MIN XIN HOLDINGS LIMITED
閩信集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 222)

ANNOUNCEMENT OF 2018 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to shareholders amounted to HK$224 million, an increase of 15.1%
- Basic earnings per share decreased by 8.4% to 37.55 HK cents
- Total assets decreased by 0.1% to HK$7.23 billion
- Total equity attributable to shareholders decreased by 0.9% to HK$6.45 billion

The board (the "Board") of directors (the "Directors") of Min Xin Holdings Limited (the "Company") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2018 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2018

		Unaudited Six months ended 30 June	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**662,887**	251,161
Total operating income			
Total revenues	*2*	**673,108**	265,539
Other (losses)/gains – net	*3*	**(2,482)**	3,577
		670,626	269,116
Total operating expenses			
Costs of sales		**(607,075)**	(187,100)
Net insurance claims incurred and commission expenses incurred on insurance business		**(14,869)**	(24,642)
Write back of impairment loss on loans to customers and interest receivable		**1,278**	571
Selling and distribution costs		**(1,125)**	(370)
Administrative and other expenses		**(25,508)**	(25,827)
		(647,299)	(237,368)
Operating profit	*4*	**23,327**	31,748
Finance costs	*5*	**(11,558)**	(24,526)
Share of results of associates		**218,880**	203,367
Profit before taxation		**230,649**	210,589
Income tax expense	*6*	**(6,369)**	(15,775)
Profit for the period		**224,280**	194,814
		HK CENTS	*HK CENTS*
Earnings per share			
Basic and diluted	*7*	**37.55**	41.00

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Unaudited Six months ended 30 June **2018**	2017
	HK$'000	*HK$'000*
Profit for the period	**224,280**	194,814
Other comprehensive income		
Items that will not be reclassified to income statement:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	**8,806**	–
Share of other comprehensive income of associates	**(12)**	–
	8,794	–
Items that may be reclassified subsequently to income statement:		
Available-for-sale financial assets: net movement in fair value reserve (recycling)		
Fair value changes	–	40,767
Deferred income tax	–	6
Released on disposal	–	(120)
	–	40,653
Exchange differences arising on translation of the financial statements of foreign subsidiaries and associates	**(74,357)**	164,222
Share of other comprehensive income of associates	**85,639**	(33,168)
	11,282	171,707
Other comprehensive income for the period, net of tax	**20,076**	171,707
Total comprehensive income for the period	**244,356**	366,521

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	**Unaudited 30 June 2018**	Audited 31 December 2017
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**17,001**	16,878
Intangible assets		**2,148**	2,504
Investment properties		**169,665**	169,818
Associates		**4,829,861**	4,842,032
Financial assets at fair value through other comprehensive income		**512,320**	–
Available-for-sale financial assets		–	503,514
Financial assets at amortised cost		**3,133**	–
Held-to-maturity financial assets		–	3,119
Loans to customers and interest receivable	*10*	–	39
Reinsurance assets		**4,254**	213
Prepayments		–	180
Deferred income tax assets		**9,620**	10,150
		5,548,002	5,548,447
Current assets			
Inventories		**169,045**	89,946
Investments in receivables		–	132,105
Deferred acquisition costs		**19,323**	16,868
Insurance receivable	*9*	**16,109**	10,854
Reinsurance assets		**2,754**	6,099
Loans to customers and interest receivable	*10*	**25,850**	26,026
Other debtors		**4,698**	6,324
Advance payment		**86,493**	99,480
Other prepayments and deposits		**2,981**	1,437
Repossessed assets		**3,889**	3,940
Financial assets at fair value through profit or loss		**296**	304
Cash and bank balances		**1,354,378**	1,300,589
		1,685,816	1,693,972
Current liabilities			
Insurance contracts		**51,785**	49,991
Insurance payable	*11*	**11,249**	7,250
Trade payable	*12*	**2,963**	–
Other creditors and accruals		**27,255**	29,579
Bank borrowings		**553,086**	354,141
Current income tax payable		**27,134**	26,369
Dividend payable		**47,781**	–
		721,253	467,330
Net current assets		**964,563**	1,226,642
Total assets less current liabilities		**6,512,565**	6,775,089

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2018

	Note	**Unaudited 30 June 2018**	Audited 31 December 2017
		HK$'000	*HK$'000*
Non-current liabilities			
Bank borrowings		–	198,131
Insurance contracts		**35,613**	37,659
Deferred income tax liabilities		**26,207**	28,397
		61,820	264,187
Net assets		**6,450,745**	6,510,902
Share capital		**1,715,377**	1,715,377
Other reserves		**1,488,014**	1,628,236
Retained profits			
Proposed dividend		–	47,781
Others		**3,247,354**	3,119,508
Total equity attributable to shareholders of the Company		**6,450,745**	6,510,902

Notes

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities, including compliance 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 2017 annual report.

Except as described in Note 1(a) below, the accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the 2017 annual report.

The financial information relating to the year ended 31 December 2017 that is included in this interim results announcement as comparative information does not constitute the Company's statutory consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company's former auditor, PricewaterhouseCoopers, has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

(a) Changes in accounting policies

The Group has adopted the following new standards and amendments to standards issued by the HKICPA.

