assets less current liabilities		**3,280,974**	3,054,828

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 30th June 2012

		Unaudited 30th June 2012	31st December 2011 (Restated) (Note 1)
	Note	***HK$'000***	*HK$'000*
Non-current liabilities			
Insurance contracts		**15,546**	14,069
Deferred income tax liabilities		**35,753**	33,844
		51,299	47,913
Net assets		**3,229,675**	3,006,915
Share capital		**459,429**	459,429
Other reserves		**2,209,291**	1,930,407
Retained profits			
Proposed dividend		**—**	18,377
Others		**560,955**	598,702
Total equity attributable to equity holders of the Company		**3,229,675**	3,006,915

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 2011 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 2011 annual report.

The following amendment to standard issued by the HKICPA which is relevant to the operations of the Group and is mandatory for the first time for the financial year beginning on 1st January 2012 has been adopted.

The Group adopted the Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets from 1st January 2012 and changed its accounting policy on measuring deferred tax arising from investment property that is measured using the fair value model in HKAS 40 Investment Property. As a result of the change, the Group measures any deferred tax arising from investment property using a rebuttable presumption that the carrying amount of the property will be recovered entirely through sale. The presumption is rebutted if the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time. Previously, the Group measured deferred tax for investment property using the tax rate that reflected the intention of use. As there is no capital gains tax in Hong Kong, the deferred tax liabilities previously recognised for the fair value gains on revaluation of investment properties held by the Group in Hong Kong would be affected.

The change in accounting policy has been applied retrospectively. It neither affected the deferred income tax liabilities nor the retained profits as at 1st January 2011. It reduced the deferred income tax liabilities and increased the retained profits as at 30th June 2011 by HK$62,000 and by a further HK$205,000 for the year ended 31st December 2011. The effect on the condensed consolidated income statement for the six months ended 30th June 2012 was to recognise a gain of HK$90,000 (2011: HK$62,000).

The change in accounting policy had an immaterial impact on earnings per share for the current and comparative 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 2012 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	
	2012	2011
	HK$'000	*HK$'000*
Turnover		
Gross insurance premiums	**25,146**	27,379
Proceeds from sale of properties	**15,565**	—
Rental income from investment properties	**3,725**	3,449
Dividend income from available-for-sale financial assets	**4,387**	17,230
	48,823	48,058
Movement in unearned insurance premiums	**(1,787)**	604
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	**(3,355)**	(4,192)
Other revenues		
Management fees	**60**	60
Interest income from bank deposits	**1,775**	871
Dividend income from listed equity securities held for trading	**36**	15
Others	**41**	231
	1,912	1,177
Total revenues	**45,593**	45,647

The Group identifies its operating segments based on the reports reviewed internally by the chief operating decision-makers which include the Board of Directors 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 Xiamen International Bank 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..

