



Mr Wang Xi Chao
Chairman

.....

RESULTS

For the year ended 31st December 2000, the Group recorded a loss attributable to shareholders of HK\$39.18 million, as compared with the profit attributable to shareholders of HK\$23.67 million in 1999. The loss was mainly due to provisions made for the diminution in the value of the Group's investment properties and a joint venture property project totalling HK\$41.16 million in view of the continued weakness in the Hong Kong property market.

BUSINESS REVIEW

For the year 2000, the results of Xiamen International Bank, the Group's major investment, continued to be adversely affected by the Asian financial turmoil. According to the management accounts of Xiamen International Bank, the 2000 operation generated a consolidated net profit of HK\$0.5 million, as compared with a consolidated profit of HK\$19.34 million in 1999. However, as the impact of the financial turmoil gradually fades away, Xiamen International Bank would be able to meet the challenges ahead. With the implementation of the "three links" between the Mainland and Taiwan, and China's entry to the World Trade Organization, Xiamen International Bank would grasp every opportunity to widen its scope of businesses and enhance its income base and profitability.

In 2000, the Hong Kong general insurance market continued to suffer from underwriting loss. As compared to the year 1999, Min Xin Insurance Company Limited ("MXIC"), the Group's wholly-owned subsidiary, has been able to produce improved underwriting results at reduced operating expenses. Riding on the turnaround trend of the market, it is believed that MXIC can generate better return to shareholders for the next few years. To maintain growth momentum in the long run, MXIC will actively seek for opportunity to produce more revenue through developing other related business.

For the year ended 31st December 2000, the Group's toll road investments in Mainland China (including those through the Group's associates) provided a total profit of HK\$34.13 million, an increase of 5.4% from HK\$32.39 million in 1999. We envisage that with the rapid economic development in Mainland China, there will be satisfactory growth in the traffic flow and the toll revenue of these investments which will continue to generate steady long-term cash flow for the Group.

During the year, the Group's property project in Jinan, Shandong Province, China has attained satisfactory progress with both the sales and profits registering a larger increase than those of 1999. We anticipate that this project will continue to bring profit contribution to the Group. With regard to the joint venture property project at Pik Sha Wan, compliance certificate has been obtained and three villas have already been sold. Because of the sluggish property market in Hong Kong since the outbreak of the financial turmoil, this property project has incurred a rather heavy loss to the Group.

Subsequent to the year end, the Group disposed of a subsidiary company which holds the land use right in a parcel of land in Mainland China, generating a substantial profit to the Group.

FINANCIAL POSITION

The Group currently maintains a sound financial position with abundant liquidity. As at 31st December 2000, the Group had a debt to equity ratio of 3.9% (1999:5%) and a current ratio of 2.1 (1999:1.9) with cash and bank deposits totalling HK\$263.83 million (1999:HK\$264.95 million).

The Company has given guarantees for general banking facilities granted to subsidiaries and jointly controlled entities to the extent of HK\$46.8 million and HK\$57.3 million respectively. In addition, the Group has given guarantees for mortgage loan facilities granted to certain buyers to the extent of HK\$4.62 million on the properties sold in The People's Republic of China.

The Group has pledged a property to a bank for banking facilities. As at the year end, the amount of these banking facilities were HK\$40 million, which were not utilized.

EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2000, the Group had 89 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, medical scheme and mortgage loan subsidies.

PROSPECTS

It is expected that in 2001 the economy of Hong Kong will continue to recover and China will enter the World Trade Organization, thus presenting opportunities to the Group for development. The Group will strengthen its financial services business with efforts to expand market share and enhance return and will continue to seek quality infrastructure projects with a view to bring in stable income. At the same time, the Group will appropriately adjust its investment portfolio to follow the new economic development trend.

Looking forward, the Group will adopt the principle of “placing emphasis on efficiencies, reinforcing the core business and appropriately adjusting the investment portfolio”. The directors believe that by adhering to this principle, coupled with good external environment and sound financial position of the Group as well as prudent management and steady progression, the Group will be able to recover from the loss position and provide better return to the shareholders.

APPRECIATION

Finally, on behalf of the Board of Directors, I would like to express my appreciation and gratitude to our friends for their support, and to the management and all our staff for their dedicated services and contribution.

Wang Xi Chao

Chairman

Hong Kong, 24th April 2001



Mr Wang Xi Chao
Chairman and
Executive Director
.....



Mr Chen Zong Lin
Vice Chairman and
Executive Director
.....



Mr Chen Gui Zong
Vice Chairman and
Executive Director
.....



Mr Yang Sheng Ming
Executive Director
.....



Mr Robert Tsai To Sze
Non-Executive Director
.....



Mr Ip Kai Ming
Non-Executive Director
.....