–	HKFRS 9	Financial Instruments
–	HKFRS 15	Revenue from Contracts with Customers
–	Amendments to HKAS 40	Transfers of Investment Property
–	Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions
–	Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
–	HK(IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration

– Annual Improvements to HKFRSs 2014 – 2016 Cycle

  – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

  – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses. The adoption of other new standards and amendments to standards had insignificant or no effect on these unaudited condensed consolidated interim financial statements.

Details of the changes in accounting policies are discussed below.

HKFRS 9 replaces HKAS 39 “Financial Instruments: Recognition and Measurement”. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

Under the transition method chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated.

The following table gives a summary of the opening balance adjustments recognised for each line item in the condensed consolidated statement of financial position that has been impacted by HKFRS 9:

	31 December 2017	**Impact on initial application of HKFRS 9**	**1 January 2018**
	HK$'000	***HK$'000***	***HK$'000***
Associates	4,842,032	(64,518)	4,777,514
Financial assets at fair value through other comprehensive income	–	503,514	503,514
Available-for-sale financial assets	503,514	(503,514)	–
Non-current assets	**5,548,447**	**(64,518)**	**5,483,929**
Investments in receivables	132,105	(132,105)	–
Other debtors	6,324	(1,497)	4,827
Financial assets at fair value through profit or loss	304	133,602	133,906
Current assets	**1,693,972**	**–**	**1,693,972**
Net assets	**6,510,902**	**(64,518)**	**6,446,384**
Other reserves	1,628,236	(25,670)	1,602,566
Fair value reserve (recycling) (i)	127,336	(307,435)	(180,099)
Fair value reserve (non-recycling)	–	281,765	281,765
Retained profits	3,167,289	(38,848)	3,128,441
Total equity attributable to shareholders of the Company	**6,510,902**	**(64,518)**	**6,446,384**

(i) The balance of fair value reserve (recycling) at 31 December 2017 represents the investment revaluation reserve under HKAS 39 basis.

The following table summarises the impact of transition to HKFRS 9 on retained profits and other reserves and the related tax impact at 1 January 2018.

	HK$'000
Retained profits	
Recognition of share of results/assets of an associate:	
Recognition of additional expected credit losses on financial assets measured at amortised cost and FVOCI	(67,996)
Transferred from fair value reserve (recycling) relating to financial assets now measured at FVPL	38,825
Remeasurement upon reclassification of financial assets from amortised cost to FVPL	(17,984)
Related tax impact	8,307
Net decrease in retained profits at 1 January 2018	(38,848)
Fair value reserve (recycling)	
Transferred to fair value reserve (non-recycling) relating to equity investments now measured at FVOCI	(280,128)
Recognition of share of results/assets of associates:	
Transferred to retained profits relating to financial assets now measured at FVPL	(38,825)
Transferred to fair value reserve (non-recycling) relating to equity investments now measured at FVOCI	(1,637)
Recognition of additional expected credit losses on debt securities measured at FVOCI	3,142
Remeasurement upon reclassification of financial assets from amortised cost to FVOCI	(22)
Related tax impact	10,035
Net decrease in fair value reserve (recycling) at 1 January 2018	(307,435)
Fair value reserve (non-recycling)	
Transferred from fair value reserve (recycling) relating to equity investments now measured at FVOCI	280,128
Recognition of share of results/assets of associates:	
Transferred from fair value reserve (recycling) relating to equity investments now measured at FVOCI	1,637
Net increase in fair value reserve (non-recycling) at 1 January 2018	281,765

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede categories of at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale under HKAS 39. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises expected credit losses ("ECLs") earlier than under the "incurred loss" accounting model in HKAS 39.

As a result of this change in accounting policy, the Group has recognised share of additional ECLs of XIB Group, an associate of the Group, amounted to HK$67,996,000, which decreased both retained profits and associates by HK$67,996,000 at 1 January 2018.

The opening impairment allowances of the Group determined in accordance with HKFRS 9 at 1 January 2018 remain the same as the closing impairment allowances of the Group determined in accordance with HKAS 39 at 31 December 2017.

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits and other reserves at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):

  – the determination of the business model within which a financial asset is held; and

  – the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

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	
	2018	2017
	HK$'000	*HK$'000*
Turnover		
Sales of motor vehicles	**615,551**	189,261
Gross insurance premiums	**31,652**	31,023
Interest income from loans to customers (a)	**2,390**	3,178
Rental income from investment properties	**4,874**	4,492
Dividend income from financial assets at fair value through other comprehensive income	**8,420**	–
Dividend income from available-for-sale financial assets	**–**	23,207
	662,887	251,161
Movement in unearned insurance premiums	**(4,737)**	1,313
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	**(3,170)**	(3,101)
Other revenues		
Management fee	**4**	24
Interest income from bank deposits	**18,007**	15,762
Interest income from financial assets at amortised cost	**51**	–
Interest income from held-to-maturity financial assets	**–**	50
Dividend income from listed equity securities held for trading	**13**	90
Others	**53**	240
	18,128	16,166
Total revenues	**673,108**	265,539

(a) The interest income from loans to customers for the period comprised an interest income accrued for credit impaired loans to customers of HK$2,350,000 (2017: HK$2,948,000).

