

[For immediate release]



民安(控股)有限公司  
*The Ming An (Holdings) Company Limited*

## Ming An Announces 2006 Annual Results

Hong Kong, 21 March, 2007 – **The Ming An (Holdings) Company Limited** (“Ming An” or the “Company”, SEHK: 1389) today announced the consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December, 2006.

### Key Highlights

- ❖ Net profit attributable to shareholders of the Group was HK\$306 million, above the forecast profit attributable to shareholders of HK\$254 million as stated in the offering prospectus; combined ratio is 82.9%
- ❖ Basic earnings per share was HK\$0.138
- ❖ Gross written premiums was HK\$1,076 million, a slight decrease of 2.18% from HK\$1,100 million in 2005
- ❖ 78% and 22% of the gross written premiums for the year were attributable to the Hong Kong and the PRC operations respectively
- ❖ Investment income recorded a 51.1% increase to HK\$142 million, resulting from the increase in bank interest income
- ❖ Net investment yield reached 8.0% in 2006
- ❖ The Group successfully listed on the Main Board of the Hong Kong Stock Exchange on 22 December, 2006, raising net proceeds of approximately HK\$1.056 billion (excluding the exercise of the over-allotment options)
- ❖ The Group received approval to open branch offices in Beijing, Shanghai, Juangsu, Zhejiang, Shandong and Hebei. Applications will be made to open another six to eight new branch offices in 2008

In this first set of results after its listing, the Group was able to achieve net profit attributable to shareholders of HK\$306 million, above the profit forecast of HK\$254 million as stated in the offering prospectus. Gross written premiums amounted to HK\$1,076 million, a slight decrease of 2.18% from HK\$1,100 million in 2005 as a result of an accounting policy change to recognize undue long term policy premium reserves of HK\$39 million in 2005. Excluding this effect, gross written premiums increased by HK\$14 million, representing an increase of 1.3%. 78% and 22% of the gross written premiums were attributable to the Group's operations in Hong Kong and the PRC respectively. In 2006, the Group recorded a combined ratio of 82.9% and underwriting profit of HK\$107 million. In addition, the Group's accident and health insurance businesses continued to register healthy growth in 2006. Gross written premiums from this segment for the Group increased 16.1% to HK\$65 million in 2006.

Investment income recorded an increase of 51.1% to HK\$142 million in 2006, attributable to the increase in bank interest income. The net investment yield reached 8.0% in 2006. The net realized and unrealized gains on investments of the Group decreased 52.2% to HK\$85 million in 2006 from HK\$178 million in 2005 mainly due to a decrease in revaluation surplus of investment properties by HK\$162 million owing to the slower growth in market prices for Hong Kong real estate in 2006.

Chairman of the Group Mr Feng Xiao Zeng said, "The year 2006 was one of remarkable growth and transformation for Ming An. Our successful listing on the Main Board of the Hong Kong Stock Exchange further strengthened our financial base. Coupled with our leading position in Hong Kong's general insurance market, we are well positioned to penetrate further the fast growing PRC general insurance market."

The 2006 fiscal year witnessed two major strategic developments, marking a new stage of growth for the Group's business in both Hong Kong and the PRC. We believe that the Group, through subsidiary The Ming An Insurance Company (China) Limited ("Ming An China"), became the first and only general insurance company incorporated outside the PRC to receive approval from the China Insurance Regulatory Commission ("CIRC") to be regulated as a domestic insurance company. This status gives strong first-mover advantage to Ming An, allowing the Group full access to the PRC insurance market and engaging in the full spectrum of general insurance products and services, in particular the Compulsory Motor Traffic Accident Liability Insurance.

In addition, the Group entered into strategic partnership with Cheung Kong (Holdings) Limited ("Cheung Kong") during the year under review. With Cheung Kong now holding a 21.74% interest in the Group, the Group are able to leverage this partnership in many ways, including new sources of premium income and access to Cheung Kong's extensive customer

base in both Hong Kong and the PRC.

The strategic partnership with Cheung Kong allows Ming An to cater to the extensive needs of Cheung Kong and its associated companies for insurance products. In 2006, the gross premiums recorded in association with Cheung Kong Group were around HK\$42 million. In addition, AMTD Risk Management Limited, an associated company of Cheung Kong, has included us on its list of referred insurers and the Group has started utilizing its call centre for telemarketing its insurance products in Hong Kong.

The Group also implemented a series of initiatives to further expand its distribution channels to enhance the Group's overall marketing efforts. A new department, set up in 2005 to focus on building relationships with major banks and life insurers, has successfully grown its income source from HK\$69 million in 2005 to HK\$80 million in 2006, representing a 15.9% increase in a year.

#### **REVIEW OF THE HONG KONG OPERATIONS**

The Hong Kong operations recorded gross written premiums of HK\$839 million, an increase of 0.5% from HK\$835 million in 2005.

The Hong Kong operations recorded net earned premiums of HK\$516 million and a combined ratio of 79.5%. The four leading product lines in Hong Kong's operations, namely, liability, motor, marine and property insurance represented 27.4%, 24.3%, 21.8% and 19.1% of the Group's Hong Kong gross written premiums respectively.

#### **REVIEW OF THE PRC OPERATIONS**

The PRC operations recorded gross written premiums of HK\$237 million in 2006, a 10.6% decrease due to an accounting policy change that recognized undue long-term policy premiums reserves of HK\$39 million in 2005. The key business lines of the Group's PRC operations included the property and motor segments contributing in total around 88.7% of the Group's PRC gross written premiums. Net earned premiums of the PRC operations was HK\$112 million, representing a 6.7% decrease due to the change in the method of calculating unearned premiums.

