

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 half year ended 30th June 2002 as follows:

Condensed Consolidated Profit and Loss Account

For the six months ended 30th June 2002

		Six months ended 30th June (Unaudited)	
	Note	2002 HK\$	2001 HK\$
TURNOVER	2	57,626,567	61,018,573
OTHER REVENUES	3	6,941,489	63,632,371
TOTAL REVENUES		64,568,056	124,650,944
COST OF PROPERTIES SOLD		(20,584,897)	(14,025,369)
NET COMMISSIONS, CLAIMS AND OTHER EXPENSES INCURRED ON INSURANCE BUSINESS		(19,608,165)	(22,893,540)
STAFF COSTS		(10,644,374)	(10,092,053)
DEPRECIATION		(1,220,151)	(1,345,049)
OTHER PROVISIONS AND LOSSES	4	6,347,310	(18,391,432)
OTHER OPERATING EXPENSES	5	(7,077,586)	(2,441,425)
TOTAL OPERATING EXPENSES		(52,787,863)	(69,188,868)
OPERATING PROFIT		11,780,193	55,462,076
FINANCE COSTS		–	(992,700)
SHARE OF PROFITS OF			
– JOINTLY CONTROLLED ENTITIES		26,341,312	14,110,950
– ASSOCIATES		2,900,170	6,876,961
		29,241,482	20,987,911
PROFIT BEFORE TAXATION		41,021,675	75,457,287
TAXATION	6	(4,346,050)	(4,435,222)
PROFIT AFTER TAXATION		36,675,625	71,022,065
MINORITY INTERESTS		(1,030,843)	(1,317,507)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		35,644,782	69,704,558
		HK CENTS	HK CENTS
EARNINGS PER SHARE	7	7.76	15.17

Condensed Consolidated Balance Sheet

As at 30th June 2002

		30th June 2002 HK\$ (Unaudited)	31st December 2001 HK\$ (Note 1)
NON-CURRENT ASSETS			
Fixed assets	8	175,096,492	180,532,991
Jointly controlled entities	9	468,578,107	437,368,943
Associates		91,824,461	91,930,847
Other asset		58,050,000	58,050,000
TOTAL NON-CURRENT ASSETS		793,549,060	767,882,781
CURRENT ASSETS			
Properties held for sale		34,449,623	45,923,117
Short term loan		7,420,000	7,420,000
Deferred acquisition costs		8,744,563	9,050,501
Insurance debtors	10	16,962,199	16,527,458
Claims recoverable from reinsurers		19,016,321	15,836,265
Other debtors and prepayments		18,973,114	43,903,860
Trading securities		15,505,447	14,414,115
Cash and bank balances	11	409,976,596	410,624,574
		531,047,863	563,699,890
CURRENT LIABILITIES			
Unearned premiums		24,848,451	26,630,523
Unexpired risks		1,838,000	1,838,000
Gross outstanding insurance claims		77,208,191	71,924,397
Insurance liabilities	12	11,549,050	8,570,524
Other creditors and accruals		38,833,037	76,619,948
Taxation		3,657,471	4,175,281
		157,934,200	189,758,673
NET CURRENT ASSETS		373,113,663	373,941,217
TOTAL ASSETS LESS CURRENT LIABILITIES		1,166,662,723	1,141,823,998
MINORITY INTERESTS		11,282,477	12,854,125
NET ASSETS		1,155,380,246	1,128,969,873
SHARE CAPITAL		459,428,656	459,428,656
RESERVES		679,187,498	675,420,343
RETAINED PROFIT/(ACCUMULATED LOSS)		16,764,092	(5,879,126)
SHAREHOLDERS' FUNDS		1,155,380,246	1,128,969,873

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June 2002

	Six months ended 30th June	
	(Unaudited)	
	2002	2001
	<i>HK\$</i>	<i>HK\$</i>
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(303,793)	12,415,241
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(344,185)	112,142,404
NET CASH USED IN FINANCING ACTIVITIES	–	(42,528,838)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(647,978)	82,028,807
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	410,624,574	253,968,069
CASH AND CASH EQUIVALENTS AT 30TH JUNE	<u>409,976,596</u>	<u>335,996,876</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>409,976,596</u>	<u>335,996,876</u>