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 activity operated and investment 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 services: this segment includes the provision of micro credit business in Mainland China and the engagement of banking business through the Group's major associates, Xiamen International Bank, Chiyu Banking Corporation Limited and Luso International Bank in Mainland China, Hong Kong and Macau respectively.

– Insurance: this segment includes the general insurance business in Hong Kong and Macau.

– Trading in motor vehicles: this segment includes the trading in motor vehicles business.

– Property development and investment: this segment includes the real estate development business and the leasing of high quality office space in Mainland China.

– Strategic investment: this segment represents the Huaneng A-Shares held by the Group.

– 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 respective 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 shareholders of the Company is treated as unallocated liabilities in reporting segment assets and liabilities.

	Financial services		Insurance		Trading in motor vehicles		Property development and investment		Strategic investment		Others		Inter-segment elimination		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	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*	***HK$'000***	*HK$'000*
Six months ended 30 June																
Turnover																
Disaggregated by timing of revenue recognition under HKFRS 15																
Point in time	–	–	–	–	**615,551**	189,261	–	–	–	–	–	–	–	–	**615,551**	189,261
Over time	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	**615,551**	189,261	–	–	–	–	–	–	–	–	**615,551**	189,261
Interest income from loans to customers	**2,390**	3,178	–	–	–	–	–	–	–	–	–	–	–	–	**2,390**	3,178
Gross insurance premiums	–	–	**31,652**	31,023	–	–	–	–	–	–	–	–	–	–	**31,652**	31,023
Dividend income	–	–	–	–	–	–	–	–	**8,420**	23,207	–	–	–	–	**8,420**	23,207
Rental income	–	–	**2,327**	2,323	–	–	**2,547**	2,169	–	–	–	–	–	–	**4,874**	4,492
Revenue from external customers	**2,390**	3,178	**33,979**	33,346	**615,551**	189,261	**2,547**	2,169	**8,420**	23,207	–	–	–	–	**662,887**	251,161
Inter-segments	–	–	–	–	–	–	–	–	–	–	**1,887**	1,801	**(1,887)**	(1,801)	–	–
Reportable segment turnover	**2,390**	3,178	**33,979**	33,346	**615,551**	189,261	**2,547**	2,169	**8,420**	23,207	**1,887**	1,801	**(1,887)**	(1,801)	**662,887**	251,161
Movement in net unearned insurance premiums and reinsurance premiums ceded	–	–	**(7,907)**	(1,788)	–	–	–	–	–	–	–	–	–	–	**(7,907)**	(1,788)
Other revenues	**1,061**	605	**821**	980	–	–	**1**	34	–	–	**16,245**	14,547	–	–	**18,128**	16,166
Total revenues	**3,451**	3,783	**26,893**	32,538	**615,551**	189,261	**2,548**	2,203	**8,420**	23,207	**18,132**	16,348	**(1,887)**	(1,801)	**673,108**	265,539
Other gains/(losses) – net	–	555	**3,114**	1,262	**90**	–	**(3,490)**	(4,432)	–	–	**(2,196)**	6,192	–	–	**(2,482)**	3,577
Total operating income	**3,451**	4,338	**30,007**	33,800	**615,641**	189,261	**(942)**	(2,229)	**8,420**	23,207	**15,936**	22,540	**(1,887)**	(1,801)	**670,626**	269,116
Write back of impairment loss on loans to customers and interest receivable	**1,278**	571	–	–	–	–	–	–	–	–	–	–	–	–	**1,278**	571
Operating expenses	**(2,291)**	(2,805)	**(23,210)**	(33,012)	**(608,291)**	(187,470)	**(928)**	(828)	–	–	**(15,744)**	(15,625)	**1,887**	1,801	**(648,577)**	(237,939)
Operating profit/(loss)	**2,438**	2,104	**6,797**	788	**7,350**	1,791	**(1,870)**	(3,057)	**8,420**	23,207	**192**	6,915	–	–	**23,327**	31,748
Finance costs	**(4,075)**	(14,163)	–	–	–	–	–	–	–	–	**(7,483)**	(10,363)	–	–	**(11,558)**	(24,526)
Share of results of associates	**217,522**	201,184	–	–	–	–	–	–	–	–	**1,358**	2,183	–	–	**218,880**	203,367
Profit/(loss) before taxation	**215,885**	189,125	**6,797**	788	**7,350**	1,791	**(1,870)**	(3,057)	**8,420**	23,207	**(5,933)**	(1,265)	–	–	**230,649**	210,589
Income tax (expense)/credit	**(375)**	(13,625)	**(245)**	990	**(1,847)**	(448)	**2,239**	2,837	**(842)**	(2,321)	**(5,299)**	(3,208)	–	–	**(6,369)**	(15,775)
Profit/(loss) for the period	**215,510**	175,500	**6,552**	1,778	**5,503**	1,343	**369**	(220)	**7,578**	20,886	**(11,232)**	(4,473)	–	–	**224,280**	194,814
Interest income	**3,448**	3,715	**793**	741	–	–	–	–	–	–	**16,207**	14,534	–	–	**20,448**	18,990
Depreciation and amortisation for the period	**66**	167	**462**	191	**7**	3	–	–	–	–	**350**	445	–	–	**885**	806

