MIN XIN HOLDINGS LIMITED
閩信集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 222)

ANNOUNCEMENT OF 2014 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to equity holders amounted to HK$195 million, down 47.3%
- Basic earnings per share reached 42.47 HK cents, down 47.3%
- Excluding the extraordinary gains of HK$164 million in the first half of 2013, a 5.4% decline in both profit attributable to equity holders and basic earnings per share
- Total assets and total equity attributable to equity holders up 9.8% and 7.9% to HK$4.73 billion and HK$4.25 billion respectively

The Board of Directors (the "Board") of Min Xin Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

		Unaudited Six months ended 30 June	
		2014	2013
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**50,477**	36,990
Total revenues	*2*	**58,893**	39,396
Other (losses)/gains – net	*3*	**(8,651)**	182,324
Total operating income		**50,242**	221,720
Net insurance claims incurred and commission expenses incurred on insurance business		**(15,997)**	(15,209)
Costs of properties sold		**–**	(7,375)
Impairment loss on loans to customers		**(6,695)**	–
Staff costs		**(15,608)**	(14,589)
Depreciation		**(642)**	(399)
Other operating expenses		**(8,654)**	(6,136)
Total operating expenses		**(47,596)**	(43,708)
Operating profit	*4*	**2,646**	178,012
Finance costs	*5*	**(2,366)**	(3,430)
Share of results of joint ventures		**–**	5,556
Share of results of associates		**209,603**	196,344
Profit before taxation		**209,883**	376,482
Income tax expense	*6*	**(14,744)**	(6,123)
Profit for the period		**195,139**	370,359
		HK CENTS	*HK CENTS*
Earnings per share			
Basic and diluted	*7*	**42.47**	80.61

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Unaudited Six months ended 30 June **2014**	 2013
	HK$'000	*HK$'000*
Profit for the period	**195,139**	370,359
Other comprehensive income		
Item that will not be reclassified to income statement:		
Leasehold buildings revaluation reserve		
Unrealised surplus on revaluation of leasehold building transferred to investment property	**–**	167
Deferred income tax	**–**	(2)
	–	165
Items that may be reclassified subsequently to income statement:		
Available-for-sale investment revaluation reserve		
Fair value changes credited/(charged) to equity	**41,622**	(150,141)
Release on disposal	**(109)**	–
Release on dilution of interest in an associate	**–**	(4,545)
Share of changes in equity of joint ventures and associates		
Fair value changes credited to equity	**220,247**	11,403
Disposal	**1,176**	(3,492)
Deferred income tax	**(55,369)**	(2,310)
	207,567	(149,085)
Exchange translation reserve		
Exchange differences arising on translation of the financial statements of foreign subsidiaries, joint ventures and associates	**(67,675)**	35,527
Release on disposal of interest in a subsidiary	**–**	(70,034)
Release on dilution of interest in an associate	**–**	(10,473)
	(67,675)	(44,980)
	139,892	(194,065)
Other comprehensive income for the period, net of tax	**139,892**	(193,900)
Total comprehensive income for the period	**335,031**	176,459

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
Non-current assets			
Property, plant and equipment		**20,710**	20,404
Investment properties		**162,455**	154,825
Associates		**2,677,115**	2,468,663
Available-for-sale financial assets		**494,035**	452,522
Reinsurance assets		**2,526**	2,097
Deferred income tax assets		**814**	376
		3,357,655	3,098,887
Current assets			
Deferred acquisition costs		**11,147**	9,983
Insurance receivable	*9*	**11,500**	10,372
Reinsurance assets		**4,115**	3,078
Loans to customers and loan receivable	*10*	**390,527**	158,955
Other debtors		**6,530**	11,254
Dividend receivable from associates		**–**	97,014
Other prepayments and deposits		**1,606**	1,338
Financial assets at fair value through profit or loss		**7,189**	8,089
Cash and bank balances		**941,121**	909,360
		1,373,735	1,209,443
Current liabilities			
Insurance contracts		**46,253**	39,907
Insurance payable	*11*	**6,552**	4,709
Other creditors and accruals		**31,236**	24,858
Bank borrowings		**280,000**	200,000
Current income tax payable		**28,938**	35,651
Dividend payable		**22,971**	–
		415,950	305,125
Net current assets		**957,785**	904,318
Total assets less current liabilities		**4,315,440**	4,003,205