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2002

	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Statutory reserve HK\$	Reserve fund HK\$	General reserve HK\$	Capital reserve HK\$	Investment revaluation reserve HK\$	Other properties revaluation reserve HK\$	Exchange translation reserve HK\$	Retained profit/ (accumulated loss) HK\$	Total HK\$
At 1st January 2002	459,428,656	384,620,414	47,086,000	29,177,827	-	86,753,875	93,835,713	8,499,386	24,181,101	1,261,287	(5,879,126)	1,129,989,873
Impairment charge	-	-	-	-	-	-	-	-	(986,235)	-	-	(986,235)
Change in fair value of non-trading securities	-	-	-	-	-	-	(1,555,741)	-	-	-	-	(1,555,741)
Exchange translation differences	-	-	-	-	-	-	-	-	-	7,776	-	7,776
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	-	(1,555,741)	-	(986,235)	7,776	-	(2,544,200)
Profit for the period	-	-	-	-	-	86,753,875	93,835,713	6,943,645	23,184,866	1,269,043	(5,879,126)	206,112,776
Amounts released to profit and loss account on winding up of subsidiaries (Note 3(a))	-	-	-	-	-	-	-	-	-	-	35,644,782	35,644,782
Amounts released to profit and loss account on disposal of a subsidiary by a jointly controlled entity	-	-	-	-	-	7,974,616	(7,974,616)	40,029	-	-	-	40,029
Capitalisation of reserve of a subsidiary of a jointly controlled entity	-	-	-	-	-	(52,984,223)	52,984,223	-	-	-	-	-
Transfers	-	-	-	1,285,180	-	11,716,384	-	-	-	-	(13,001,564)	-
At 30th June 2002	459,428,656	384,620,414	47,086,000	30,463,007	-	53,465,652	132,973,835	6,983,674	23,184,866	410,050	16,794,022	1,155,380,246

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30th June 2002

	Share capital HK\$	Share premium HK\$	Capital redemption reserve HK\$	Statutory reserve HK\$	Reserve fund HK\$	General reserve HK\$	Capital reserve HK\$	Investment revaluation reserve HK\$	Other properties revaluation reserve HK\$	Exchange translation reserve HK\$	Retained profit/(accumulated loss) HK\$	Total HK\$
At 1st January 2001	459,428,656	384,620,414	47,086,000	29,553,924	34,220,367	95,921,750	27,685,473	6,599,005	29,637,416	2,725,707	(50,756,211)	1,066,722,501
Impairment charge	-	-	-	-	-	-	-	-	(2,497,811)	-	-	(2,497,811)
Change in fair value of non-trading securities	-	-	-	-	-	-	-	587,812	-	-	-	587,812
Exchange translation differences	-	-	-	-	-	30	-	-	-	(14,221)	-	(14,191)
Net gain/(loss) not recognised in the profit and loss account	-	-	-	-	-	30	-	587,812	(2,497,811)	(14,221)	-	(1,924,190)
Profit for the period	-	-	-	-	-	95,921,780	27,685,473	7,186,817	27,139,605	2,711,486	(50,756,211)	103,888,950
Amounts released to profit and loss account on disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	69,704,558	69,704,558
Reserve released on disposal of a subsidiary	-	-	-	-	-	(405,752)	-	-	-	(1,460,667)	-	(1,460,667)
Transfers	-	-	-	843,109	-	7,693,266	-	-	-	-	-	(8,536,375)
At 30th June 2001	459,428,656	384,620,414	47,086,000	30,397,033	34,220,367	103,209,294	27,685,473	7,186,817	27,139,605	1,250,819	10,817,724	1,133,042,202

Notes to Condensed Interim Accounts

1. Basis of Preparation

These unaudited condensed consolidated interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25, “Interim financial reporting”, issued by the Hong Kong Society of Accountants. These condensed interim accounts should be read in conjunction with the 2001 annual accounts.

