MIN XIN HOLDINGS LIMITED
閩信集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 222)

ANNOUNCEMENT OF 2013 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to equity holders amounted to HK$556 million, a decrease of 32.7% due to the decrease in extraordinary gains
- One-off gain on disposal of 100% equity interest in Minxin Suzhou and dilution of equity interest in Xiamen International Bank totaling HK$164 million, a decrease of 60.3% as compared to one-off gain on disposal of 5% equity interest in Xiamen International Bank and dilution of equity interest in Xiamen International Bank totaling HK$413 million in last year
- Basic earnings per share reached 121.1 HK cents, a decrease of 32.7%
- Total assets and total equity attributable to equity holders increased by 1.4% and 3.4% to HK$4.31 billion and HK$3.94 billion respectively
- Recommended a final dividend of 5 HK cents per ordinary share

The Board of Directors (the “Board”) 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 31 December 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	**2013**	2012
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**87,368**	96,886
Total revenues	*2*	**102,026**	93,599
Other gains - net	*3*	**195,120**	465,127
Total operating income		**297,146**	558,726
Net insurance claims incurred and commission expenses incurred on insurance business	*4*	**(36,118)**	(35,580)
Costs of properties sold		**(7,375)**	(35,237)
Impairment loss on loans to customers		**(835)**	—
Staff costs		**(29,009)**	(29,710)
Depreciation		**(850)**	(1,101)
Other operating expenses		**(16,148)**	(14,463)
Total operating expenses		**(90,335)**	(116,091)
Operating profit	*5*	**206,811**	442,635
Finance costs	*6*	**(4,678)**	(12,487)
Share of results of joint ventures		**5,556**	390,575
Share of results of associates		**366,925**	38,079
Profit before taxation		**574,614**	858,802
Income tax expense	*7*	**(18,260)**	(32,062)
Profit for the year		**556,354**	826,740
Dividend			
– Final dividend		**22,971**	18,377
– Special dividend		**—**	22,971
		22,971	41,348
		HK CENTS	*HK CENTS*
Earnings per share			
Basic and diluted	*8*	**121.10**	179.95
Dividend per share			
– Final dividend		**5**	4
– Special dividend		**—**	5
		5	9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**556,354**	826,740
Other comprehensive income		
Items that will not be reclassified to income statement:		
Leasehold buildings revaluation reserve		
Unrealised surplus on revaluation of leasehold building transferred to investment property	**1,294**	—
Deferred income tax	**(442)**	—
	852	—
Items that may be reclassified subsequently to income statement:		
Available-for-sale investment revaluation reserve		
Fair value changes (charged)/credited to equity	**(169,572)**	161,454
Release on disposal	**—**	(9,741)
Release on partial disposal of interest in a joint venture	**—**	(7,868)
Release on dilution of interest in a joint venture and an associate	**(4,545)**	(21,101)
Share of changes in equity of joint ventures and associates		
Fair value changes charged to equity	**(263,376)**	(74,328)
Release on disposal	**(6,233)**	112
Deferred income tax	**66,797**	18,269
	(376,929)	66,797
Exchange translation reserve		
Exchange differences arising on translation of the financial statements of foreign subsidiaries, joint ventures and associates	**72,559**	22,293
Release on disposal of interest in a subsidiary	**(70,034)**	—
Release on partial disposal of interest in a joint venture	**—**	(27,768)
Release on dilution of interest in a joint venture and an associate	**(10,473)**	(71,849)
	(7,948)	(77,324)
	(384,877)	(10,527)
Other comprehensive income for the year, net of tax	**(384,025)**	(10,527)
Total comprehensive income for the year	**172,329**	816,213

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**20,404**	19,445
Investment properties		**154,825**	136,193
Joint ventures		**—**	64,901
Associates		**2,468,663**	2,237,071
Available-for-sale financial assets		**452,522**	622,094
Reinsurance assets		**2,097**	2,523
Deferred income tax assets		**376**	419
		3,098,887	3,082,646
Current assets			
Deferred acquisition costs		**9,983**	10,811
Insurance receivable	*9*	**10,372**	10,275
Reinsurance assets		**3,078**	3,666
Loans to customers and loan receivable	*10*	**158,955**	—
Other debtors		**11,254**	418,438
Dividend receivable from associates		**97,014**	—
Other prepayments and deposits		**1,338**	1,171
Financial assets at fair value through profit or loss		**8,089**	6,485
Cash and bank balances		**909,360**	168,132
		1,209,443	618,978
Assets classified as held for sale	*11*	**—**	547,786
		1,209,443	1,166,764
Current liabilities			
Insurance contracts		**39,907**	43,466
Insurance payable	*12*	**4,709**	6,061
Other creditors and accruals		**24,858**	20,876
Bank borrowings		**200,000**	50,000
Current income tax payable		**35,651**	62,372
		305,125	182,775
Liabilities associated with assets classified as held for sale	*11*	**—**	209,358
		305,125	392,133
Net current assets		**904,318**	774,631
Total assets less current liabilities		**4,003,205**	3,857,277