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2014

	Note	**Unaudited 30 June 2014** *HK$'000*	Audited 31 December 2013 *HK$'000*
Non-current liabilities			
Insurance contracts		**19,987**	21,896
Deferred income tax liabilities		**47,661**	45,577
		67,648	67,473
Net assets		**4,247,792**	3,935,732
Share capital		**891,135**	459,429
Other reserves		**1,352,186**	1,595,645
Retained profits			
Proposed dividend		**–**	22,971
Others		**2,004,471**	1,857,687
Total equity attributable to equity holders of the Company		**4,247,792**	3,935,732

Notes

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2013 annual report.

Except as described below, the accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the 2013 annual report.

The Group has adopted the following new standards and amendments to standards issued by the HKICPA which had insignificant or no effect on these unaudited condensed consolidated interim financial statements:

–	Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
–	Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
–	Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
–	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
–	HK (IFRIC) – INT 21	Levies

Up to the date of issue of this results announcement, the HKICPA has issued a number of new standards and amendments to standards which are not yet effective for the accounting year ending 31 December 2014 and which have not been early adopted by the Group.

The Group is presently studying the implications of applying these new standards and amendments to standards but it is impracticable to quantify its effect as at the date of issue of this results announcement.

2 TURNOVER AND SEGMENTAL INFORMATION

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

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Turnover		
Gross insurance premiums	**26,437**	23,835
Interest income from loans to customers	**19,163**	–
Proceeds from sale of properties	**–**	8,427
Rental income from investment properties	**4,877**	4,728
	50,477	36,990
Movement in unearned insurance premiums	**(2,638)**	(61)
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	**(3,247)**	(3,006)
Other revenues		
Management fees	**60**	60
Interest income from bank deposits	**9,435**	2,157
Interest income from loan receivable	**4,646**	3,051
Dividend income from listed equity securities held for trading	**97**	46
Others	**63**	159
	14,301	5,473
Total revenues	**58,893**	39,396

The Group identifies its operating segments based on the reports reviewed internally by the chief operating decision-makers which include the Executive Board Committee and General Manager that are used to make strategic decisions, allocate resources and assess performance.

The reports to the chief operating decision-makers are analysed on the basis of business entities, investments held and investees. For business entities and investments held, operating performance evaluation and resources allocation are based on individual business activities operated and investments held by the Group. For investees, operating performance evaluation is based on individual investee of the Group.

The Group has the following reportable operating segments:

– Financial service: this segment includes the Group's interest in Xiamen International Bank and its subsidiaries which conduct banking business in Mainland China and Macao, and the micro credit business in Mainland China.

– Insurance: this segment includes the Group's general insurance business in Hong Kong and Macao.

– Property Development and Investment: this segment includes the development and sale of residential properties and leasing of high quality office space in Mainland China.

– Strategic Investment: this segment represents the Group's investment in A-Share of Huaneng Power International, Inc..

– Others: this segment includes results of operations not directly identified under other reportable segments and head office activities. Head office is also considered to be a segment as discrete financial information is available for the head office activities.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision-makers monitor the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenues derived from customers, products and services directly identifiable with individual segment are reported directly under respective segments. All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs related to head office activities that cannot be reasonably allocated to other segments, products and services are grouped under head office. Transactions between segments are priced based on similar terms offered to or transacted with external parties. Inter-segment income and expenses are eliminated on consolidation. The measure used for reporting segment profit is "profit for the period", i.e. profit after taxation of the business entities, net income generated from investments held and share of results of investees.