	Financial services		Insurance		Trading in motor vehicles		Property development and investment		Strategic investment		Others		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	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*
At 30 June 2018 and 31 December 2017														
The Company and subsidiaries	**138,481**	136,815	**246,625**	235,656	**255,538**	189,426	**69,739**	73,248	**512,320**	503,514	**1,181,254**	1,261,728	**2,403,957**	2,400,387
Investments in associates	**4,784,582**	4,797,639	**–**	–	**–**	–	**–**	–	**–**	–	**45,279**	44,393	**4,829,861**	4,842,032
Total assets	**4,923,063**	4,934,454	**246,625**	235,656	**255,538**	189,426	**69,739**	73,248	**512,320**	503,514	**1,226,533**	1,306,121	**7,233,818**	7,242,419
The Company and subsidiaries	**224,992**	224,461	**108,273**	103,842	**6,825**	3,650	**25,469**	27,753	**–**	–	**369,733**	371,811	**735,292**	731,517
Unallocated liabilities														
Dividend payable													**47,781**	–
Total liabilities	**224,992**	224,461	**108,273**	103,842	**6,825**	3,650	**25,469**	27,753	**–**	–	**369,733**	371,811	**783,073**	731,517
Capital expenditure incurred during the period	**–**	10	**71**	1,527	**–**	–	**–**	–	**–**	–	**643**	63	**714**	1,600

(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, intangible assets, 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 intangible assets and investments in associates.

	Hong Kong		Mainland China		Macau		Consolidated	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	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	**6,551**	11,170	**628,931**	217,833	**27,405**	22,158	**662,887**	251,161
At 30 June 2018 and 31 December 2017								
The Company and subsidiaries	**115,022**	112,214	**72,667**	75,699	**1,125**	1,287	**188,814**	189,200
Investments in associates	**–**	–	**4,829,861**	4,842,032	**–**	–	**4,829,861**	4,842,032
Specified non-current assets	**115,022**	112,214	**4,902,528**	4,917,731	**1,125**	1,287	**5,018,675**	5,031,232

3 OTHER (LOSSES)/GAINS – NET

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Fair value (losses)/gains on listed equity securities held for trading	**(8)**	370
Gain on disposal of financial assets at fair value through profit or loss	**1,590**	–
Gains on disposal of listed equity securities held for trading	**–**	120
Fair value losses on revaluation of investment properties	**(153)**	(4,310)
Gain on disposal of available-for-sale financial assets	**–**	146
Gain on disposal of repossessed assets	**–**	539
Net exchange (losses)/gains	**(3,911)**	6,712
	(2,482)	3,577

4 OPERATING PROFIT

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Operating profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	**–**	6,712
Rentals received and receivable from investment properties less direct outgoings	**4,344**	3,978
Charging		
Staff costs, including directors' emoluments	**18,058**	16,994
– Salaries, allowances and bonus	***17,473***	*16,474*
– Retirement benefit costs	***585***	*520*
Costs of sales	**607,075**	187,100
– Cost of inventories	***606,594***	*186,825*
– Others	***481***	*275*
Depreciation and amortisation	**885**	806
Loss on disposal of property, plant and equipment	**53**	1
Operating lease rentals in respect of land and buildings	**232**	335
Management fee	**940**	940
Net exchange losses	**3,911**	–

5 FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Interest on bank loans	**11,558**	24,526

6 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**111**	222
Mainland China corporate income tax	**5,138**	3,393
Mainland China withholding tax	**2,697**	15,217
Macau taxation	**196**	123
	8,142	18,955
Deferred tax		
Relating to the origination and reversal of temporary differences	**(1,773)**	(3,180)
Income tax expense	**6,369**	15,775

Hong Kong profits tax has been provided at the rate of 8.25% under the Two-tiered Rates of Profits Tax (2017: 16.5%) on the estimated assessable profit for the period.

Mainland China corporate income tax has been calculated at the rate of 25% (2017: 25%) on the estimated taxable profits for the period.

Mainland China withholding tax is levied at 5% and 10% on dividend income received from subsidiaries and investees incorporated in Mainland China respectively when these subsidiaries and investees declared dividend out of profits earned after 1 January 2008.

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

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2018 of HK$224,280,000 (2017: HK$194,814,000) and the weighted average of 597,257,252 (2017: 475,190,801) shares in issue during the period. The weighted average number of shares used in the calculation of earnings per share for the six months ended 30 June 2017 had been adjusted for the bonus element of the rights issue following the completion of the rights issue on 14 June 2017.