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31 December 2013

	Note	**2013** **HK$'000**	2012 *HK$'000*
Non-current liabilities			
Insurance contracts		**21,896**	14,554
Deferred income tax liabilities		**45,577**	37,972
		67,473	52,526
Net assets		**3,935,732**	3,804,751
Share capital		**459,429**	459,429
Other reserves		**1,595,645**	1,927,830
Retained profits			
Proposed dividend		**22,971**	41,348
Others		**1,857,687**	1,307,833
Amount recognised in other comprehensive income and accumulated in equity relating to assets held for sale		**—**	68,311
Total equity attributable to equity holders of the Company		**3,935,732**	3,804,751

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 financial 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 Group has adopted the following new standards and amendments to standards issued by the HKICPA which had insignificant or no effect on these consolidated financial statements.

– HKAS 27 (2011)	Separate Financial Statements
– HKAS 28 (2011)	Investments in Associates and Joint Ventures
– HKFRS 10	Consolidated Financial Statements
– HKFRS 11	Joint Arrangements
– HKFRS 12	Disclosure of Interests in Other Entities
– Amendments to HKFRS 7	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
– Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance

– Annual Improvements to HKFRSs 2009 - 2011 Cycle

During the year, the Group also adopted the following new standards and amendments to standards issued by the HKICPA which had the following impacts:

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Amendments to HKAS 1 require the Group to present separately the items of other comprehensive income that would be reclassified to income statement in the future if certain conditions are met from those that would never be reclassified to income statement. The Group's presentation of other comprehensive income in these consolidated financial statements has been modified accordingly.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurement.

The Group has applied the new fair value measurement guidance prospectively. The adoption of HKFRS 13 affects disclosures on investment properties, financial assets and financial liabilities in the Group's and the Company's financial statements. To the extent that the requirements are applicable to the Group and the Company, those disclosures have been provided in the 2013 annual report. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of these assets and liabilities.

Up to the date of issue of this results announcement, the HKICPA has issued a number of following new standards and amendments to standards which are not yet effective for the accounting year ended 31 December 2013 and which have not been early adopted by the Group:

–	HKFRS 9	Financial Instruments
–	HKFRS 9	Financial Instruments (Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)
–	Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
–	Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
–	Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
–	Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
–	Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
–	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
–	HK (IFRIC) – INT 21	Levies
–	Annual Improvements to HKFRSs 2010 - 2012 Cycle	
–	Annual Improvements to HKFRSs 2011 - 2013 Cycle	

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 impact on the Group's results of operations and financial position for the first time adoption of these new standards and amendments to standards is as follows:

HKFRS 9 Financial Instruments

HKFRS 9 was issued in November 2009 and establishes new principles for the classification and measurement of financial assets. In December 2010, the HKICPA issued additions to HKFRS 9 dealing with financial liabilities. The main changes to the requirements of HKAS 39 are summarised below:

All financial assets are classified into two measurement categories: amortised cost or fair value on the basis of both an entity's business model for managing groups of financial assets and the contractual cash flow characteristics of the individual assets. These two categories replace the four categories under the current HKAS 39 Financial Instruments: Recognition and Measurement.

Financial assets are measured at fair value through profit or loss, if they do not meet the criteria specified for measurement at amortised cost or if doing so significantly reduces or eliminates an accounting mismatch. An entity has the option to designate all subsequent changes in fair value of an equity instrument not held for trading at fair value through other comprehensive income with no recycling of gains or losses to the income statement. Dividend income would continue to be recognised in the income statement.

Financial assets which contain embedded derivatives are to be classified in their entirety either at fair value or amortised cost depending on whether the contracts as a whole meet the relevant criteria under HKFRS 9.

HKFRS 9 retains all the existing requirements for derecognition of financial instruments and most of the requirements for financial liabilities, except that for financial liabilities designated under the fair value option other than loan commitments and financial guarantee contracts, fair value changes attributable to changes in own credit risk are to be presented in the statement of other comprehensive income, and are not subsequently reclassified to income statement but may be transferred within equity.

In December 2011, the amendment to HKFRS 9 and HKFRS 7 issued by HKICPA provided relief from the requirement to restate prior period comparative information and required additional disclosures on transition from HKAS 39 to HKFRS 9.

In December 2013, the HKICPA issued HKFRS 9 Financial Instruments (Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39) to include the new general hedge accounting model, allow adoption of the treatment of fair value changes due to own credit on financial liabilities designated at fair value through profit or loss, and removed the 1 January 2015 effective date of HKFRS 9. The new version of HKFRS 9 does not include an effective date but is available for adoption and to be applied prospectively (with some exceptions). The new mandatory effective date will be determined once the classification and measurement and impairment phases of HKFRS 9 are finalised.

The Group is presently studying the implications of applying HKFRS 9 but it is impracticable to quantify its effect as at the date of issuance of this results announcement.

Other than those disclosed above, the adoption of other new standards and amendments to standards is not expected to have material impact on the Group as those changes do not affect the Group.