— Others: this segment includes results of operations not directly identified under other reportable segments 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	
	2012	2011	**2012**	2011 (Restated)	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011 (Restated)
	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	**—**	—	**26,694**	28,927	**17,742**	1,901	**4,387**	17,230	**—**	—	**—**	—	**48,823**	48,058
Inter-segments	**—**	—	**—**	—	**—**	—	**—**	—	**1,625**	1,570	**(1,625)**	(1,570)	**—**	—
	—	—	**26,694**	28,927	**17,742**	1,901	**4,387**	17,230	**1,625**	1,570	**(1,625)**	(1,570)	**48,823**	48,058
Movement in net unearned insurance premiums and reinsurance premiums ceded	**—**	—	**(5,142)**	(3,588)	**—**	—	**—**	—	**—**	—	**—**	—	**(5,142)**	(3,588)
Other revenues	**—**	—	**672**	642	**82**	167	**—**	—	**4,513**	4,658	**(3,355)**	(4,290)	**1,912**	1,177
Total revenues	**—**	—	**22,224**	25,981	**17,824**	2,068	**4,387**	17,230	**6,138**	6,228	**(4,980)**	(5,860)	**45,593**	45,647
Other gains — net	**—**	—	**3,941**	3,274	**4,364**	17,885	**9**	47	**584**	(1,460)	**—**	—	**8,898**	19,746
Total operating income	**—**	—	**26,165**	29,255	**22,188**	19,953	**4,396**	17,277	**6,722**	4,768	**(4,980)**	(5,860)	**54,491**	65,393
Total operating expenses	**—**	—	**(24,320)**	(24,691)	**(17,177)**	(3,448)	**—**	—	**(14,262)**	(13,926)	**1,625**	1,570	**(54,134)**	(40,495)
Operating profit/(loss)	**—**	—	**1,845**	4,564	**5,011**	16,505	**4,396**	17,277	**(7,540)**	(9,158)	**(3,355)**	(4,290)	**357**	24,898
Finance costs	**—**	—	**—**	—	**(8,932)**	(4,476)	**—**	—	**(622)**	(602)	**3,355**	4,290	**(6,199)**	(788)
Share of results of jointly controlled entities	**171,476**	128,057	**—**	—	**—**	—	**—**	—	**850**	1,712	**—**	—	**172,326**	129,769
Share of results of associates	**—**	—	**—**	—	**—**	—	**—**	—	**53**	1,265	**—**	—	**53**	1,265
Profit/(loss) before taxation	**171,476**	128,057	**1,845**	4,564	**(3,921)**	12,029	**4,396**	17,277	**(7,259)**	(6,783)	**—**	—	**166,537**	155,144
Income tax expense	**—**	—	**(55)**	(39)	**(2,927)**	(11,409)	**(439)**	(1,723)	**(170)**	(207)	**—**	—	**(3,591)**	(13,378)
Profit/(loss) for the period	**171,476**	128,057	**1,790**	4,525	**(6,848)**	620	**3,957**	15,554	**(7,429)**	(6,990)	**—**	—	**162,946**	141,766
Interest income from bank deposits	**—**	—	**555**	342	**82**	167	**—**	—	**1,138**	362	**—**	—	**1,775**	871
Depreciation for the period	**—**	—	**102**	118	**121**	140	**—**	—	**399**	424	**—**	—	**622**	682

	Banking investment		Insurance		Property development and investment		Strategic investment		Others		Consolidated	
	2012	2011	**2012**	2011 (Restated)	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011 (Restated)
	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 2012 and 31st December 2011												
The Company and subsidiaries	**—**	—	**154,175**	146,167	**637,545**	654,551	**570,713**	477,114	**124,401**	137,328	**1,486,834**	1,415,160
Investments in jointly controlled entities	**2,064,039**	1,895,333	**—**	—	**—**	—	**—**	—	**65,287**	68,324	**2,129,326**	1,963,657
Investments in associates	**—**	—	**—**	—	**—**	—	**—**	—	**13,790**	13,879	**13,790**	13,879
Total assets	**2,064,039**	1,895,333	**154,175**	146,167	**637,545**	654,551	**570,713**	477,114	**203,478**	219,531	**3,629,950**	3,392,696
The Company and subsidiaries	**—**	—	**70,998**	64,780	**249,919**	258,958	**439**	—	**60,542**	62,043	**381,898**	385,781
Unallocated liabilities												
Dividend payable											**18,377**	—
Total liabilities	**—**	—	**70,998**	64,780	**249,919**	258,958	**439**	—	**60,542**	62,043	**400,275**	385,781
Capital expenditure incurred during the period	**—**	—	**181**	9	**13**	17	**—**	—	**45**	52	**239**	78

(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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**17,559**	18,497	**22,129**	19,131	**9,135**	10,430	**48,823**	48,058
At 30th June 2012 and 31st December 2011								
The Company and subsidiaries	**63,653**	59,950	**87,130**	82,888	**86**	72	**150,869**	142,910
Investments in jointly controlled entities	**—**	—	**2,129,326**	1,963,657	**—**	—	**2,129,326**	1,963,657
Investments in associates	**—**	—	**13,790**	13,879	**—**	—	**13,790**	13,879
Specified non-current assets	**63,653**	59,950	**2,230,246**	2,060,424	**86**	72	**2,293,985**	2,120,446