The accounting policies used in the preparation of these condensed interim accounts are consistent with those adopted in the annual audited accounts for the year ended 31st December 2001, except for the change in accounting treatment of foreign currency translation in accordance with the revised SSAP 11 “Foreign currency translation”. The results of subsidiaries, jointly controlled entities and associates which are expressed in foreign currencies are no longer translated at the rates of exchange ruling at the balance sheet date but are translated using the average rates during the period. However, the effect of this change in accounting policy to the Group’s results in prior periods is not material and accordingly no restatement of prior period results have been made.

In addition, the Group has also modified the presentation of cash flow statement in accordance with the revised SSAP 15 “Cash flow statements” and replaced the Statement of Recognised Gains and Losses with the Statement of Changes in Equity in accordance with the revised SSAP 1 “Presentation of financial statements”.

2. Turnover and Segment Revenue Information

The Group's turnover represents gross insurance premiums less reinsurance, insurance brokerage commission, gross proceeds from disposal of properties held for sale, rental income, income from a co-operative venture, interest income and management fee.

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

	Six months ended 30th June	
	2002	2001
	HK\$	HK\$
Gross insurance premiums	33,016,825	37,815,282
Insurance brokerage commission	363,834	200,335
Gross proceeds from disposal of properties held for sale	23,763,649	18,280,909
Rental income from investment properties	2,387,366	1,704,123
Income from a co-operative venture	–	1,716,575
Interest income	3,529,526	7,159,756
Management fee	291,053	396,934
	63,352,253	67,273,914
Less: Reinsurance	(5,725,686)	(6,255,341)
	57,626,567	61,018,573

2. Turnover and Segment Revenue Information (Continued)

An analysis of the Group's revenues and results for the period by business segments is as follows:

	Six months ended 30th June 2002				
	Property investment, development and sales HK\$	Financial services HK\$	Toll road investment HK\$	Investment holdings and others HK\$	Group HK\$
Turnover	26,261,703	28,218,393	-	3,146,471	57,626,567
Other revenues	-	197,662	-	6,743,827	6,941,489
Total revenues	<u>26,261,703</u>	<u>28,416,055</u>	<u>-</u>	<u>9,890,298</u>	<u>64,568,056</u>
Segment results	3,303,429	2,798,062	-	6,252,381	12,353,872
Unallocated costs					(573,679)
Operating profit					11,780,193
Finance costs					-
Share of profits of					
- Jointly controlled entities	-	26,341,312	-	-	26,341,312
- Associates	-	-	2,900,170	-	2,900,170
Profit before taxation					<u>41,021,675</u>

2. Turnover and Segment Revenue Information (Continued)

	Six months ended 30th June 2001				
	Property investment, development and sales	Financial services	Toll road investment	Investment holdings and others	Group
	HK\$	HK\$	HK\$	HK\$	HK\$
Turnover	20,051,069	33,755,746	1,718,024	5,493,734	61,018,573
Other revenues	–	202,851	–	63,429,520	63,632,371
Total revenues	20,051,069	33,958,597	1,718,024	68,923,254	124,650,944
Segment results	(14,069,659)	895,997	1,677,557	70,555,358	59,059,253
Unallocated costs					(3,597,177)
Operating profit					55,462,076
Finance costs					(992,700)
Share of profits of					
– Jointly controlled entities	–	14,110,950	–	–	14,110,950
– Associates	–	–	6,876,961	–	6,876,961
Profit before taxation					75,457,287

An analysis of the Group's turnover and contribution to operating profit for the period by geographical locations is as follows:

	Turnover		Operating profit/(loss)	
	Six months ended		Six months ended	
	30th June		30th June	
	2002	2001	2002	2001
	HK\$	HK\$	HK\$	HK\$
Hong Kong	28,963,239	33,690,164	9,116,909	(18,387,767)
Mainland China	24,986,846	22,292,632	2,058,357	71,201,583
Macau	3,676,482	5,035,777	604,927	2,648,260
	57,626,567	61,018,573	11,780,193	55,462,076

3. Other Revenues

	Six months ended 30th June	
	2002	2001
	HK\$	HK\$
Dividend income from listed investments	172,841	202,851
Net realised and unrealised gains on trading securities	16,246	–
Gain on winding up of subsidiaries (a)	6,730,238	–
Gain on disposal of a subsidiary	–	62,017,992
Forfeiture of rental deposits received	–	1,411,528
Others	22,164	–
	<u>6,941,489</u>	<u>63,632,371</u>

- (a) The amount represents the release of capital reserve and exchange translation reserve attributable to the subsidiaries on their winding up.