2 TURNOVER AND SEGMENTAL INFORMATION

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

	2013	2012
	HK$'000	*HK$'000*
Turnover		
Gross insurance premiums	**50,536**	47,314
Interest income from loans to customers	**422**	—
Proceeds from sale of properties	**8,427**	37,067
Rental income from investment properties	**9,423**	8,118
Dividend income from available-for-sale financial assets	**18,560**	4,387
	87,368	96,886
Movement in unearned insurance premiums	**(2,204)**	299
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	**(5,724)**	(7,364)
Other revenues		
Management fees	**120**	120
Interest income from bank deposits	**9,534**	3,377
Interest income from loan receivable	**7,837**	—
Dividend income from listed equity securities held for trading	**84**	103
Recovery of bad debts written off	**4,765**	35
Others	**246**	143
	22,586	3,778
Total revenues	**102,026**	93,599

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:

– Financial service: this segment includes the Group's interest in Xiamen International Bank and its subsidiaries which conduct banking business in Mainland China and Macao, and the micro credit business in Mainland China.

– 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 A-Share of 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 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 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. An asset and a liability are grouped under same segment if the liability is collateralised by the asset. Dividend payable to equity holders of the Company is treated as unallocated liabilities in reporting segment assets and liabilities.

	Financial services		Insurance		Property development and investment		Strategic investment		Others		Inter-segment elimination		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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 31 December														
Turnover														
External customers	**422**	—	**54,087**	50,521	**14,299**	41,978	**18,560**	4,387	**—**	—	**—**	—	**87,368**	96,886
Inter-segments	**—**	—	**—**	—	**—**	—	**—**	—	**3,787**	3,292	**(3,787)**	(3,292)	**—**	—
	422	—	**54,087**	50,521	**14,299**	41,978	**18,560**	4,387	**3,787**	3,292	**(3,787)**	(3,292)	**87,368**	96,886
Movement in net unearned insurance premiums and reinsurance premiums ceded	**—**	—	**(7,928)**	(7,065)	**—**	—	**—**	—	**—**	—	**—**	—	**(7,928)**	(7,065)
Other revenues	**1,731**	—	**1,411**	1,502	**7,993**	176	**—**	—	**11,451**	8,601	**—**	(6,501)	**22,586**	3,778
Total revenues	**2,153**	—	**47,570**	44,958	**22,292**	42,154	**18,560**	4,387	**15,238**	11,893	**(3,787)**	(9,793)	**102,026**	93,599
Other gains - net	**39,386**	439,436	**5,757**	6,893	**136,383**	7,714	**—**	10,691	**13,594**	393	**—**	—	**195,120**	465,127
Total operating income	**41,539**	439,436	**53,327**	51,851	**158,675**	49,868	**18,560**	15,078	**28,832**	12,286	**(3,787)**	(9,793)	**297,146**	558,726
Impairment loss on loans to customers	**(835)**	—	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—	**(835)**	—
Operating expenses	**(1,685)**	—	**(49,449)**	(49,376)	**(11,396)**	(41,276)	**—**	—	**(30,757)**	(28,731)	**3,787**	3,292	**(89,500)**	(116,091)
Operating profit/(loss)	**39,019**	439,436	**3,878**	2,475	**147,279**	8,592	**18,560**	15,078	**(1,925)**	(16,445)	**—**	(6,501)	**206,811**	442,635
Finance costs	**(789)**	—	**—**	—	**(2,808)**	(17,760)	**—**	—	**(1,081)**	(1,228)	**—**	6,501	**(4,678)**	(12,487)
Share of results of joint ventures	**—**	387,924	**—**	—	**—**	—	**—**	—	**5,556**	2,651	**—**	—	**5,556**	390,575
Share of results of associates	**360,038**	37,923	**—**	—	**—**	—	**—**	—	**6,887**	156	**—**	—	**366,925**	38,079
Profit/(loss) before taxation	**398,268**	865,283	**3,878**	2,475	**144,471**	(9,168)	**18,560**	15,078	**9,437**	(14,866)	**—**	—	**574,614**	858,802
Income tax expense	**(8,569)**	(26,032)	**(119)**	(21)	**(7,235)**	(5,245)	**(1,856)**	(439)	**(481)**	(325)	**—**	—	**(18,260)**	(32,062)
Profit/(loss) for the year	**389,699**	839,251	**3,759**	2,454	**137,236**	(14,413)	**16,704**	14,639	**8,956**	(15,191)	**—**	—	**556,354**	826,740
Interest income	**2,153**	—	**1,114**	1,189	**7,868**	159	**—**	—	**6,658**	2,029	**—**	—	**17,793**	3,377
Depreciation for the year	**39**	—	**163**	182	**7**	138	**—**	—	**653**	796	**—**	—	**862**	1,116