3 Other Gains — Net

	Six months ended 30th June	
	2012	2011
	HK$'000	*HK$'000*
Fair value gains on listed equity securities measured at fair value through profit or loss	**156**	397
Fair value gains on revaluation of investment properties	**8,356**	20,459
Net exchange gains/(losses)	**386**	(1,110)
	8,898	19,746

4 Operating Profit

	Six months ended 30th June	
	2012	2011
	HK$'000	*HK$'000*
Operating profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	**386**	—
Rentals received and receivable from investment properties less direct outgoings	**3,173**	2,971
Charging		
Cost of completed properties sold	**11,555**	—
Net exchange losses	**—**	1,110
Depreciation	**622**	682
Loss on disposal of property, plant and equipment	**7**	8
Operating lease rentals in respect of land and buildings	**319**	405
Management fee	**940**	940
Retirement benefit costs	**337**	391

5 Finance Costs

	Six months ended 30th June	
	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans and overdraft	**622**	4,188
Interest on short term loan and advance from a substantial shareholder	**5,577**	323
	6,199	4,511
Less: Amounts capitalised in properties under development for sale	**—**	(3,723)
	6,199	788

6 Income Tax Expense

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

	Six months ended 30th June	
	2012	2011 (Restated)
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**144**	143
Mainland China land appreciation tax	**40**	—
Mainland China withholding tax	**439**	1,723
Macao taxation	**55**	11
	678	1,877
Under provision in prior years		
Mainland China corporate income tax	**3,423**	—
Deferred tax		
Relating to the origination and reversal of temporary differences	**(510)**	11,501
Income tax expense	**3,591**	13,378

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period.

Mainland China corporate income tax has been calculated at the rate of 25% (2011: 25%) on the estimated taxable profits for the period.

Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights, development and construction expenditures.

Mainland China withholding tax is levied at 10% on dividend income received from an investee classified as available-for-sale financial assets held by the Group when the investee declared dividend out of profits earned after 1st January 2008.

Taxation on Macao profits has been calculated on the estimated taxable profits for the period at the rates of taxation prevailing in Macao.

7 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 2012 of HK$162,946,000 (2011: HK$141,766,000 as restated) and the weighted average of 459,428,656 (2011: 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.

8 Dividend

The Board of Directors has resolved that no interim dividend be declared for the six months ended 30th June 2012 (2011: Nil).

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 30th June 2012 and 31st December 2011, the ageing analysis of insurance receivable by invoice date was as follows:

	30th June 2012	31st December 2011
	HK$'000	*HK$'000*
Within 30 days	**4,216**	3,516
31-60 days	**2,834**	2,609
61-90 days	**2,875**	2,354
Over 90 days	**2,915**	2,606
	12,840	11,085

10 Insurance Payable

At 30th June 2012 and 31st December 2011, the ageing analysis of insurance payable by invoice date was as follows:

	30th June 2012	31st December 2011
	HK$'000	*HK$'000*
Within 30 days	**3,420**	1,874
31-60 days	**1,259**	1,047
61-90 days	**1,219**	1,010
Over 90 days	**1,692**	1,772
	7,590	5,703

BUSINESS REVIEW

In the first half of 2012, the global economic situation has become more complex and fast changing. While the overall economic recovery in the United States was sluggish, the Eurozone sovereignty debt crisis has deteriorated. The effects of the economic and monetary stimulus measures launched by the advanced countries are on the wane. Amid the economic downturn and rising inflation pressure, the emerging countries like China have kept on implementing economic stimulus measures.