Segment assets include all tangible, intangible and current assets held by the business entities, net book value of investments held and share of net assets of and loans to investees. Segment liabilities include insurance liabilities, creditors and accruals, income tax payable and deferred tax liabilities attributable to individual segments and bank borrowings managed directly by the segments or directly related to those segments. An asset and a liability are grouped under same segment if the liability is collateralised by the asset. Dividend payable to equity holders of the Company is treated as unallocated liabilities in reporting segment assets and liabilities.

	Financial services		Insurance		Property development and investment		Strategic investment		Others		Inter-segment elimination		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Six months ended 30 June														
Turnover														
External customers	**19,163**	–	**28,208**	25,603	**3,106**	11,387	**–**	–	**–**	–	**–**	–	**50,477**	36,990
Inter-segments	**–**	–	**–**	–	**–**	–	**–**	–	**1,896**	1,908	**(1,896)**	(1,908)	**–**	–
	19,163	–	**28,208**	25,603	**3,106**	11,387	**–**	–	**1,896**	1,908	**(1,896)**	(1,908)	**50,477**	36,990
Movement in net unearned insurance premiums and reinsurance premiums ceded	**–**	–	**(5,885)**	(3,067)	**–**	–	**–**	–	**–**	–	**–**	–	**(5,885)**	(3,067)
Other revenues	**5,183**	–	**813**	698	**4,651**	3,206	**–**	–	**3,654**	1,569	**–**	–	**14,301**	5,473
Total revenues	**24,346**	–	**23,136**	23,234	**7,757**	14,593	**–**	–	**5,550**	3,477	**(1,896)**	(1,908)	**58,893**	39,396
Other (losses)/gains – net	**(6,072)**	41,186	**3,679**	1,627	**(33)**	133,312	**–**	–	**(6,225)**	6,199	**–**	–	**(8,651)**	182,324
Total operating income	**18,274**	41,186	**26,815**	24,861	**7,724**	147,905	**–**	–	**(675)**	9,676	**(1,896)**	(1,908)	**50,242**	221,720
Impairment loss on loans to customers	**(6,695)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(6,695)**	–
Operating expenses	**(3,473)**	–	**(23,270)**	(21,415)	**(1,988)**	(8,970)	**–**	–	**(14,066)**	(15,231)	**1,896**	1,908	**(40,901)**	(43,708)
Operating profit/(loss)	**8,106**	41,186	**3,545**	3,446	**5,736**	138,935	**–**	–	**(14,741)**	(5,555)	**–**	–	**2,646**	178,012
Finance costs	**(2,108)**	–	**–**	–	**–**	(2,808)	**–**	–	**(258)**	(622)	**–**	–	**(2,366)**	(3,430)
Share of results of joint ventures	**–**	–	**–**	–	**–**	–	**–**	–	**–**	5,556	**–**	–	**–**	5,556
Share of results of associates	**209,287**	193,871	**–**	–	**–**	–	**–**	–	**316**	2,473	**–**	–	**209,603**	196,344
Profit/(loss) before taxation	**215,285**	235,057	**3,545**	3,446	**5,736**	136,127	**–**	–	**(14,683)**	1,852	**–**	–	**209,883**	376,482
Income tax expense	**(12,160)**	–	**(169)**	(638)	**(2,021)**	(5,239)	**–**	–	**(394)**	(246)	**–**	–	**(14,744)**	(6,123)
Profit/(loss) for the period	**203,125**	235,057	**3,376**	2,808	**3,715**	130,888	**–**	–	**(15,077)**	1,606	**–**	–	**195,139**	370,359
Interest income	**24,346**	–	**613**	566	**4,646**	3,082	**–**	–	**3,639**	1,560	**–**	–	**33,244**	5,208
Depreciation for the period	**226**	–	**63**	89	**–**	7	**–**	–	**353**	307	**–**	–	**642**	403