	Financial services		Insurance		Property development and investment		Strategic investment		Others		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	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 31 December												
The Company and subsidiaries	**686,393**	—	**155,684**	147,910	**226,200**	637,342	**452,522**	622,094	**318,868**	540,092	**1,839,667**	1,947,438
Investments in joint ventures	**—**	—	**—**	—	**—**	—	**—**	—	**—**	64,901	**—**	64,901
Investments in associates	**2,388,228**	2,222,926	**—**	—	**—**	—	**—**	—	**80,435**	14,145	**2,468,663**	2,237,071
Total assets	**3,074,621**	2,222,926	**155,684**	147,910	**226,200**	637,342	**452,522**	622,094	**399,303**	619,138	**4,308,330**	4,249,410
The Company and subsidiaries	**201,681**	—	**72,410**	69,217	**47,996**	249,786	**—**	—	**50,511**	125,656	**372,598**	444,659
Total liabilities	**201,681**	—	**72,410**	69,217	**47,996**	249,786	**—**	—	**50,511**	125,656	**372,598**	444,659
Capital expenditure incurred during the year	**1,326**	—	**67**	181	**—**	22	**—**	—	**705**	62	**2,098**	265

(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 joint ventures 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 joint ventures and associates.

	Hong Kong		Mainland China		Macao		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Year ended 31 December								
Revenues from external customers	**35,660**	34,490	**33,312**	46,365	**18,396**	16,031	**87,368**	96,886
At 31 December								
The Company and subsidiaries	**70,699**	65,236	**104,454**	90,323	**76**	79	**175,229**	155,638
Investments in joint ventures	**—**	—	**—**	64,901	**—**	—	**—**	64,901
Investments in associates	**—**	—	**2,468,663**	2,237,071	**—**	—	**2,468,663**	2,237,071
Specified non-current assets	**70,699**	65,236	**2,573,117**	2,392,295	**76**	79	**2,643,892**	2,457,610

3 OTHER GAINS - NET

	2013	2012
	HK$'000	*HK$'000*
Fair value (losses)/gains on listed equity securities measured at fair value through profit or loss	**(985)**	792
Fair value gains on forward foreign exchange contracts	**615**	—
Fair value gains on revaluation of investment properties	**17,067**	13,737
Gain on disposal of a subsidiary (Note 11)	**122,967**	—
Gain on partial disposal of interest in a joint venture	**—**	108,135
Gain on dilution of interest in a joint venture	**—**	284,928
Gain on dilution of interest in an associate	**41,186**	46,373
Gain on disposal of available-for-sale financial assets	**—**	10,682
Net exchange gains	**14,270**	480
	195,120	465,127

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

	2013	2012
	HK$'000	*HK$'000*
Net insurance claims incurred on insurance business (a)	**17,866**	15,972
Commission expenses incurred on insurance business (b)	**18,252**	19,608
	36,118	35,580

(a) Net insurance claims incurred on insurance business

	2013		
	Gross	**Reinsurance**	**Net**
	HK$'000	***HK$'000***	***HK$'000***
Current year claims and loss adjustment expenses	6,621	(29)	**6,592**
Additional cost/(run-off savings) for prior years' claims and loss adjustment expenses	10,553	(2,658)	**7,895**
Increase/(decrease) in claims incurred but not reported	4,173	(228)	**3,945**
Decrease in the expected cost of claims for unexpired risks	(566)	—	**(566)**
	20,781	(2,915)	**17,866**

	2012		
	Gross	Reinsurance	Net
	HK$'000	*HK$'000*	*HK$'000*
Current year claims and loss adjustment expenses	9,299	(17)	9,282
Additional cost/(run-off savings) for prior years' claims and loss adjustment expenses	7,621	(1,579)	6,042
Increase in claims incurred but not reported	1,318	385	1,703
Decrease in the expected cost of claims for unexpired risks	(1,055)	—	(1,055)
	17,183	(1,211)	15,972

(b) Commission expenses incurred on insurance business

	2013	2012
	HK$'000	*HK$'000*
Gross commissions paid and payable	**18,548**	20,209
Less: Commissions received and receivable from reinsurers	**(296)**	(601)
Net commission expenses	**18,252**	19,608

5 OPERATING PROFIT

	2013	2012
	HK$'000	*HK$'000*
Operating profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	**14,270**	480
Rentals received and receivable from investment properties less direct outgoings	**7,933**	6,912
Charging		
Cost of completed properties sold	**5,967**	27,464
Depreciation	**862**	1,116
Loss on disposal of property, plant and equipment	**13**	18
Operating lease rentals in respect of land and buildings	**180**	442
Auditor's remuneration	**2,607**	2,445
– *provision for current year*	*2,152*	*2,145*
– *under provision for prior years*	*155*	—
– *interim attestation work*	*300*	*300*
Management fee	**1,880**	1,880
Retirement benefit costs	**881**	870

6 FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans	**1,870**	1,228
Interest on short term loan and advance from a substantial shareholder	**2,808**	11,259
	4,678	12,487

7 INCOME TAX EXPENSE

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

	2013	2012
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**438**	316
Mainland China land appreciation tax	**147**	139
Mainland China withholding tax	**10,425**	26,471
Macao taxation	**43**	20
	11,053	26,946
Under provision in prior years		
Mainland China corporate income tax	**—**	3,436
Macao taxation	**1**	1
	1	3,437
Deferred tax		
Relating to the origination and reversal of temporary differences	**7,206**	1,679
Income tax expense	**18,260**	32,062

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

Mainland China corporate income tax has been calculated at the rate of 25% (2012: 25%) on the estimated taxable profits for the year.