The Group has no dilutive potential 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 2018 (2017: 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 2018 and 31 December 2017, the ageing analysis of insurance receivable by invoice date was summarised as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Within 30 days	**6,452**	3,575
31-60 days	**4,738**	3,511
61-90 days	**2,973**	2,498
Over 90 days	**1,946**	1,270
	16,109	10,854

10 LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Micro credit business		
– guaranteed loans	**171,587**	175,307
– secured loans	**108,631**	111,763
– pledged and guaranteed loans	**11,380**	11,529
– secured, pledged and guaranteed loans	**4,742**	5,025
Loans to customers	**296,340**	303,624
Interest receivable	**12,233**	12,386
	308,573	316,010
Impairment allowances	**(282,723)**	(289,945)
	25,850	26,065
Analysed for reporting purposes		
– Non-current assets	**–**	39
– Current assets	**25,850**	26,026
	25,850	26,065

At 30 June 2018 and 31 December 2017, the credit quality and ageing analysis of the loans to customers were summarised as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	40
Past due but not impaired		
– Within 30 days	**7**	–
– 181-365 days	**–**	48
	7	48
Past due and impaired		
– 181-365 days	**–**	3,711
– Over 365 days	**296,333**	299,825
	296,333	303,536
	296,340	303,624

At 30 June 2018 and 31 December 2017, the credit quality and ageing analysis of interest receivable arising from the loans to customers by due date was summarised as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Past due but not impaired		
– Within 30 days	**2**	–
Past due and impaired		
– Over 365 days	**12,231**	12,386
	12,233	12,386

11 INSURANCE PAYABLE

At 30 June 2018 and 31 December 2017, the ageing analysis of insurance payable by invoice date was summarised as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Within 30 days	**4,437**	2,277
31-60 days	**3,408**	2,249
61-90 days	**2,130**	1,591
Over 90 days	**1,274**	1,133
	11,249	7,250

12 TRADE PAYABLE

At 30 June 2018 and 31 December 2017, the ageing analysis of trade payable by invoice date was summarised as follows:

	30 June 2018	31 December 2017
	HK$'000	*HK$'000*
Within 30 days	**2,963**	–

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to report that the Group has achieved a moderate growth in the first half of 2018 and the financial performance meets our expectations.

The global economic growth was threatened by the uncertainties brought by trade tensions and raising interest rates. To prevent trade and geopolitical tensions from hurting growth, the Central Government has eased credit to counter a domestic economic slowdown and offset the impact of a trade war threat.

We achieved a stable results in the first half of 2018. Unaudited profit attributable to shareholders grew by 15.1% to HK$224.28 million and basic earnings per share decreased by 8.4% to 37.55 HK cents due to the increase in total numbers of ordinary shares issued by way of a rights issue in June 2017.

Xiamen International Bank ("XIB"), the most significant investment of the Group, has contributed about 95.2% of the results of the Group in the first half of 2018. The Group's share of results of XIB was HK$217.52 million in the first half of 2018, an increase of 8.1% as compared to HK$201.18 million in the same period of 2017, mainly contributed from Chiyu Banking Corporation Limited ("CYB") which was acquired by XIB in March 2017. XIB has also achieved a steady growth in its balance sheet by organic growth. However, profitability was affected by narrowed interest margin due to the rise in the cost of Renminbi funding.

Benefitted from its extensive network in Mainland China, Hong Kong and Macau, XIB has successfully provided internationalised financial products and convenient customer services to its targeted clients in the Greater China region. XIB was ranked 165th in total assets and 204th in Tier-one Capital in the 2018 Top 1000 World Banks announced by The Banker in July 2018. XIB will continue to strengthen its competitive advantage in challenging and volatile operating environment in order to deliver long-term value for shareholders.

We have made every effort to recover non-performing loans of our micro credit business in Mainland China. We have recovered overdue loans principal of RMB2.77 million from our customers in the first half of 2018 and impairment allowances related to those loans of RMB2.94 million was written back during the period. The allowances to total loans to customers and interest receivable ratio was 91.6% at 30 June 2018, a decrease of 0.2 percentage points as compared to 91.8% at the end of 2017.

Our insurance business growth remained sluggish in the first half of 2018. However, we have recorded an underwriting profit after charging management expenses for underwriting business of HK$5.06 million in the first half of 2018, which was mainly due to the write back of the expected ultimate costs of claims made in previous years.

Our business of trading in motor vehicles recorded an unaudited profit after tax of HK$5.58 million in the first half of 2018. We have acquired motor vehicles from independent third parties in the aggregate of RMB404.6 million in the first half of 2018. Our contract sales for trading in motor vehicles were RMB585.2 million in the first half of 2018, in which we have recorded revenue from trading in motor vehicles of RMB496.85 million for the six months ended 30 June 2018.

We remain confident that the strengthened capital base and the good asset quality will deliver satisfactory return to the shareholders. Total assets of the Group stood at HK$7.23 billion, representing a slight decrease of 0.1% as compared to HK$7.24 billion at the end of 2017. As an investment-based company mainly invested in banking business, the Company is the 2nd largest shareholder of XIB and one of the minority shareholder controllers of CYB. Total assets of our banking business accounted for 66.1% of the Group’s total assets at 30 June 2018 and results contributed by banking business represented 95.2% of the Group’s profit attributable to shareholders in the first half of 2018.