Operating Results

In the first half of 2012, the Group reported an unaudited consolidated profit attributable to equity holders of HK$162.95 million, an increase of 14.9% from HK$141.77 million in the same period last year. Basic earnings per share amounted to 35.47 HK cents.

Despite the increase of HK$43.42 million in the share of results of Xiamen International Bank, the unaudited consolidated profit attributable to equity holders of the Group went up by only HK$21.18 million as compared to that of the same period last year due to the reduction in the dividend income from the investment in Huaneng A Share as well as the fair value gain on revaluation of investment properties.

Banking Business

The Group, through its 36.75% interest in Xiamen International Bank, conducts banking business in Mainland China and Macao. For the first half of 2012, the Group's banking business reported an unaudited net profit after tax of HK$171.48 million, an increase of 33.9% over that of the same period in 2011.

During the period under review, the inflation in Mainland China was basically under control due to the continued tight monetary policy implemented by the Central Government. In order to avoid the further slow down of the economic growth, the Central Government has lowered the deposit reserve requirement ratio thrice since last December. Also in June this year, the benchmark interest rate for loans was reduced twice. On the basis of having its total assets successfully crossing RMB100 billion, Xiamen International Bank has calmly coped with the macro challenges, and diligently seized market opportunities. Through product innovation and expansion of new business markets, it has once again attained satisfactory performance amid the tough operating conditions with total assets boosted by about RMB44.2 billion.

Xiamen International Bank registered an unaudited consolidated net profit prepared in accordance with the PRC Accounting Standards of RMB377.97 million in the first half of 2012, 29.9% higher than that of RMB291.01 million reported in the same period last year.

As at the end of June 2012, the total assets of Xiamen International Bank grew by about 42% to RMB149.3 billion as compared to those at the end of 2011. Gross loans to customers rose by about 6.1% to RMB56.3 billion, and total deposits from customers up about 13% to RMB81.4 billion, as compared to the respective balances at the end of 2011. Due to the growth of loan portfolio and expansion of loan size in Mainland China, the net interest income of Xiamen International Bank increased by 17.9% in the first half of 2012. Net fee and commission income also rose by 11.2% due to the product innovation.

Looking forward into the second half, the economy of Mainland China will continue to face various difficulties in the short term. The Central Government will continue to accelerate the introduction of relevant policies in order to maintain stable economic development with the deposit reserve requirement ratio and the benchmark lending rate possibly be lowered further. In anticipation of increased liquidity in the market, Xiamen International Bank will, under a more intense competition as well as the ever-changing regulatory requirements, grasp the opportunities arising from its restructuring by further expanding its market penetration and continuing its efforts to generate sustainable value for its shareholders.

Insurance Business

Min Xin Insurance Company Limited ("MXIC"), the Group's wholly-owned subsidiary, recorded an unaudited net profit after tax of HK$1.79 million for the first half of 2012, a decrease of 58.2% from that in the same period of 2011. Such decrease was mainly due to the drop in underwriting income.

Making use of the recent increase of premium rate of certain classes of insurance in the Hong Kong market, the management team of MXIC will strive to secure more quality business with an aim to improve its underwriting results.

Property Development and Investment

The property development and investment business of the Group mainly comprises the real estate development business and the leasing of certain investment properties in Mainland China. In the first half of 2012, the property development and investment business reported an unaudited loss after tax of HK$6.85 million, as compared with an unaudited profit after tax of HK$0.62 million for the same period of 2011.

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, has satisfied the conditions for delivery in the second half of 2011. For the first half of 2012, the Group recorded contracted sales of about RMB8.24 million with contracted construction area of about 758 square meters. For the first half of 2011, the contracted sales were about RMB102.62 million with contracted construction area of about 10,389 square meters.

During the period under review, the Suzhou Project has recognised sales revenue of about RMB12.7 million and recorded an unaudited loss after tax of RMB7.85 million. Without recognising sales revenue in the same period in 2011, the unaudited loss after tax amounted to RMB5.87 million. In the first half of 2011, Minxin Suzhou has capitalised the interest expenses of a construction loan amounting to about RMB2.66 million as properties under development for sale. The loan has already been repaid to a relevant bank in June 2011.