Ming An continued to leverage its competitive advantage and solid foundation in Hong Kong to provide operational and technical support to growing its PRC business. In 2006, the Group further expanded its PRC presence by enhancing its product offerings, implementing a number of brand-building initiatives and commencing a rapid expansion of the branch network, with a successfully opening of its Guangdong branch office in October 2006, the third branch office in the PRC, in addition to the Shenzhen and Hainan branch offices, which pioneered Ming An's foray into the PRC. The Group has also received approval from CIRC to open branch offices in Beijing, Shanghai, Jiangsu, Zhejiang, Shandong and Hebei. The Group is now in the process of setting up these new branch offices. Looking forward, the Group plans to apply for CIRC approval to open six to eight additional new branch offices in 2008. In October 2006, the Group obtained CIRC's approval to open a brokerage firm in Shenzhen as well.

### **FUTURE OUTLOOK**

Hong Kong is one of the largest general insurance markets in Asia with an extensive range of sophisticated products. The mature Hong Kong market will continue to be highly competitive and the Group expects to see continued downward pressure on premium rates particularly in the property and motor insurance segments.

On the other hand, the PRC's general insurance market continues to be one of the fastest growing markets not only in Asia, but also the world. The motor insurance segment, in particular, has been witnessing unprecedented growth, following the implementation of the Compulsory Motor Traffic Accident Liability Insurance policy. Given the rapid economic development in the country, which is further driving growth in tourism and logistics, liability insurance is also on the growth trend.

The Group Chairman Mr Feng said, "In China's positive market environment, there is high growth potential for experienced general insurers, like us, that have advanced underwriting capabilities and in-depth market knowledge. In Hong Kong, with our long-standing history, the Group remains steadfast in continuing to strengthen our leading position in the local market. Efforts are being made to capitalize potential in select growth segments, such as accident and health insurance."

The Group's strong Hong Kong operations have provided us with a solid foundation to further expand its business in the PRC. Consequently, the Group's PRC operations will benefit from the operational and technical support provided from the experienced Hong Kong team. The development of its network presence in the PRC will take priority in 2007. The Group plans to open six new branches in 2007 growing its customer base and expanding the business in both reach and scale. The Group is plowing in significant investment to accelerate the expansion in the PRC which will nonetheless create near term impact on the return. However, the Group is confident that the successful execution of its growth strategy will enable the Group to reap the long-term benefits, crucial to its overall business development.

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## **APPENDIX 1: CONSOLIDATED REVENUE ACCOUNT**

	Year ended 31 December	
	2006	2005
	<i>(HK\$ in millions, except percentages)</i>	
<b>Gross written premiums</b>	<b>1,076</b>	<b>1,100</b>
<b>Net earned premiums</b>	<b>628</b>	<b>706</b>
<b>Net claims incurred</b>	<b>(167)</b>	<b>(153)</b>
<b>Net commission expenses</b>	<b>(143)</b>	<b>(123)</b>
<b>Management and other operating expenses</b>	<b>(217)</b>	<b>(169)</b>
<b>Change in net provision for unexpired risks</b>	<b>6</b>	<b>(12)</b>
<b>Underwriting profit</b>	<b>107</b>	<b>249</b>
<b>Operating ratios:</b>		
Loss ratio	<b>25.6%</b>	<b>23.4%</b>
Expense ratio	<b>57.3%</b>	<b>41.4%</b>
<b>Combined ratio</b>	<b>82.9%</b>	<b>64.8%</b>

## **APPENDIX 2: RESULTS OF OPERATIONS – HONG KONG**

### **RESULTS OF INSURANCE OPERATIONS - HONG KONG**

	<b>Year ended 31 December</b>	
	<b>2006</b>	<b>2005</b>
	<i>(HK\$ in millions, except percentages)</i>	
<b>Gross written premiums</b>	<b>839</b>	835
<b>Net earned premiums</b>	<b>516</b>	586
<b>Net claims incurred</b>	<b>(121)</b>	(104)
<b>Net commission expenses</b>	<b>(137)</b>	(123)
<b>Management and other operating expenses</b>	<b>(158)</b>	(113)
<b>Change in net provision for unexpired risks</b>	<b>6</b>	(12)
<b>Underwriting profit</b>	<b>106</b>	234
<b>Operating ratios:</b>		
Loss ratio	<b>22.3%</b>	19.8%
Expense ratio	<b>57.2%</b>	40.3%
<b>Combined ratio</b>	<b>79.5%</b>	60.1%

## **APPENDIX 3: RESULTS OF OPERATIONS – PRC**

### **RESULTS OF INSURANCE OPERATIONS - PRC**

	<b>Year ended 31 December</b>	
	<b>2006</b>	<b>2005</b>
	<i>(HK\$ in millions, except percentages)</i>	
<b>Gross written premiums</b>	<b>237</b>	265
<b>Net earned premiums</b>	<b>112</b>	120
<b>Net claims incurred</b>	<b>(46)</b>	(49)
<b>Net commission expenses</b>	<b>(6)</b>	0.4
<b>Management and other operating expenses</b>	<b>(59)</b>	(56)
<b>Change in net provision for unexpired risks</b>	<b>0</b>	0
<b>Underwriting profit</b>	<b>1</b>	15
<b>Operating ratios:</b>		
Loss ratio	<b>41.1%</b>	40.8%
Expense ratio	<b>58.0%</b>	46.7%
<b>Combined ratio</b>	<b>99.1%</b>	87.5%