4. Other Provisions and Losses

	Six months ended 30th June	
	2002	2001
	HK\$	HK\$
Net realised and unrealised losses on trading securities	–	2,634,349
Loss on disposal of investment properties	–	853,763
Deficit on revaluation of investment properties (Note 8)	3,700,000	3,332,027
Impairment of other properties	–	3,696,284
(Write back)/provision for loans to and amounts due from jointly controlled entities and associates	(10,047,310)	7,789,363
Others	–	85,646
	<u>(6,347,310)</u>	<u>18,391,432</u>

5. Other Operating Expenses

Other operating expenses for the six months ended 30th June 2001 is net of an amount of HK\$3,831,179 which represents the write back of provisions for renovation cost and other expenses of a subsidiary in Beijing which has ceased operation.

6. Taxation

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit for the period. Taxation on Mainland China and Macau profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in Mainland China and Macau.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

	Six months ended 30th June	
	2002	2001
	HK\$	HK\$
Company and subsidiaries:		
Hong Kong profits tax	9,000	54,171
Mainland China taxation	357,899	1,093,851
Macau taxation	(99,645)	240,000
	<u>267,254</u>	<u>1,388,022</u>
Jointly controlled entities:		
Mainland China and Macau taxation	3,928,523	3,047,200
	<u>150,273</u>	<u>–</u>
Associates		
Mainland China taxation	150,273	–
	<u>4,346,050</u>	<u>4,435,222</u>

7. Earnings Per Share

The calculation of earnings per share is based on the Group's profit attributable to shareholders of HK\$35,644,782 (2001: HK\$69,704,558) and the weighted average number of 459,428,656 (2001: 459,428,656) shares in issue during the period.

8. Fixed Assets

	Investment properties <i>HK\$</i>	Other properties and fixed assets <i>HK\$</i>	Total <i>HK\$</i>
Six months ended 30th June 2002			
Opening net book amount	126,466,377	54,066,614	180,532,991
Translation differences	(183)	449	266
Additions	–	501,618	501,618
Disposals	–	(21,997)	(21,997)
Depreciation	–	(1,220,151)	(1,220,151)
Revaluation (<i>Note 4</i>)	(3,700,000)	–	(3,700,000)
Impairment of other properties	–	(996,235)	(996,235)
Closing net book amount	<u>122,766,194</u>	<u>52,330,298</u>	<u>175,096,492</u>

9. Jointly Controlled Entities

At 30th June 2002, investments in jointly controlled entities mainly represent the Group's investments of 36.75% in Xiamen International Bank ("XIB Group") and 50% in Westly Limited ("Westly Group"), a Hong Kong property development company. The Group's investments comprising share of their net assets and balances due from them are set out below:

	XIB Group HK\$	Westly Group HK\$	Total HK\$
At 1st January 2002, net of provision	428,217,416	9,151,527	437,368,943
Share of profit after taxation for the period	22,412,789*	–	22,412,789
Decrease in investment revaluation reserve	(1,555,741)	–	(1,555,741)
Reserve released on disposal of a subsidiary	40,029	–	40,029
Increase in amounts advanced	–	65,532	65,532
Write back of provision for loans and amounts advanced	–	10,246,555	10,246,555
At 30th June 2002	<u>449,114,493</u>	<u>19,463,614</u>	<u>468,578,107</u>

* The amount includes the Group's share of the gain on disposal of a subsidiary by XIB Group during the period of HK\$6.97 million.

	XIB Group HK\$	Westly Group HK\$	Others HK\$	Total HK\$
At 1st January 2001, net of provision	399,397,927	39,818,724	1,103,725	440,320,376
Share of profit after taxation for the period	11,063,750	–	–	11,063,750
Increase in investment revaluation reserve	587,812	–	–	587,812
Increase/(decrease) in amounts advanced	–	497,908	(31,500)	466,408
Provision for loans and amounts advanced	–	(6,632,033)	(674,781)	(7,306,814)
At 30th June 2001	<u>411,049,489</u>	<u>33,684,599</u>	<u>397,444</u>	<u>445,131,532</u>

10. Insurance Debtors

The majority of the insurance debtors is on open account basis with the credit terms, including whether guarantees from third parties are required, determined by senior management.