	Financial services		Insurance		Property development and investment		Strategic investment		Others		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
At 30 June 2014 and 31 December 2013												
The Company and subsidiaries	**610,106**	686,393	**166,603**	155,684	**218,408**	226,200	**494,035**	452,522	**565,123**	318,868	**2,054,275**	1,839,667
Investments in associates	**2,597,267**	2,388,228	**–**	–	**–**	–	**–**	–	**79,848**	80,435	**2,677,115**	2,468,663
Total assets	**3,207,373**	3,074,621	**166,603**	155,684	**218,408**	226,200	**494,035**	452,522	**644,971**	399,303	**4,731,390**	4,308,330
The Company and subsidiaries	**211,972**	201,681	**79,950**	72,410	**49,072**	47,996	**–**	–	**119,633**	50,511	**460,627**	372,598
Unallocated liabilities												
Dividend payable											**22,971**	–
Total liabilities	**211,972**	201,681	**79,950**	72,410	**49,072**	47,996	**–**	–	**119,633**	50,511	**483,598**	372,598
Capital expenditure incurred during the period	**569**	–	**10**	42	**–**	–	**–**	–	**419**	509	**998**	551

(b) Geographical information

The following table sets out the information about the geographical location of (i) the Group's revenues from external customers and (ii) the Group's property, plant and equipment, investment properties and investments in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and investment properties and the location of operations, in the case of investments in associates.

	Hong Kong		Mainland China		Macao		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Six months ended 30 June								
Revenues from external customers	**15,418**	15,433	**22,280**	11,395	**12,779**	10,162	**50,477**	36,990
At 30 June 2014 and 31 December 2013								
The Company and subsidiaries	**75,305**	70,699	**107,788**	104,454	**72**	76	**183,165**	175,229
Investments in associates	**–**	–	**2,677,115**	2,468,663	**–**	–	**2,677,115**	2,468,663
Specified non-current assets	**75,305**	70,699	**2,784,903**	2,573,117	**72**	76	**2,860,280**	2,643,892

3 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Fair value losses on listed equity securities measured at fair value through profit or loss	**(326)**	(985)
Fair value losses on forward foreign exchange contracts	**(600)**	–
Gain on disposal of a subsidiary	**–**	122,967
Fair value gains on revaluation of investment properties	**7,630**	10,139
Gain on dilution of interest in an associate	**–**	41,186
Gain on disposal of available-for-sale financial assets	**243**	–
Net exchange (losses)/gains	**(15,598)**	9,017
	(8,651)	182,324

4 OPERATING PROFIT

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Operating profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	**–**	9,017
Rentals received and receivable from investment properties less direct outgoings	**4,076**	3,986
Charging		
Cost of completed properties sold	**–**	5,967
Depreciation	**642**	403
Loss on disposal of property, plant and equipment	**5**	6
Operating lease rentals in respect of land and buildings	**131**	75
Management fee	**940**	940
Net exchange losses	**15,598**	–
Retirement benefit costs	**465**	443

5 FINANCE COSTS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans	**2,366**	622
Interest on short term loan and advance from a substantial shareholder	**–**	2,808
	2,366	3,430

6 INCOME TAX EXPENSE

The amount of taxation charged to the unaudited condensed consolidated income statement represents:

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**206**	203
Mainland China corporate income tax	**2,300**	–
Mainland China withholding tax	**10,486**	–
Mainland China land appreciation tax	**–**	147
Macao taxation	**106**	97
	13,098	447
Deferred tax		
Relating to the origination and reversal of temporary differences	**1,646**	5,676
Income tax expense	**14,744**	6,123

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the period.

Mainland China corporate income tax has been calculated at the rate of 25% (2013: 25%) on the estimated taxable profits for the period.

Mainland China withholding tax is levied at 10% on dividend income received from investees incorporated in Mainland China when these investees declared dividend out of profits earned after 1 January 2008.

Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights, development and construction expenditures.

Taxation on Macao profits has been calculated on the estimated taxable profits for the period at the rates of taxation prevailing in Macao.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2014 of HK$195,139,000 (2013: HK$370,359,000) and the weighted average of 459,428,656 (2013: 459,428,656) ordinary shares in issue during the period.