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 investees incorporated in Mainland China when these investees declared dividend out of profits earned after 1 January 2008.

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

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 31 December 2013 of HK$556,354,000 (2012: HK$826,740,000) and the weighted average of 459,428,656 (2012: 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 31 December 2013, the ageing analysis of insurance receivable by invoice date was as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**5,480**	3,186
31-60 days	**2,276**	3,233
61-90 days	**1,499**	1,911
Over 90 days	**1,117**	1,945
	10,372	10,275

10 LOANS TO CUSTOMERS AND LOAN RECEIVABLE

	2013	2012
	HK$'000	*HK$'000*
Micro credit business		
– guaranteed micro loans	**39,711**	—
– secured micro loans	**2,049**	—
Loans to customers	**41,760**	—
Loans impairment allowances		
– individually assessed	**—**	—
– collectively assessed	**(835)**	—
	40,925	—
Loan receivable from an unrelated company	**118,030**	—
	158,955	—

At 31 December 2013, the ageing analysis of the loans to customers arising from the micro credit business by date of loans granted to customers was as follows:

	2013	2012
	HK$'000	*HK$'000*
91-180 days	**2,049**	—
181-365 days	**39,711**	—
	41,760	—

11 ASSETS CLASSIFIED AS HELD FOR SALE

In December 2012, the Board of the Company approved the proposal initiated by the board of directors of Min Xin Properties Limited, an indirect wholly-owned subsidiary of the Company, to dispose of its 100% equity interest ("Equity Interest") in Minxin (Suzhou) Property Development Co., Ltd. ("Minxin Suzhou") to Citichamp Dartong Co., Ltd. ("Citichamp"), an independent third party. On 14 January 2013, Min Xin Properties Limited entered into a conditional sale and purchase agreement with Citichamp for the sale of the Equity Interest ("Disposal") at a cash consideration of RMB227,884,000 (equivalent to approximately HK$284,889,000).

Based on the above facts, the Company considered that the Equity Interest met the criteria to be classified as held for sale because the carrying amount was recovered principally through a sale transaction rather than through a continuing use and the Equity Interest was available for sale in its present condition. Accordingly, the assets and liabilities of Minxin Suzhou were reclassified as held for sale at 31 December 2012.

All the relevant conditions precedent had been satisfied during the year and the Disposal was completed in April 2013. The Group recorded a one-off after-tax gain on disposal of approximately HK$122.97 million (Note 3) during the year, taking into account the release of exchange translation reserve attributable to the Equity Interest of approximately HK$70.03 million.

12 INSURANCE PAYABLE

At 31 December 2013, the ageing analysis of the insurance payable by invoice date was as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**2,612**	2,624
31-60 days	**1,160**	1,116
61-90 days	**558**	1,444
Over 90 days	**379**	877
	4,709	6,061

DIVIDEND

The Board has resolved to recommend at the forthcoming Annual General Meeting of the Company to be held on 12 June 2014 ("2014 AGM") the payment of a final dividend of 5 HK cents per share totaling HK$22,971,433 for the year ended 31 December 2013 (2012: final dividend of 4 HK cents per share totaling HK$18,377,146 and special dividend of 5 HK cents per share totaling HK$22,971,433). The proposed dividend, if approved, will be paid on or before 4 July 2014.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2014 AGM

For determining the entitlement to attend and vote at the 2014 AGM, the register of members of the Company will be closed from Tuesday, 10 June 2014 to Thursday, 12 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2014 AGM, all completed transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 9 June 2014.

(b) For determining the entitlement to the proposed dividend

The proposed final dividend for the year ended 31 December 2013 is subject to approval by the shareholders of the Company at the 2014 AGM. For determining the entitlement to the above proposed final dividend, the register of members of the Company will be closed from Thursday, 19 June 2014 to Friday, 20 June 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 18 June 2014.

BUSINESS REVIEW

In 2013, while concerns remain about the impacts of curtailment of the quantitative easing of the United States and the slowdown of the economic growth in China, the overall outlook for the global economy is showing signs of recovery. China insists on its keynote policy as "Progress while maintaining stability, reform with innovation" and continues its stable monetary policy and proactive fiscal policy to promote industrial restructuring, intensify financial reforms and control debt risks, which is positive for the China's long-term economy development.

Operating Results

Due to the reduction of extraordinary gains recorded as compared to those of last year, the Group reported an audited consolidated profit attributable to equity holders of HK$556.35 million with basic earnings per share amounted to 121.1 HK cents in 2013, a decrease of 32.7% as compared to HK$826.74 million in last year.

Although the shareholding of the Company is reduced from 36.75% at 30 November 2012 to approximately 16.9333% on the completion of the third tranche of the Share Issue by Xiamen International Bank at 31 January 2013, the share of results of Xiamen International Bank by the Group was only lowered by HK$65.81 million benefiting from the substantial growth in the results achieved by Xiamen International Bank.