Looking into the second half, we expect that the geopolitical uncertainties will persist in the medium term. We will continue to strive for organic growth in our business so as to further improve the financial performance of the Group and take a proactive approach to explore new opportunities for business and market development in the challenging market conditions so as to deliver stable and long-term value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The current US-China trade disputes persist and have inevitably posed uncertainties to the economic environment and growth momentum in Mainland China.

Operating Results

The Group achieved a stable results in the first half of 2018 and the unaudited profit attributable to shareholders was HK$224.28 million, representing an increase of HK$29.47 million or 15.1%, as compared to HK$194.81 million in the same period of 2017. Basic earnings per share for the period was 37.55 HK cents, a decrease of 3.45 HK cents or 8.4%, as compared to 41 HK cents in the same period of 2017 due to the increase in total numbers of ordinary shares issued by way of a rights issue in June 2017.

Financial Services

The financial services business of the Group includes the provision of micro credit business in Mainland China and the engagement of banking business through its major associates, XIB, CYB and Luso International Bank ("LIB") (collectively "XIB Group") in Mainland China, Hong Kong and Macau respectively.

The Group's financial services business reported an unaudited profit after tax of HK$215.51 million in the first half of 2018, an increase of 22.8% as compared to HK$175.5 million in the same period of 2017. Such stable results were contributed from the satisfactory performance achieved by XIB Group.

Banking Business

As one of the Chinese banks that offer comprehensive financial services in Mainland China, Hong Kong and Macau through its well-established branch network and technological infrastructures, XIB has gained a higher ranking in the 2018 Top 1000 World Banks.

XIB reported an unaudited profit after tax prepared in accordance with the PRC Accounting Standards of RMB1.87 billion, an increase of RMB50.02 million or 2.8%, as compared to RMB1.82 billion in the same period of 2017. Such increase was partly derived from the results contributed by CYB which was acquired by XIB at the end of March 2017. Net interest income grew by 7.5% in the first half of 2018 as compared to the same period of 2017, which was achieved by growth in loan portfolios, however, it is continued to be affected by the narrowed interest margin.

At 30 June 2018, the total assets grew by 7.1% to RMB762.66 billion as compared to RMB712.41 billion at the end of 2017. Gross loans to customers were RMB325.19 billion, an increase of 14.1% as compared to RMB285 billion at the end of 2017. XIB substantially grew its loans portfolio while continuing to uphold good asset quality with non-performing loan ratio less than 1%. Total deposits from customers were up 8.2% to RMB509.04 billion from RMB470.66 billion at the end of 2017.

Supported by the extensive branches and sub-branches network set up in the more prosperous cities in the Greater China region to offer comprehensive financial services to customers in Mainland China, Hong Kong and Macau, XIB will continue to broaden its cross-border banking services in order to boost its performance and results and enhance the quality of balance sheet.

Micro Credit Business

Sanming Sanyuan District Minxin Micro Credit Company Limited ("Minxin Micro Credit"), a wholly-owned subsidiary of the Company, is engaged in the provision of micro loans to small and medium-sized enterprises and individuals in Sanming City, Fujian Province.

At 30 June 2018, loans to customers were RMB249.98 million (equivalent to HK$296.34 million), a decrease of 1.1% from RMB252.82 million (equivalent to HK$303.62 million) at the end of 2017. Minxin Micro Credit had made impairment allowances on loans to customers and interest receivable totalling RMB238.49 million (equivalent to HK$282.72 million) at 30 June 2018. The allowances to total loans to customers and interest receivable ratio was 91.6% at 30 June 2018, was down 0.2 percentage points as compared with 91.8% at the end of 2017. Excluding the interest income accrued on impaired loans, Minxin Micro Credit reported interest income from loans to customers of RMB0.03 million (equivalent to HK$0.04 million) during the period, a decrease of 84.2% as compared to RMB0.2 million (equivalent to HK$0.23 million) in the same period of 2017, mainly due to the default in interest payment of non-performing loans. Minxin Micro Credit has written back impairment allowances of RMB2.94 million (equivalent to HK$3.63 million) in the first half of 2018, as compared to RMB3.1 million (equivalent to HK$3.52 million) in the same period of 2017. Benefitted from the write back of impairment allowances, Minxin Micro Credit recorded an unaudited profit after tax of RMB1.67 million (equivalent to HK$2.06 million) in the first half 2018, an increase of 37.7% as compared to RMB1.21 million (equivalent to HK$1.38 million) in the same period of 2017.

Minxin Micro Credit will continue to try its best to recover non-performing loans and examine the available legal actions against delinquent borrowers in order to take possession of the pledged assets.

Insurance Business

Min Xin Insurance Company Limited ("Min Xin Insurance"), a wholly-owned subsidiary of the Company, underwrites general insurance businesses in Hong Kong and Macau.