The Group has no dilutive potential ordinary shares in issue during the current and prior periods and therefore diluted earnings per share is the same as basic earnings per share for the periods presented.

8 DIVIDEND

The Board of Directors has resolved that no interim dividend be declared for the six months ended 30 June 2014 (2013: Nil).

9 INSURANCE RECEIVABLE

The credit period for the majority of insurance receivable normally ranges from 90 to 120 days. The credit terms of insurance receivable, including whether guarantees from third parties are required, are determined by senior management.

At 30 June 2014 and 31 December 2013, the ageing analysis of insurance receivable by invoice date was as follows:

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Within 30 days	**5,258**	5,480
31-60 days	**3,436**	2,276
61-90 days	**1,896**	1,499
Over 90 days	**910**	1,117
	11,500	10,372

10 LOANS TO CUSTOMERS AND LOAN RECEIVABLE

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Micro credit business		
– guaranteed micro loans	**118,125**	39,711
– secured micro loans	**164,742**	2,049
Loans to customers	**282,867**	41,760
Loans impairment allowances		
– individually assessed	**–**	–
– collectively assessed	**(7,514)**	(835)
	275,353	40,925
Loan receivable from an unrelated company	**115,174**	118,030
	390,527	158,955

At 30 June 2014 and 31 December 2013, the ageing analysis of the loans to customers arising from the micro credit business by date of loans granted to customers was as follows:

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
91-180 days	**232,242**	2,049
181-365 days	**50,625**	39,711
	282,867	41,760

11 INSURANCE PAYABLE

At 30 June 2014 and 31 December 2013, the ageing analysis of insurance payable by invoice date was as follows:

	30 June 2014	31 December 2013
	HK$'000	*HK$'000*
Within 30 days	**3,248**	2,612
31-60 days	**2,035**	1,160
61-90 days	**985**	558
Over 90 days	**284**	379
	6,552	4,709

BUSINESS REVIEW

In the first half of 2014, the global and regional economic conditions remained weak and continued to create uncertain market conditions. The Central Government had set the general direction for moderate domestic economic growth and put persistent efforts into restructuring the country's economy amid unsatisfactory economic environment abroad. The economic growth for the first half was slightly lower than the target of 7.5% for the whole year due to weak capital investment and domestic consumption.

Operating Results

In the first half of 2014, the Group reported an unaudited consolidated profit attributable to equity holders of HK$195.14 million, representing a decrease of 47.3% from HK$370.36 million in the same period last year. The decline in earnings for the period was mainly attributed to the lack of extraordinary gains as compared to the same period last year. Basic earnings per share for the period amounted to 42.47 HK cents.

Excluding the extraordinary gains of HK$122.97 million on the disposal of Minxin (Suzhou) Property Development Co., Ltd. ("Minxin Suzhou") and HK$41.19 million on the dilution of the shareholding in Xiamen International Bank in the first half of 2013, the profit attributable to equity holders and earnings per share were both decreased by 5.4% or HK$11.07 million, reflecting a HK$24.62 million decrease in net foreign exchange gains.

Financial Services

In the first half of 2014, the Group's financial services reported an unaudited profit after tax of HK$203.13 million, decreased by 13.6% as compared to HK$235.06 million for the same period last year. Excluding the extraordinary gain on the dilution of the shareholding in Xiamen International Bank of HK$41.19 million in the same period last year, the unaudited profit after tax was up 4.8% as compared with the same period last year.

The financial services of the Group include the banking business and the provision of micro credit business in Mainland China. The Group, through its major associate, Xiamen International Bank, conducts banking business in Mainland China and Macao. Xiamen International Bank is a joint stock city commercial bank with registered capital of more than RMB2 billion.

Banking Business

In the first half of 2014, the Central Government continued to adopt macro policy initiatives aimed at restructuring the economy. The reforms in the financial sector have led to tightened liquidity and credit, and in turn, driving up the cost of funding due to competition for deposits in the market. Facing the complicated and fast changing market, Xiamen International Bank reacted positively to market changes and continued to take proactive steps to its new business development in order to enhance its return on the shareholders' funds.