During the year, the Group recorded a one-off after-tax gain of HK$122.97 million on the disposal of its 100% equity interest in Minxin Suzhou and a one-off dilution gain of HK$41.19 million on the dilution of the shareholding of the Company from approximately 18.7739% to approximately 16.9333% on the completion of the third tranche of the Share Issue by Xiamen International Bank. Compared to the one-off after-tax gain of HK$108.14 million on the disposal of its 5% equity interest in Xiamen International Bank and the one-off dilution gains in the aggregate of HK$305.27 million on the dilution of the shareholding of the Company from approximately 31.75% to approximately 18.7739% on the completion of two tranches of the Share Issue by Xiamen International Bank recorded in last year, the extraordinary gains recorded by the Group was decreased by HK$249.25 million in this year. The Group reported a decrease in audited consolidated profit attributable to equity holders of HK$21.14 million if the aforementioned extraordinary gains are excluded.

Financial Services

In 2013, the Group's financial services reported an audited net profit after tax of HK$389.7 million, a decrease of 53.6% over HK$839.25 million of last year. Excluding the extraordinary gain on the disposal of 5% equity interest and the dilution of the shareholding of the Company in Xiamen International Bank, the audited net profit after tax amounted to HK$348.51 million, a decrease of 18.2% as compared to HK$425.85 million of last year.

The Group, through its associate, Xiamen International Bank, conducts banking business in Mainland China and Macao. Following the successful implementation of two tranches of the Share Issue and the turning into a joint stock limited company in 2012, Xiamen International Bank has also completed the third tranche of the Share Issue on 31 January 2013 with its registered capital being increased to more than RMB2 billion. Besides, the Group set up a wholly foreign-owned subsidiary principally engaged in the provision of micro credit business in Sanming City, Fujian Province in November 2013.

Banking Business

During the year, following the determination to intensify financial reforms, the Central Government introduces new banking regulatory policies in order to constrain the strong credit growth, resulted in rising interbank interest rate and corresponding credit crunch. Facing the tight market liquidity pressure on the domestic banking system, Xiamen International Bank seized the favorable factor of having significant increase in shareholders' funds following the Share Issues, carved out a niche in the new business market through products innovation. Xiamen International Bank has once again achieved sound results with total assets breakthrough RMB260 billion, an increase of approximately RMB54.3 billion as compared to that at the end of last year.

Since return on equity remained stable following the Share Issues, the increased shareholder capital has brought a substantial increase in results by 66.5%. Xiamen International Bank reported a consolidated net profit prepared in accordance with the PRC Accounting Standards of RMB1,668.24 million in 2013, an increase of RMB666.08 million over RMB1,002.16 million reported in last year.

As at the end of December 2013, the total assets of Xiamen International Bank grew by about 26.3% to RMB260.8 billion as compared to those at the end of 2012. Gross loans to customers rose by about 23.1% to approximately RMB81.4 billion, and total deposits from customers up about 41.6% to approximately RMB136.4 billion, as compared to the respective balances at the end of 2012. In 2013, the net interest income of Xiamen International Bank went up about 71.9% while net fee and commission income surged by about 1.5 times as compared with those of last year driven by the growth of loan portfolio and the effect brought by new business.

Looking forward into 2014, the Central Government will continue its economic and financial reforms to improve the quality and efficiency of economic growth aimed to support the healthy, stable and sustainable economic development. Under the increased regulatory operating environment, Xiamen International Bank will continue to adhere to stable operation with considerable yields while risk controllable, strive to develop the vast opportunities of new businesses and new markets with a view to deliver value for its shareholders.

Micro Credit Business

On 23 September 2013, the Company obtained official approval granted by the Fujian Provincial Economic and Information Technology Commission for the establishment of a wholly foreign-owned subsidiary in Sanming City, Fujian Province. Following the approval granted by the Department of Commerce of Fujian Province on 15 October, Sanming Sanyuan District Minxin Micro Credit Company Limited ("Minxin Micro Credit"), a wholly-owned subsidiary of the Company, was incorporated on 26 November. The registered capital of Minxin Micro Credit is RMB300 million.

Minxin Micro Credit launched its micro credit business in December 2013. As at the end of December 2013, the total assets of Minxin Micro Credit stood at approximately RMB298.99 million. The balance of micro loans to customers was RMB32.6 million, mainly comprised cross joint-guaranteed loans and collateralised loans.

In 2013, Minxin Micro Credit generated an interest income from micro loans of approximately RMB0.33 million and bank interest income of approximately RMB0.24 million respectively. Minxin Micro Credit reported an audited loss of approximately RMB2.6 million mainly due to the recognition of the exchange losses of approximately RMB1.89 million resulted from the translation of the registered capital injected in cash denominated in Hong Kong Dollars using exchange rate announced by the People's Bank of China. Minxin Micro Credit has entered into forward foreign exchange contracts to fix the exchange settlement rate with a local bank aimed at minimising exchange rate risks, a fair value gain on the re-measurement of the derivative of approximately RMB0.48 million was recorded in 2013.