Min Xin Insurance recorded gross insurance premium of HK$31.65 million in the first half of 2018, increased by 2% as compared to HK$31.02 million in the same period of 2017. The Macau insurance business has outperformed the Hong Kong insurance business during the period. The Macau insurance business achieved a 23.7% growth in gross insurance premium in the first half of 2018, as compared to a decline of 52.1% in gross insurance premium in the Hong Kong insurance business.

Underwriting profit before deducting management expenses for underwriting business increased by 93.3% to HK$8.88 million as compared to HK$4.59 million in the same period of 2017, mainly due to the write back of the expected ultimate costs of claims made in previous years. Benefitted from such write back of claims reserve, Min Xin Insurance recorded an underwriting profit of HK$5.06 million in the first half of 2018, as compared to an underwriting loss of HK$0.05 million in the same period of 2017, after charging management expenses for underwriting business.

Min Xin Insurance recorded an unaudited profit after tax of HK$6.55 million in the first half of 2018, an increase of 268.5% as compared to HK$1.78 million in the same period of 2017, mainly due to the significant increase in underwriting profit resulted from write back of claims reserve and gain on revaluation of investment properties.

Min Xin Insurance will continue to focus its business development on bancassurance business, especially to strengthen its Macau insurance business and allocate sufficient resources to seize new business opportunities in Hong Kong insurance market prudently.

Trading in Motor Vehicles

Fujian Minxin Investments Co., Ltd. ("Fujian Minxin"), a wholly-owned subsidiary of the Company, among others, engages in the trading in motor vehicles business.

Fujian Minxin has acquired motor vehicles from independent third parties in the aggregate of RMB404.6 million (equivalent to HK$479.63 million) in the first half of 2018. Contract sales for trading in motor vehicles were RMB585.2 million (equivalent to HK$693.73 million) for the first half of 2018.

The revenue from the sale of motor vehicles was RMB496.85 million (equivalent to HK$615.55 million) for the first half of 2018, an increase of 199.6% as compared to RMB165.83 million (equivalent to HK$189.26 million) in the same period of 2017. The cost of motor vehicles sold was RMB489.62 million (equivalent to HK$606.59 million) for the first half of 2018, an increase of 199.1% as compared to RMB163.69 million (equivalent to HK$186.83 million) in the same period of 2017. Gross profit amounted to RMB6.84 million (equivalent to HK$8.48 million) for the first half of 2018, an increase of 261.9% as compared to RMB1.89 million (equivalent to HK$2.16 million) in the same period of 2017, after taking into account direct costs attributable to trading in motor vehicles business. The unaudited profit after tax generated from trading in motor vehicles business was RMB4.5 million (equivalent to HK$5.58 million) for the first half of 2018, an increase of 283% as compared to RMB1.18 million (equivalent to HK$1.34 million) in the same period of 2017.

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 2018, the property development and investment business reported an unaudited profit after tax of HK$0.37 million as compared to a loss after tax of HK$0.22 million in the same period of 2017, mainly due to a decrease in the revaluation loss of investment properties.

The market rental of grade-A offices in Fuzhou, Fujian Province remains relatively stable in the first half of 2018. The occupancy rate of the commercial properties and parking spaces in Fuzhou (the "Fuzhou Property") of the Group was improved and the monthly rental remains stable. The Group recorded a rental income of RMB2.12 million in the first half of 2018, up 17.7% as compared to RMB1.8 million in the same period of 2017. At 30 June 2018, the fair value of the Fuzhou Property was HK$69.52 million, a decrease of 4.8% as compared to the fair value of HK$73.02 million at the end of 2017. The Group recorded a fair value loss of HK$3.5 million and a fair value loss after deferred tax of HK$1.26 million in the first half of 2018, decreased by 20.6% and 19.7% respectively as compared to a fair value loss of HK$4.41 million and a fair value loss after deferred tax of HK$1.57 million in the same period of 2017.

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

At 30 June 2018, the Shanghai Composite Index decreased by about 13.9% as compared to that at the end of 2017. However, the closing bid price per A-Share of Huaneng Power International, Inc. ("Huaneng") as quoted on the Shanghai Stock Exchange increased from RMB6.17 per share at 31 December 2017 to RMB6.36 per share at 30 June 2018. The fair value of the Huaneng A-Shares measured with reference to the closing bid price per A-Share of Huaneng stood at HK$512.32 million (equivalent to RMB432.17 million). In the first half of 2018, the Group recorded a gain of HK$8.81 million (first half of 2017: HK$40.69 million) arising from the net movement in its fair value change in other comprehensive income and accumulated separately in equity in the fair value reserve (non-recycling).

The Group aimed to hold Huaneng A-Shares in the long-term purposes. Huaneng A-Shares continues to contribute a satisfactory dividend yield to the Group. During the first half of 2018, Huaneng paid a final dividend for 2017 of RMB0.1 per share. The Group recorded dividend income totalling RMB6.8 million (equivalent to HK$8.42 million) during the first half of 2018, a decrease of 66.5% as compared to the final dividend for 2016 of RMB0.29 per share totalling RMB20.29 million (equivalent to HK$23.21 million) recorded by the Group in the first half of 2017.