Xiamen International Bank reported an unaudited consolidated net profit prepared in accordance with the PRC Accounting Standards of RMB976.31 million in the first half of 2014, an increase of RMB79.05 million, or 8.8%, over RMB897.26 million reported in the same period last year. Annualised return on equity was up slightly.

As at the end of June 2014, the total assets of Xiamen International Bank reached a record high of approximately RMB311.3 billion, was up about 19.3% as compared to those at the end of 2013. Gross loans to customers rose by about 11.1% to approximately RMB90.5 billion, and total deposits from customers was up about 20.2% to approximately RMB163.9 billion, as compared to the respective balances at the end of 2013. Net interest income and net fee and commission income maintained a single digit growth as compared with those for the same period last year.

The improving trends noted in the economic growth achieved in the second quarter led to a constructive outlook for the targeted growth for the year set by the Central Government. Going forward, with the gradual easing of liquidity and credit in the market, Xiamen International Bank will continue to adhere to provide premium services to its customers and proactively respond to new business opportunities, so as to sustain quality growth in core businesses to the benefit of its shareholders.

Micro Credit Business

Sanming Sanyuan District Minxin Micro Credit Company Limited ("Minxin Micro Credit"), a wholly-owned subsidiary of the Company, specialises in the business of providing micro loans to small and medium-sized enterprises and individuals in Sanming City, Fujian Province. Minxin Micro Credit was incorporated in November 2013 with a registered capital of RMB300 million.

Since its launch of business in December 2013, Minxin Micro Credit recorded a fast pace in its micro credit business development in the first half of 2014. As at the end of June 2014, the balance of micro loans to customers was RMB226.29 million, up 594.2% from RMB32.6 million at the end of 2013. These micro loans to customers mainly comprised collateralised loans, cross joint-guaranteed loans and financing guaranteed loans. In view of the rapid growth in scale of micro loans portfolio and challenging domestic economic conditions, the Group adopted a stringent and prudent accounting policy by providing impairment allowances for loans to customers in an amount of approximately RMB6.01 million at the end of June 2014, an increase of RMB5.36 million for the period under review. Allowances to total loans ratio was about 2.7% at the end of June 2014.

In the first half of 2014, Minxin Micro Credit generated an interest income from loans to customers of approximately RMB15.34 million and bank interest income of approximately RMB1.24 million respectively. Minxin Micro Credit reported an unaudited net profit of approximately RMB6.52 million in the first half of 2014. The forward foreign exchange contracts entered into by Minxin Micro Credit in last year were matured and utilised during the period, a fair value loss of approximately RMB0.48 million was recorded in the first half for the rewinding of the fair value gain recorded in 2013.

Insurance Business

Min Xin Insurance Company Limited ("MXIC"), a wholly-owned subsidiary of the Company, reported an unaudited profit after tax of HK$3.38 million for the first half of 2014, an increase of 20.2% from that of HK$2.81 million reported in the same period last year, reflecting the increase in net surplus on property revaluation. The management team of MXIC will be keen to exploit new business opportunities and diversify the income stream in order to provide a better return to shareholders.

Property Development and Investment

The property development and investment business of the Group mainly comprises the real estate development business and the leasing of certain investment properties in Mainland China. In the first half of 2014, the property development and investment business reported an unaudited profit after tax of HK$3.72 million, decreased by 97.2% as compared to HK$130.89 million for the same period last year. Excluding the extraordinary gain on the disposal of Minxin Suzhou of HK$122.97 million in the same period last year, the unaudited profit after tax was down 53.1% as compared with the same period last year.