Insurance Business

Min Xin Insurance Company Limited ("MXIC"), the Group's wholly-owned subsidiary, reported an audited profit after tax of HK$3.76 million in 2013, an increase of 53% from that of HK$2.46 million in 2012. Such increase in results was mainly due to the improvement of the underwriting result and the increase in fair value gain on revaluation of the property held. The management team of MXIC will remain vigilant and agile in exploiting profitable business from the market.

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 2013, the property development and investment business reported an audited profit after tax of HK$137.24 million, as compared with an audited loss after tax of HK$14.41 million in 2012.

The persistent control policies in the property market imposed by the Central Government and uncertain economic outlook in Mainland China have created a "wait-and-see" mentality among the potential mid-end to high-end property purchasers. Hence, the sales performance of the real estate development in Suzhou, Mainland China (the "Suzhou Project") undertaken by Minxin Suzhou, a wholly-owned subsidiary of the Group, has been adversely affected.

In view of such adverse situation, the Group executed a sale and purchase agreement with an independent third party in early 2013 to dispose of its 100% equity interest in Minxin Suzhou. The Board of the Company considers that the disposal provides the Group with an opportunity to exit the real estate market of Suzhou and can realise the Suzhou Project in a faster way. The disposal also generates cash flow to the Group, thereby increasing its working capital. Following the shareholders' approval at the extraordinary general meeting held on 28 February 2013, the disposal has been completed during the year and the Group recorded a one-off after-tax gain on disposal of HK$122.97 million.

Immediately before the completion of the disposal of 100% equity interest in Minxin Suzhou, the Suzhou Project recorded sales revenue of about RMB6.75 million and reported a loss after tax of RMB1.71 million. The Suzhou Project recorded sales revenue of about RMB30.12 million and reported an audited loss after tax of RMB16.26 million in last year.

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 RMB4.82 million in 2013, up 23.2% as compared with RMB3.91 million reported in 2012. At 31 December 2013, the fair value of the Fuzhou Property was RMB78.15 million, 9% higher than the fair value of RMB71.71 million at the end of 2012. The Group recorded a fair value gain of HK$10.92 million and a fair value gain after deferred tax of HK$3.83 million in 2013, as compared to a fair value gain of HK$7.74 million and a fair value gain after deferred tax of HK$2.63 million in 2012.

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

At the end of December 2013, the Shanghai Composite Index declined by about 6.7% as compared to that at the end of 2012. The closing bid price of Huaneng's A-share fell from RMB7.15 per share at 31 December 2012 to RMB5.05 per share at 31 December 2013. The fair value of the Group's investment in Huaneng Shares measured with reference to the closing bid price of Huaneng's A-Share decreased to approximately HK$452.52 million (equivalent to approximately RMB353.26 million). The loss of approximately HK$169.57 million arising from the change in its fair value (2012: fair value gain of approximately HK$161.45 million) was recorded 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 year, Huaneng paid a final dividend for 2012 of RMB0.21 per share, the Group recorded dividend income totaling HK$18.56 million, as compared to the final dividend payment for 2011 of RMB0.05 per share totaling HK$4.39 million received by the Group in 2012.

Huaneng recently announced its 2013 annual results under the PRC Accounting Standards. Its operating revenue has decreased by 0.1% year-on-year, while its operating expenses have dropped by 8.3% as compared with last year due to effective control. Its net profit attributable to equity holders has increased by 79.3% to RMB10.52 billion with earnings per share of RMB0.75 for the year under review, as compared to RMB0.42 per share in 2012, an increase of RMB0.33 per share.

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 (2012: 459,428,656 shares), the net asset value per share was HK$8.57 at 31 December 2013 (2012: HK$8.28).

Total Liabilities to Equity Ratio and Current Ratio

At 31 December 2013, the total liabilities of the Group were HK$372.6 million (2012: HK$444.66 million) and the ratio of total liabilities to total equity attributable to equity holders of the Company was 9.5% (2012: 11.7%). At 31 December 2013, the current assets and current liabilities of the Group were HK$1,209.44 million (2012: HK$618.98 million) and HK$305.13 million (2012: HK$182.78 million) respectively with a current ratio of 4 (2012: 3.4).

Borrowings and Charged Assets

During the year, the Group drew down new revolving loans of HK$200 million and fully repaid the revolving loan of HK$50 million outstanding at 31 December 2012. At 31 December 2013, the Group had outstanding bank loans principal of HK$200 million (2012: HK$50 million) to be repaid within one year. The bank loans of the Group are denominated in Hong Kong Dollars and subject to floating interest rates. The Group had undrawn revolving loan and overdraft facilities totaling HK$60 million at 31 December 2013.

At 31 December 2013, the above bank loans were secured by the Group's bank deposits denominated in Renminbi equivalent to approximately HK$219 million, and the undrawn revolving loan and overdraft facilities were secured by the Group's property with a book value of approximately HK$10.96 million (2012: approximately HK$11.22 million).