The ageing analysis of the insurance debtors was as follows:

	30th June 2002 HK\$	31st December 2001 HK\$
Current	3,201,147	3,536,350
30-60 days	5,019,774	4,958,808
60-90 days	4,115,011	3,362,575
Over 90 days	4,626,267	4,669,725
	<u>16,962,199</u>	<u>16,527,458</u>

11. Cash and Bank Balances

Included in cash and bank balances are deposits of RMB119,913,220 (equivalent to HK\$112,945,063) placed with certain banks in Mainland China (At 31st December 2001: RMB142,337,338, equivalent to HK\$134,092,875).

12. Insurance Liabilities

The ageing analysis of the insurance liabilities was as follows:

	30th June 2002 HK\$	31st December 2001 HK\$
Current	4,360,013	2,442,337
30-60 days	2,518,207	1,957,471
60-90 days	1,591,688	1,670,250
Over 90 days	3,079,142	2,500,466
	<u>11,549,050</u>	<u>8,570,524</u>

13. Contingent Liabilities

	30th June 2002 HK\$	31st December 2001 HK\$
Banking facilities guarantees (a)	–	57,300,000
Other guarantees (b)	8,802,668	6,940,239
	<u>8,802,668</u>	<u>64,240,239</u>

- (a) The Company has given guarantees for general banking facilities granted to a jointly controlled entity to the extent of HK\$57.3 million. Following the repayment of banking facilities utilised by the jointly controlled entity in 2001, the guarantee of HK\$57.3 million was released during the period.
- (b) The Group has given guarantees for mortgage loan facilities granted to certain buyers on the properties sold in Mainland China. The guarantees will be released upon the transfer of legal title of the properties to the buyers.

14. Capital Commitments

	30th June 2002 HK\$	31st December 2001 HK\$
Authorised but not contracted for	2,750,000	2,750,000
Contracted but not provided for	205,739	236,574
	<u>2,955,739</u>	<u>2,986,574</u>
The Group's share of capital commitments of the jointly controlled entities are as follows:		
Contracted but not provided for	<u>6,088,308</u>	<u>1,943,754</u>

15. Lease Commitments

(a) As lessee

The Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

	30th June 2002 HK\$	31st December 2001 HK\$
Land and buildings		
Within one year	353,300	306,920
In the second to fifth years inclusive	63,032	201,032
	416,332	507,952

(b) As lessor

The Group had total future aggregate minimum lease payments receivable under non-cancellable operating leases as follows:

	30th June 2002 HK\$	31st December 2001 HK\$
Land and buildings		
Within one year	2,413,176	3,582,728
In the second to fifth years inclusive	41,146	676,917
	2,454,322	4,259,645

16. Related Party Transactions

Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

- (a) As of 30th June 2002, the Group had deposits with jointly controlled financial institutions totalling HK\$142,707,520 (*At 31st December 2001: HK\$184,617,452*). The deposits carry interest at normal commercial rates and generated interest income of HK\$1,295,130 (*2001: HK\$3,404,067*) to the Group for the period.
- (b) Insurance premium generated from jointly controlled entities totalling HK\$2,774,251 (*2001: HK\$3,183,640*) for the period were conducted in the normal course of business at prices and terms not less favourable than those charged to and contracted with other third party customers of the Group.
- (c) As of 31st December 2001, an amount of RMB6 million has been advanced to a non-wholly owned subsidiary, on normal commercial terms, for the purpose of financing a property project. The loan was unsecured, bearing interest at 8% per annum and was fully repaid during the period.
- (d) As of 30th June 2002, the Group had a shareholder's loan to and amounts due from a jointly controlled entity amounting to HK\$114,470,242 (*At 31st December 2001: HK\$114,470,242*) and HK\$37,705,802 (*At 31st December 2001: HK\$37,640,270*) respectively. The loans and amounts were advanced to the jointly controlled entity in prior years as part of the Group's investment in a joint venture property project. As of 30th June 2002, total provisions of HK\$132,712,430 (*At 31st December 2001: HK\$142,958,985*) had been made against these balances as a result of the accumulated losses arising from the underlying property project. The shareholder's loan has no fixed terms for repayment and an amount of HK\$1,699,567 (*At 31st December 2001: HK\$1,699,567*) of which bears interest at Hong Kong dollar prime rate plus 3.5% (*At 31st December 2001: Hong Kong dollar prime rate plus 3.5%*) while the remaining balance bears interest at 12% per annum. The amounts due from the jointly controlled entity are interest free and have no fixed terms for repayment. Interest income has ceased to accrue on the shareholder's loan and is accounted for on the cash basis. During the period, interest income of HK\$70,282 (*2001: HK\$635,608*) was received on the shareholder's loan.