During the period under review, the overall property market experienced a rather significant change due to persistent stringent control policies imposed by the Central Government in order to ensure the stable development of the property market. Under the strict control on investment and speculation, property prices and transaction volume have reduced, and have also adversely affected the sales of the Suzhou Project. In anticipation of the determination of the Central Government's persistent control measures to the property market, Minxin Suzhou will endeavor to adjust its marketing strategy in the second half, with the introduction of different promotional mix options to attract target customers.

A steady and recurrent rental income as well as capital appreciation were generated by the Group's investment properties and car parks in Fuzhou, Fujian Province (the "Fuzhou Property"). The Fuzhou Property recorded a rental income of RMB1.81 million in the first half of 2012, up 13.9% as compared with RMB1.59 million reported for the same period in 2011. At 30th June 2012, the fair value of the Fuzhou Property was RMB70.26 million, 6.4% higher than the fair value of RMB66.01 million at the end of 2011. The Group recognised a fair value gain of HK$4.36 million and a fair value gain after deferred tax of HK$1.47 million in the first half of 2012, as compared to a fair value gain of HK$17.9 million and a fair value gain after deferred tax of HK$6.49 million for the same period in 2011.

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

At the end of June 2012, the Shanghai Composite Index rose slightly as compared to that at the end of 2011. The closing bid price of Huaneng's A-share climbed from RMB5.37 per share at 31st December 2011 to RMB6.44 per share at 30th June 2012. 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 HK$89.2 million to approximately HK$566.32 million (equivalent to approximately RMB463.68 million) as compared to that at the end of 2011. The gain of approximately HK$89.2 million arising from the change in its fair value (31st December 2011: fair value loss of approximately HK$11.2 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 2011 of RMB0.05 per share. The Group recorded a dividend income of HK$4.39 million, as compared to the final dividend payment for 2010 of RMB0.2 per share totaling HK$17.23 million received by the Group for the same period in 2011.

Huaneng recently announced its results under the PRC Accounting Standards for the first half of 2012. Its operating revenue has increased by 4.9% year-on-year, while its operating expenses were maintained at the same level with the same period of last year due to effective control. Its net profit attributable to equity holders have boosted by 87.3% to RMB2.2 billion with earnings per share of RMB0.16 for the period under review, as compared to RMB0.08 per share for the first half of 2011, an increase of RMB0.08 per share.

Subsequent to the reporting date, the Group has disposed of about 2.05 million Huaneng Shares, which represents about 2.8% of the Group's shareholding. It is expected that a disposal gain after tax of about HK$10.3 million will be recorded in the second half. The Group is now in the process of applying for the certificate of tax exemption in Mainland China.

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 2011: 459,428,656 shares), the net asset value per share was HK$7.03 (31st December 2011: HK$6.54) at 30th June 2012.

Total Liabilities to Equity Ratio and Current Ratio

At 30th June 2012, the total liabilities of the Group were HK$400.28 million (31st December 2011: HK$385.78 million) and the ratio of total liabilities to total equity attributable to equity holders of the Company was 0.12 (31st December 2011: 0.13). At 30th June 2012, the current assets and current liabilities of the Group were HK$762.59 million (31st December 2011: HK$791.44 million) and HK$348.98 million (31st December 2011: HK$337.87 million) respectively with a current ratio of 2.2 (31st December 2011: 2.3).

Borrowings and Charged Assets

At 30th June 2012, the Group had outstanding bank loans principal of HK$50 million (31st December 2011: HK$50 million) to be repaid within one year. The outstanding bank loans of the Group are denominated in Hong Kong Dollars and subject to floating interest rates. The Group had undrawn overdraft facility of HK$10 million at 30th June 2012.

At 30th June 2012, the above bank loans were secured by the Group's property with a book value of approximately HK$11.45 million (31st December 2011: HK$11.68 million).