At 31 December 2012, the Group had entrusted bank loan principal from Fujian Investment & Development Group Co., Ltd., a substantial shareholder of the Company, of RMB90 million (equivalent to approximately HK$111.94 million) with a term to be expired on 24 June 2013. The entrusted bank loan was unsecured and borne interest at 10% per annum. Following the completion of the disposal of 100% equity interest in Minxin Suzhou by the Group during the year, the obligation of the remaining balance of the entrusted bank loan amounting to RMB90 million (equivalent to approximately HK$112.51 million) had been passed to the buyer who will be responsible for repayment.

Save for the above, the other assets of the Group were not pledged at 31 December 2013 and 31 December 2012.

Gearing Ratio

At 31 December 2013, 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 5.1% (2012: 4.3%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. At 31 December 2013, the total bank deposits of the Group amounted to HK$909.35 million (2012: HK$183.18 million) of which 51.9% were denominated in Hong Kong Dollars, 47% in Renminbi and 1.1% in other currencies (2012: 61.6% in Hong Kong Dollars, 34% in Renminbi and 4.4% 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 (2012: HK$16 million), in bank deposits. That subsidiary has also maintained a bank deposit of approximately MOP9.93 million (equivalent to approximately HK$9.64 million) (2012: approximately MOP7.49 million, equivalent to approximately HK$7.28 million) for fulfilling certain requirements under the Macao Insurance Ordinance.

According to the guarantees provided by Minxin Suzhou, a wholly-owned subsidiary of the Group, in respect of mortgage facilities granted by certain banks to certain purchasers of its properties in Mainland China, at 31 December 2012, Minxin Suzhou had placed deposits of approximately RMB1.32 million (equivalent to approximately HK$1.64 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. Those deposits had been passed to the buyer following the completion of the disposal of 100% equity interest in Minxin Suzhou by the Group during the year.

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 reviews and monitors periodically its foreign currency exposure and considers hedging significant foreign currency exposure should the need arise. The Group injected the registered capital of Minxin Micro Credit in Hong Kong Dollars during the year. Minxin Micro Credit has entered into forward foreign exchange contracts to fix the exchange settlement rate with a local bank aimed at minimising exchange rate risks, a fair value gain on the re-measurement of the derivative of approximately RMB0.48 million was recorded in 2013. Save for the above, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks during the year.

Commitments

At 31 December 2013, the Group's capital commitments relating to property, plant and equipment amounted to approximately HK$0.21 million (2012: approximately HK$0.21 million).

Investment Commitments

At 31 December 2013, a wholly-owned subsidiary of the Group had investment commitments relating to the contribution of RMB15 million (equivalent to approximately HK$19.22 million) to the registered capital of a joint venture company principally engaged in the provision of micro credit and entrusted loans to small and medium enterprises in Mainland China.

Contingent Liabilities

A wholly-owned subsidiary of the Group, Minxin Suzhou, provided guarantees in respect of mortgage facilities granted by certain banks and financial institutions to certain purchasers of its properties in Mainland China. At 31 December 2012, the maximum guarantees given to those banks and financial institutions amounted to RMB46.21 million (equivalent to approximately HK$57.48 million). Pursuant to the terms of the guarantees, upon default in mortgage payments by those purchasers, Minxin Suzhou 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 Minxin Suzhou 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. Those maximum guarantees had been passed to the buyer following the completion of the disposal of 100% equity interest in Minxin Suzhou by the Group during the year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group had 71 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 2014, it is believed that the Central Government will continue to implement its keynote policy as "Progress while maintaining stability, reform with innovation" and promote policies and measures in financial and tax reforms acceleration, interest rate marketisation and fluctuating exchange rate widening aimed to improve the quality and efficiency of economic growth. It will also maintain a moderate monetary policy and prevent and control risks from debt of local governments and real estate market to support a healthy, stable and sustainable economic development. At the same time, the ensuing credit tightening by the Central Government will intensify the competition for deposits among banks. In the short term, the chance of downward trend for the economic growth in Mainland China is likely and the financial sector will face a more challenging operating environment. Furthermore, the risk of capital outflows in emerging economies persists due to the continuing curtailment of its quantitative easing policy by the U.S. Federal Reserve. Thus, the pace of global economic recovery will be affected by such uncertainties.

As an investment-based company with sound financial position, the Group will continue to maintain a prudent and stable investment strategy to seek for investment opportunities with steady return. The successful establishment of a wholly-owned subsidiary carry out micro credit business in Sanming City by the Group has set a solid foundation for non-banking financial new business of the Group. The Group will continue to manage risk prudently, seek sustainable development projects, enhance its operational efficiency and promote the Group's long-term development as well as the long-term interests and values for our shareholders.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2013 save as disclosed below:

CG Code 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.

CG Code A.6.7 provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Independent Non-executive Director, Mr Ip Kai Ming and the then Non-executive Director, Mr Zhang Rong Hui, were unable to attend the extraordinary general meeting of the Company held on 28 February 2013 as they had overseas engagements.

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 audited financial results of the Group for the year ended 31 December 2013.

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.

PUBLICATION OF ANNUAL REPORT

The Company's 2013 Annual Report containing the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and published on the website of the Stock Exchange and the Company in due course.

By Order of the Board
Weng Ruo Tong
Chairman

Hong Kong, 25 March 2014

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