As of 30th June 2002, the Group had amounts due from another jointly controlled entity totalling HK\$13,616,927 (*At 31st December 2001: HK\$13,616,927*) which are interest free and have no fixed terms for repayment. Provisions totalling HK\$13,616,927 (*At 31st December 2001: HK\$13,616,927*) had been made against the amounts due from the jointly controlled entity.

16. Related Party Transactions (Continued)

- (e) As of 30th June 2002, the Group had loans to and amounts due from associates totalling HK\$75,617,158 (*At 31st December 2001: HK\$75,734,403*) which are interest free and have no fixed terms for repayments except for an amount of RMB1,520,000 (*At 31st December 2001: RMB1,520,000*) which bears interest at normal commercial rate and is repayable in December 2003.

As of 30th June 2002, provisions of HK\$9,763,982 (*At 31st December 2001: HK\$9,566,646*) had been made against the loans to and amounts due from an associate.

- (f) An amount of HK\$940,000 (*2001: HK\$940,000*) was paid to Vigour Fine Company Limited, a substantial shareholder of the Company, for the provision of certain management services which include the provision of directors to the Board of Directors of the Company.

17. Comparative Figures

The comparative figures of interest income, share of results of, and provision for loans to and amounts due from jointly controlled entities and associates have been restated to conform with the Group's revised accounting policies and presentation as adopted in the 2001 annual accounts. The restatements have no effect to the Group's profit attributable to shareholders for the six months ended 30th June 2001.

Interim Dividend

The Directors have resolved that no interim dividend be declared for the half year ended 30th June 2002 (2001: Nil).

Business Review

The Group recorded a profit attributable to shareholders of HK\$35.65 million for the six months ended 30th June 2002 with earnings per share of 7.76 cents, a decrease of 48.9% as compared with HK\$69.71 million and 15.17 cents per share for the same period in 2001.

The Group's major investment, a 36.75% interest in Xiamen International Bank ("XIB Group"), continued to improve its performance for the period under review. The Group's share of XIB Group's profit after tax amounted to HK\$22.41 million (including the Group's share of the gain on disposal of a subsidiary by XIB Group during the period of HK\$6.97 million) for the six months ended 30th June 2002, an increase of 102.6% from HK\$11.06 million for the same period last year. Following China's entry to the World Trade Organization, many overseas financial institutions actively seek for development opportunities in Mainland China. Being a commercial bank with international shareholder background, XIB Group will continue its strategies of enhancing its efficiencies and exercising stringent risks control in order to maintain its competitive edge. XIB Group will pursue a stable and healthy long-term development in order to provide better return to the shareholders.

Min Xin Insurance Company Limited, the Group's wholly owned subsidiary, achieved an after tax profit of HK\$1.61 million for the first half of this year in comparison with HK\$2.04 million for the same period last year. With the expected stabilization of the market rate, the management believes that more profitable business opportunities can be captured in the second half of this year.

The Group's toll road project in Maanshan, Anhui Province has been operating satisfactorily during the period under review. The toll revenue, which are better than expected, have increased by 13.7% as compared with the same period last year. We believe that the traffic flow and revenue will continue the rising trend in the second half of the year. The Group's toll road investment in Fenghua, Zhejiang Province, on the other hand, has recorded a decrease of 38.5% in its revenue compared with the same period last year owing to the diversion effect resulting from the completion of a parallel expressway at the end of last year. However, it is expected that the traffic flow of this toll road will be stabilized gradually.