At 30th June 2012, the Group had entrusted bank loan principal from Fujian Investment and Development Holdings Corporation, a substantial shareholder of the Company, of RMB90 million (equivalent to approximately HK$109.92 million) with a term to be expired on 24th June 2013 (31st December 2011: RMB90 million, equivalent to approximately HK$111.06 million, with a term to be expired on 24th June 2012). The entrusted bank loan was unsecured and was bearing interest at 10% per annum.

Save for the above, the other assets of the Group were not pledged at 30th June 2012 and 31st December 2011.

Gearing Ratio

At 30th June 2012, 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% (31st December 2011: 5.4%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. At 30th June 2012, the total bank deposits of the Group amounted to HK$187.89 million (31st December 2011: HK$207.19 million) of which 74.2% were denominated in Hong Kong Dollars, 21.7% in Renminbi and 4.1% in other currencies (31st December 2011: 72.5% in Hong Kong Dollars, 24.4% in Renminbi and 3.1% 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 (31st December 2011: HK$16 million), in bank deposits. That subsidiary has also maintained a bank deposit of approximately MOP7.49 million (equivalent to approximately HK$7.27 million) (31st December 2011: approximately MOP6.04 million, equivalent to approximately HK$5.86 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, at 30th June 2012, that subsidiary has placed deposits of approximately RMB3.81 million (equivalent to approximately HK$4.65 million) (31st December 2011: approximately RMB3.06 million, equivalent to approximately HK$3.78 million) at designated bank accounts 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 mainly operates in Hong Kong, Mainland China and Macao, the exposure in exchange rate risks mainly arises from fluctuations in the Hong Kong Dollars and Renminbi exchange rates. As the Hong Kong Dollars and Renminbi are both under managed floating systems, the Group, after reviewing its existing exposure, did not enter into any derivative contracts aimed at minimizing exchange rate risks during the period. However, the Group will monitor foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

Commitments

At 30th June 2012, the Group's capital commitments relating to property, plant and equipment amounted to approximately HK$0.41 million (31st December 2011: approximately HK$0.63 million).

Contingent Liabilities

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 RMB52.02 million (equivalent to approximately HK$63.54 million) at 30th June 2012 (31st December 2011: RMB102.49 million, equivalent to approximately HK$126.47 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 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 bank 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 2012, the Group had 63 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 the second half, there are still a lot of uncertainties regarding the global economic environment. Hence, the economic growth of Mainland China will also be affected and will moderate further. It is believed that the Central Government will speed up the adjustment of policies which include the lowering of deposit reserve requirement ratio and benchmark lending rate to ensure economic growth. It is expected that with increased liquidity, inflation will remain at a relatively low level whereas consumption will sustain growth. However, as property control policy will continue to remain for some time, market competition will become increasingly intensified. Given the unchanged macro-control policy imposed by the Central Government to facilitate the return of property prices to a reasonable level and curb investment and speculative activities, key policies including restrictions on purchases and loans will hardly be subject to any changes in a short run.

As an investment-based company, the Group will continue to maintain a prudent investment strategy. It will strengthen its corporate governance and management capacity, and will also enhance the profitability of its existing assets. The Group will actively seek investment opportunities by adhering to the principle of maintaining sustainable growth in order to generate sustainable value for our shareholders.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices during the period from 1st January 2012 to 31st March 2012, and the Corporate Governance Code during the period from 1st April 2012 to 30th June 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") save as disclosed below:

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The Non-executive Directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association.

Code provision A.6.7 provides that independent non-executive directors should attend general meetings of the company. Due to an overseas commitment, an Independent Non-executive Director of the Company was unable to attend the annual general meeting of the Company held on 12th June 2012.

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 Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. 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 2012.

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, 28th August 2012

As at the date of this announcement, the Executive Directors of the Company are Messrs Weng Ruo Tong (Chairman), Peng Jin Guang (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.