



Mr Ding Shi Da

OVERALL RESULTS

The Group recorded a consolidated profit attributable to equity holders of HK\$59.85 million for the year ended 31st December 2005 with earnings per share of 13.03 cents, an increase of 5.6% from the restated consolidated profit attributable to equity holders of HK\$56.70 million and earnings per share of 12.34 cents for the year ended 31st December 2004.

DIVIDEND

The Directors have resolved to recommend at the forthcoming Annual General Meeting of the Company to be held on 16th June 2006 the payment of a final dividend of 3 cents per share totaling HK\$13,782,860 (2004: Nil) for the year ended 31st December 2005 to those shareholders whose names appear on the Register of Members on 16th June 2006. The proposed dividend, if approved, will be paid on or before 3rd July 2006.

BUSINESS REVIEW**Banking Business**

During the year under review, Xiamen International Bank Group, a 36.75% owned major investment of the Group, reported a steady growth in its Renminbi business and its deposit base and loan portfolios have increased significantly as compared with last year. The rise in interest rate spread earned by Xiamen International Bank Group also resulted in an increase in its net interest income as compared with last year. The consolidated net profit of Xiamen International Bank as adjusted in accordance with the Hong Kong Financial Reporting Standards reached HK\$189.72 million, an increase of 53.1% from HK\$123.90 million for the year ended 31st December 2004. By leveraging the success in setting up its Shanghai Branch at the Lujiazui Finance and Trade Zone of Pudong Area, Xiamen International Bank will continue to devote its efforts in developing a nationwide business network. It will adopt the basic policy of strengthening its foundation and progressing prudently in order to further enhance the size of its business, the standard of management as well as its overall efficiencies.

Insurance

Min Xin Insurance Company Limited ("MXIC"), the Group's wholly-owned subsidiary, achieved a net profit after tax of HK\$6.69 million for the year ended 31st December 2005, an increase of 14.2% from HK\$5.86 million in 2004. Despite the increasingly competitive environment in the Hong Kong insurance market, MXIC was successful in increasing its market share significantly in the domestic helpers insurance sector.

Riding on the improving economy of Hong Kong and Macau, MXIC will continue its effort in securing more business, especially in the private car, domestic helpers and bancassurance business, in order to achieve a better return for its shareholders.

Property Development and Investment

The Group's 51% owned property development subsidiary in Jinan, Shandong Province, has sold all the property units of its last development project in late 2004. However, the parcel of land bidded in late 2004 for property development purposes was still at its planning stage in 2005. As a result, a loss after taxation of RMB5.31 million was recorded by the subsidiary in 2005 against a profit after taxation of RMB10.72 million in 2004. On 16th March 2006, the Company obtained approval from its shareholders to dispose of its equity interest in this subsidiary to an independent third party for a consideration of RMB10.08 million.

Following the leasing of one floor of its investment property in Fuzhou, Fujian Province, to a local insurance company in the first half of 2005, the Group also successfully leased another floor of that property to the local branch of an international shipping and logistics company for a term of three years before the end of 2005. The Group recorded a rental income of HK\$0.90 million for the year ended 31st December 2005 and it is expected that the rental income will rise in 2006.

Toll Road Investments

During the year under review, through its 30% owned associated company, the Group's toll road investment in Maanshan, Anhui Province, recorded a revenue of RMB47.25 million, a decrease of 6.0% from RMB50.29 million in last year.

Due to the diversion effect on traffic flow, the Group's toll road investment, through its 40% owned associated company in Fenghua, Zhejiang Province, recorded a revenue of RMB20.32 million, a decrease of 31.3% from RMB29.57 million in last year. On 29th March 2006, this associated company entered into an agreement with the joint venture party of its subsidiaries holding the toll roads in Mainland China to dispose of its equity interest in the subsidiaries for a consideration of RMB70 million.

High-Tech Investments

Min Faith Investments Limited ("Min Faith"), a jointly controlled entity of the Group which is engaged in the manufacturing of industrial digital instruments in Mainland China, has achieved a better second half in 2005 notwithstanding the impacts arising from the macroeconomic adjustment policies in Mainland China and the increased operating costs incurred in relation to its removal to the new location and new product development efforts in the first half of 2005. For the year 2005, it recorded a profit after taxation of HK\$9.95 million, an increase of 14.1% from the profit after taxation of HK\$8.72 million in 2004. Min Faith will continue to increase its research and development efforts and expand its product application into new areas in order to maintain the leading position in market share and technology.

