



*Mr Ding Shi Da*

*Chairman*

## RESULTS

The Group recorded a profit attributable to shareholders of HK\$52.91 million for the year ended 31st December 2002 with earnings per share of 11.52 cents, as compared with HK\$67.27 million and 14.64 cents per share in 2001.

## BUSINESS REVIEW

### Banking Business

The Group's major investment, a 36.75% interest in Xiamen International Bank, achieved prominent growth in its profits during the year. According to the statutory accounts of Xiamen International Bank prepared in accordance with the accounting standards in the People's Republic of China, a consolidated net profit of HK\$114.92 million was registered for the year ended 31st December 2002, an increase of 64.7% from HK\$69.77 million in 2001. During the year, Xiamen International Bank was the first sino-foreign bank in Mainland China authorised to operate full-range foreign exchange business, paving the way for its long-term development amidst the increasingly competitive operating environment. Being a commercial bank with international shareholder background, Xiamen International Bank will keep on its efforts in promoting its customer-focused service culture, undertaking new businesses and expanding its services with a view to pursue a stable and healthy long-term development in order to provide favourable return to the shareholders.

## Insurance Business

The Hong Kong general insurance market has shown a turnaround in the year 2002. Following the improving trend of the market, Min Xin Insurance Company Limited ("MXIC"), the Group's wholly-owned subsidiary, has achieved a net profit after tax of HK\$3.58 million for the year ended 31st December 2002, an increase of 33.1% from HK\$2.69 million in 2001. With the improved market rate, MXIC is mindful of developing more business from the market provided that the premium rate can meet its underwriting standard.

## Toll Road Investments

The Group invests in toll road projects through investment in associated companies. The performance of the Group's toll road project in Maanshan, Anhui Province was better than expected with an increase of 15.7% in the toll revenue as compared with last year. We believe that the growth of traffic flow and revenue will continue in 2003. The Group's toll road investment in Fenghua, Zhejiang Province, on the other hand, has recorded a decrease of 42.3% in toll revenue as compared with last year owing to the diversion effect. At present, the traffic flow of this toll road has gradually become stable.

## Property Investments

In 2002, the Group's property project in Jinan, Shandong Province maintained a steady growth and recorded a profit after tax of RMB6.13 million, an increase of 6.8% from RMB5.74 million in 2001. We envisage that this project will maintain its existing steady growth and contribute satisfactory return to the Group.

After disposing of the remaining 3 villas of the joint venture property project at Pik Sha Wan during the year, the Group has received HK\$29.63 million in cash.

## FINANCIAL POSITION

The Group currently maintains a sound financial position. As at 31st December 2002, the Group had current assets and current liabilities of HK\$549.21 million (2001: HK\$563.7 million) and HK\$152.01 million (2001: HK\$189.76 million) respectively with a current ratio of 3.6 (2001: 3).

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

At 31st December 2002, bank deposits of the Group amounted to HK\$451.69 million (2001: HK\$410.62 million) which included deposits of RMB117.34 million (equivalent to HK\$110.48 million) placed with certain banks in Mainland China (2001: RMB142.34 million, equivalent to HK\$134.09 million).

At 31st December 2002, a subsidiary of the Group in Mainland China has issued guarantees amounting to HK\$9.45 million for mortgage loan facilities obtained by certain buyers for acquiring properties from the subsidiary. Such guarantees will be released upon receipt of the title deeds of the properties by the relevant banks. The guarantee previously issued by the Group for general banking facilities granted to a jointly controlled entity to the extent of HK\$57.3 million has been released during the year.

## EMPLOYEES AND REMUNERATION POLICY

As at 31st December 2002, the Group had 84 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

In 2003, we will strive to enhance the asset value and competitiveness of the Group's existing investments. The Board of Directors believes that with the surplus cash and sound financial position, we have every confidence and capability to capture market opportunities to take on quality investments. For example, after careful market study, we invested about RMB17.33 million and RMB10.67 million respectively in a high-tech enterprise with profit record and a company specialised in sewage and waste treatment, both of which are in Mainland China, at the beginning of this year. We will also increase our investments in the infrastructure business in Mainland China so as to strengthen the Group's future development. We believe that such new investments will bring new growth momentum to the Group and provide more attractive return to the shareholders.

## APPRECIATION

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.

**DING SHI DA**

*Chairman*

Hong Kong, 25th April 2003