A steady and recurrent rental income as well as capital appreciation were generated by the Group's investment properties and car parks in Fuzhou, Fujian Province (the "Fuzhou Property"). The Fuzhou Property recorded a rental income of RMB2.5 million in the first half of 2014, was up 3% as compared with RMB2.43 million reported for the same period in 2013. At 30 June 2014, the fair value of the Fuzhou Property was RMB82.52 million, 5.6% higher than the fair value of RMB78.15 million at the end of 2013. The Group recognised a fair value gain of HK$3.04 million and a fair value gain after deferred tax of HK$1.02 million in the first half of 2014, as compared to a fair value gain of HK$7.83 million and a fair value gain after deferred tax of HK$2.74 million for the same period in 2013.

Investment in Huaneng Power International, Inc. ("Huaneng Shares")

At the end of June 2014, the Shanghai Composite Index declined by about 3.2% as compared to that at the end of 2013. The closing bid price of Huaneng's A-share rose from RMB5.05 per share at 31 December 2013 to RMB5.65 per share at 30 June 2014. The fair value of the Group's investment in Huaneng Shares measured with reference to the closing bid price of Huaneng's A-Share increased to approximately HK$494.03 million (equivalent to approximately RMB395.23 million). The gain of approximately HK$41.51 million arising from the change in its fair value (first half of 2013: fair value loss of approximately HK$150.14 million) was recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve.

Being classified as a long term available-for-sale financial asset of the Group, Huaneng Shares generate a steady dividend income to the Group. During the period under review, Huaneng declared a final dividend for 2013 of RMB0.38 per share with the ex-dividend date scheduled for 18 July 2014. Hence, the Group will record such dividend income totaling HK$33.23 million in the second half, as compared to the final dividend for 2012 of RMB0.21 per share totaling HK$18.56 million received in the second half of 2013.

Huaneng recently announced its 2014 interim results under the PRC Accounting Standards. Its operating revenue has increased by 0.9% year-on-year, while its operating expenses have dropped by 2.5% as compared with the same period last year due to effective control. Its net profit attributable to equity holders was up 13.7% to RMB6.7 billion with earnings per share of RMB0.48 for the period under review, as compared to RMB0.42 per share for the same period in 2013, an increase of RMB0.06 per share.

FINANCIAL REVIEW

Net Asset Value per Share

The Group adheres to the principle of prudent financial management and strives to maintain a healthy financial position. Based on 459,428,656 shares in issue (31 December 2013: 459,428,656 shares), the net asset value per share was HK$9.25 (31 December 2013: HK$8.57) at 30 June 2014.

Total Liabilities to Equity Ratio and Current Ratio

At 30 June 2014, the total liabilities of the Group were HK$483.6 million (31 December 2013: HK$372.6 million) and the ratio of total liabilities to total equity attributable to equity holders of the Company was 11.4% (31 December 2013: 9.5%). At 30 June 2014, the current assets and current liabilities of the Group were HK$1,373.74 million (31 December 2013: HK$1,209.44 million) and HK$415.95 million (31 December 2013: HK$305.13 million) respectively with a current ratio of 3.3 (31 December 2013: 4).

Borrowings and Charged Assets

During the period under review, the Group drew down new revolving loans of HK$80 million. At 30 June 2014, the Group had outstanding bank loans principal of HK$280 million (31 December 2013: HK$200 million) to be repaid within one year. The bank loans of the Group are in Hong Kong Dollars and subject to floating interest rates. The Group had undrawn revolving loan and overdraft facility totaling HK$20 million at 30 June 2014 (31 December 2013: HK$60 million).

At 30 June 2014, the above bank loans facilities and overdraft facility were secured by the Group's offshore bank deposits of RMB171 million (equivalent to approximately HK$213.75 million) (31 December 2013: RMB171 million, equivalent to approximately HK$219.05 million) placed with the lending banks and the self-use office building with a net book value of approximately HK$10.83 million (31 December 2013: approximately HK$10.96 million).

Save for the above, the other assets of the Group were not pledged at 30 June 2014 and 31 December 2013.