Business Review (Continued)

During the period under review, the Group's property project in Jinan, Shandong Province has maintained satisfactory performance and recorded a profit after tax of RMB2.22 million. We envisage that this project will continue to maintain steady growth and bring satisfactory return to the Group.

The remaining 3 villas of the joint venture property project at Pik Sha Wan have been sold during the period, contributing a cashflow of about HK\$29.63 million to the Group subsequently.

Financial Position

The Group currently maintains a sound financial position. As at 30th June 2002, the Group had current assets and current liabilities of HK\$531.05 million (*At 31st December 2001: HK\$563.7 million*) and HK\$157.93 million (*At 31st December 2001: HK\$189.76 million*) respectively with a current ratio of 3.4 (*At 31st December 2001: 3*).

As at 31st December 2001 and 30th June 2002, the Group was debt free.

At 30th June 2002, bank deposits of the Group amounted to HK\$409.98 million (*At 31st December 2001: HK\$410.62 million*) which included deposits of RMB119.91 million (equivalent to HK\$112.95 million) placed with certain banks in Mainland China (*At 31st December 2001: RMB142.34 million, equivalent to HK\$134.09 million*).

As at 30th June 2002, a subsidiary of the Group in Mainland China has given guarantees for mortgage loan facilities granted to certain buyers to the extent of HK\$8.8 million on the properties sold by this subsidiary. Such guarantees will be released after the legal titles of the properties are passed to the buyers. The guarantees previously given by the Group for general banking facilities granted to a jointly controlled entity to the extent of HK\$57.3 million have been released during the period.

Employees and Remuneration Policy

As at 30th June 2002, the Group had 87 employees. The remuneration of the employees are based on individual merits and experience. The Group also provides other benefits to the employees including retirement benefits and medical scheme.

Prospects

In the second half of the year, along with the further liberation of the financial services industry in Mainland China, the Group will continue to actively enhance the overall return of its existing businesses, especially its major investment – XIB Group. The Directors believe that with the surplus cash and sound financial position, the Group will be able to capture market opportunities to strengthen and develop its investments in financial services. At the same time, the Group will actively seek quality investments in order to provide better return to the shareholders.

Directors' Interests

At 30th June 2002, none of the Directors and their associates had any personal, family, corporate and other interests in any securities of the Company and its associated corporations which are required to be entered in the register kept by the Company under section 29 of the Securities (Disclosure of Interests) Ordinance or which require notification, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Substantial Shareholders

At 30th June 2002, according to the register of substantial shareholders kept by the Company under section 16(1) of the Securities (Disclosure of Interests) Ordinance, the following shareholders were directly or indirectly interested in 10 per cent or more of the issued share capital of the Company:

Name	<i>Notes</i>	Number of shares held
Samba Limited ("Samba")	1	144,885,000
XIFC (Nominees) Limited	1	164,560,200
Papilio Inc.	2	169,125,000
Vigour Fine Company Limited ("Vigour Fine")	1 & 2	192,764,600
Fujian International Trust & Investment Corporation ("FITIC")	3	192,764,600

Substantial Shareholders (Continued)

Notes:

1. XIFC (Nominees) Limited was the registered holder of 139,785,000 shares holding on behalf of Samba and 24,775,200 shares holding on behalf of Vigour Fine.
2. Papilio Inc. and Vigour Fine which were both substantial shareholders of Samba were deemed to be interested in Samba's interest of 144,885,000 shares in the Company.
3. FITIC was deemed to be interested in Vigour Fine's interest of 192,764,600 shares in the Company by virtue of its controlling interests in Vigour Fine.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30th June 2002, there were no purchases, sales or redemptions by the Company or any of its subsidiaries of the Company's listed securities.

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 2002.

Corporate Governance

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not or was not for any part of the accounting period covered by this interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Company's Articles of Association.

By Order of the Board
Ding Shi Da
Chairman

Hong Kong, 25th September 2002