Investment in Huaneng Power International, Inc.

The transfer procedures of the 108,000,000 non-tradable legal person shares of Huaneng Power International, Inc. ("Huaneng") from the Company's substantial shareholder, Fujian Investment & Enterprise Holdings Corporation, were completed on 15th June 2005. As at 31st December 2005, the Group recorded a revaluation gain of HK\$4.31 million in the investment revaluation reserve. On 29th March 2006, Huaneng announced its 2005 results with earnings per share of RMB0.40 and recommended final dividend of RMB0.25 per share. It is expected that the Group will record a dividend income (excluding the pre-acquisition portion) of approximately RMB15.31 million in 2006.

Financial Review

The Group maintained a sound financial position during the year under review. Based on the issued share capital of 459,428,656 shares (2004: 459,428,656 shares), the net asset value per share was HK\$2.91 (2004: HK\$2.67). As at 31st December 2005, the current assets and current liabilities was HK\$487.19 million (2004: HK\$630.05 million) and HK\$189.31 million (2004: HK\$149.77 million) respectively, with a current ratio of 2.6 (2004: 4.2).

During the year, the Group obtained a five-year floating rate loan facility of HK\$120 million from a bank in Hong Kong for the purpose of the acquisition of Huaneng's non-tradable legal person shares. The bank loan is secured by a property (including the leasehold land component) of the Group with a net book value of HK\$14.43 million as at 31st December 2005. In addition, the Group's non-wholly owned subsidiary had outstanding short-term fixed rate advances amounted to HK\$27.39 million (2004: HK\$21.14 million) as at 31st December 2005. The gearing ratio (total borrowings divided by total net asset) was 11.0% (2004: 1.7%) as at 31st December 2005.

As at 31st December 2005, bank deposits of the Group amounted to HK\$300.38 million (2004: HK\$504.18 million), which included deposits of RMB141.02 million (equivalent to HK\$135.50 million) placed with certain banks in Mainland China (2004: RMB128.64 million, equivalent to HK\$120.78 million).

The Group's assets and liabilities and receipts and payments are primarily denominated in Hong Kong Dollars, Renminbi and United States Dollars. In 2005, the PRC government commenced a reform of exchange rate adjustment mechanism for Renminbi. Since the announcement of the appreciation of Renminbi on 21st July 2005, the exchange rate of Renminbi against various major currencies (including United States Dollars and Hong Kong Dollars) has increased steadily. The Group's net monetary assets denominated in Renminbi has resulted in foreign currency translation gain of approximately HK\$2.83 million recorded by the Group in 2005. The Group anticipates that it will not face material adverse risks arising from fluctuated foreign exchange rates.

Contingent Liabilities

As at 31st December 2005, a non wholly-owned subsidiary of the Group in Mainland China has issued guarantees amounting to RMB0.79 million (equivalent to HK\$0.76 million) (2004: RMB40.25 million, equivalent to HK\$37.79 million) for mortgage loan facilities obtained by certain buyers for acquiring properties from it. Such guarantees will be released upon receipt of the title deeds of the properties by the relevant banks.

Employees and remuneration policy

As at 31st December 2005, the Group had 74 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

The year of 2006 will be the first year of the Eleventh Five-Year Plan implemented by the PRC government. The PRC economy is expected to maintain a steady growth rate in 2006 as driven by favourable factors including the continuing industrialization trend and the 2008 Olympic Games in Beijing. Coupled with the full opening of the financial services industry, it is envisaged that the investees of the Group in Mainland China, particularly those in the financial services industry, will be benefited. The Group will continue to increase its investments in financial services industry in Mainland China in future, and seek new investments in suitable business that will generate long-term returns to the Group. The Directors believe that by capitalizing on the Group's solid foundation and the experience accumulated in the past, the Group is in an advantageous position to seize market opportunities and sustain the current financial performance in future.

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 2006