Gearing Ratio

At 30 June 2014, the gearing ratio of the Group (total borrowings and advances divided by total net assets) still maintained at a relatively low level and was only 6.6% (31 December 2013: 5.1%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. At 30 June 2014, the total bank deposits of the Group amounted to HK$941.11 million (31 December 2013: HK$909.35 million) of which 13.3% were in Hong Kong Dollars, 85.4% in Renminbi and 1.3% in other currencies (31 December 2013: 51.9% in Hong Kong Dollars, 47% in Renminbi and 1.1% in other currencies).

Pursuant to the requirements from the Office of the Commissioner of Insurance in Hong Kong, a subsidiary maintains at all times a portion of its funds, being not less than HK$16 million (31 December 2013: HK$16 million), in bank deposits. That subsidiary has also maintained a bank deposit of approximately MOP11.9 million (equivalent to approximately HK$11.55 million) (31 December 2013: approximately MOP9.93 million, equivalent to approximately HK$9.64 million) for fulfilling certain requirements under the Macao Insurance Ordinance.

Risk of Exchange Rate Fluctuation

The Group mainly operates in Hong Kong, Mainland China and Macao, the exposure in exchange rate risks mainly arises from fluctuations in the Hong Kong Dollars and Renminbi exchange rates. As the Hong Kong Dollars and Renminbi are both under managed floating systems, the Group reviews and monitors periodically its foreign currency exposure and considers hedging significant foreign currency exposure should the need arise. During 2013, the Group injected the registered capital of Minxin Micro Credit in Hong Kong Dollars. In order to minimise the exchange rate risks, Minxin Micro Credit has entered into forward foreign exchange contracts to fix the exchange settlement rate with a local bank. A fair value gain on re-measurement of the derivative of approximately RMB0.48 million was recorded in 2013 and rewound during the period under review. Save for the above, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks during the period under review.

Capital Commitments

At 30 June 2014, the Group's capital commitments relating to property, plant and equipment amounted to approximately HK$0.21 million (31 December 2013: approximately HK$0.21 million).

Investment Commitments

At 30 June 2014, a wholly-owned subsidiary of the Group has investment commitments relating to the contribution of RMB30 million (equivalent to approximately HK$37.5 million) (31 December 2013: RMB15 million, equivalent to approximately HK$19.22 million) to the registered capital of two joint venture companies principally engaged in the provision of micro credit and entrusted loans to small and medium enterprises in Mainland China.

Contingent Liabilities

As at 30 June 2014 and 31 December 2013, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2014, the Group had 66 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

Looking forward into the second half, it is believed that the global economy will be gradually strengthened. The Central Government is determined to adopt prudent monetary policy and move ahead the financial reforms in order to keep the economy on a healthy, balanced and sustainable track. The stabilising policies and stimulus measures will gradually improve the liquidity in the financial sector and bring momentum to the economic growth. Furthermore, the closer economic integration in the Greater China region and Hong Kong's position as a primary centre for offshore Renminbi financial services will create new business opportunities.

As an investment-based company with sound financial position, the Group will continue to seek for investment opportunities to achieve sustainable recurring earnings growth and adhere to its prudent and stable investment strategy aimed at striving to achieve the best long-term interests of its shareholders.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the six months ended 30 June 2014 save as disclosed below:

CG Code A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The Non-executive Directors of the Company are not appointed for a specific term, but they are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Articles of Association.

COMPLIANCE WITH MODEL CODE

The Company has adopted its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Specific enquiry has been made to all the Directors of the Company who confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

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 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

PUBLICATION OF INTERIM REPORT

The Company's 2014 Interim Report containing the relevant information required by the Listing Rules will be despatched to the shareholders of the Company and published on the website of the Stock Exchange and the Company in due course.

By Order of the Board
Min Xin Holdings Limited
Weng Ruo Tong
Chairman

Hong Kong, 26 August 2014

As at the date of this announcement, the Executive Directors of the Company are Messrs Weng Ruo Tong (Chairman), Wang Fei (Vice Chairmen), Li Jin Hua, Liu Cheng and Zhang Rong Hui; the Independent Non-Executive Directors are Messrs Ip Kai Ming, Sze Robert Tsai To and So Hop Shing.