Huaneng has announced its 2018 interim results under the PRC Accounting Standards. Its operating revenue increased by 15.4% as compared to the same period of 2017. Its operating expenses in the first half of 2018 increased by 13.2% as compared to the same period of 2017 due to market coal price has followed the high volatile trend from the fourth quarter of 2017. Its profit attributable to shareholders was RMB2.13 billion in the first half of 2018, increased by 170.3% as compared to RMB0.79 billion in the same period of 2017. Earnings per share was RMB0.13 for the period, an increase of 160% as compared to RMB0.05 per share in the first half of 2017.

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 597,257,252 shares in issue at 30 June 2018 (31 December 2017: 597,257,252 shares), the net asset value per share was HK$10.8 at 30 June 2018 (31 December 2017: HK$10.9).

Total Liabilities to Equity Ratio and Current Ratio

At 30 June 2018, the total liabilities of the Group were HK$783.07 million (31 December 2017: HK$731.52 million) and the ratio of total liabilities to total equity attributable to shareholders of the Company was 12.1% (31 December 2017: 11.2%). At 30 June 2018, the current assets and current liabilities of the Group were HK$1,685.82 million (31 December 2017: HK$1,693.97 million) and HK$721.25 million (31 December 2017: HK$467.33 million) respectively with a current ratio of 2.3 (31 December 2017: 3.6).

Borrowings and Charged Assets

The Group monitors its liquidity requirement on a short to medium term basis and arranges refinancing of the Group's borrowings as appropriate.

At 30 June 2018, the Group's borrowings from local banks totalling HK$556.88 million, remain at the same level as compared to that at the end of 2017. These bank loans are repayable within one year based on the scheduled repayment dates set out in the loan facilities. The Group will consider to arrange refinancing of these borrowings in due course. These bank loans are in Hong Kong dollars and subject to floating interest rates. The effective interest rate at 30 June 2018 ranged from 5.1% to 5.6% (31 December 2017: 4.2% to 4.3%) per annum.

At 30 June 2018, the secured portion of the bank loans were secured by the Group's bank deposits of RMB41 million (equivalent to HK$48.6 million) (31 December 2017: RMB41 million, equivalent to HK$49.24 million) placed with the lending banks and the self-use office building with a net book value of HK$9.79 million (31 December 2017: HK$9.92 million).

Save for the above and disclosed in the section headed Cash Position, no other assets of the Group were pledged at 30 June 2018 and 31 December 2017 respectively.

Gearing Ratio

At 30 June 2018, the gearing ratio of the Group (total bank borrowings divided by total net assets) was 8.6% (31 December 2017: 8.5%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. At 30 June 2018, the total bank deposits of the Group amounted to HK$1,354.37 million (31 December 2017: HK$1,300.58 million) of which 17% were in Hong Kong Dollars, 81.5% in Renminbi and 1.5% in other currencies (31 December 2017: 18.8% in Hong Kong Dollars, 79.8% in Renminbi and 1.4% in other currencies).

Pursuant to the requirements from the Insurance Authority (the "IA") in Hong Kong, a subsidiary shall maintain at all times a portion of its funds of not less than HK$16 million in the name of IA account in bank deposits. At 30 June 2018, that subsidiary has placed fixed deposits of HK$16 million (31 December 2017: HK$16 million) in the name of IA account with a bank in Hong Kong for fulfillment of such requirements. That subsidiary has also maintained bank deposits of MOP15.1 million (equivalent to HK$14.66 million), RMB4 million (equivalent to HK$4.74 million) and HK$14.1 million (31 December 2017: MOP14.1 million, equivalent to HK$13.69 million, RMB4 million, equivalent to HK$4.8 million and HK$9.6 million) for fulfilling certain requirements under the Macau Insurance Companies Ordinance.

Pursuant to the requirements of the trade finance agreement entered into by a subsidiary, the subsidiary had pledged its bank deposit of JPY43 million (equivalent to HK$3.05 million) at 30 June 2018 (31 December 2017: Nil) to a bank in Mainland China for the fulfillment of the subsidiary's repayment obligations under a letter of credit issued to an overseas seller of motor vehicles.

Pursuant to the laws and regulations in Mainland China, a subsidiary has placed bank deposit of RMB1 million (equivalent to HK$1.19 million) at 30 June 2018 (31 December 2017: RMB2 million, equivalent to HK$2.4 million) to guarantee the application to the local court for legal actions against default customers.

Risk of Exchange Rate Fluctuation

The Group operates in Hong Kong, Mainland China and Macau, the exposure in exchange rate risks mainly arises from currency fluctuation between Hong Kong Dollars and Renminbi. 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. The Group did not enter into any derivative contracts aimed at minimising exchange rate risks during the period.

Capital Commitments

At 30 June 2018, the Group's capital commitments relating to property, plant and equipment and investment properties amounted to HK$0.2 million (31 December 2017: HK$0.63 million).

Contingent Liabilities

At 30 June 2018 and 31 December 2017, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2018, the Group had 72 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.

The Group regards human resources as its valuable assets. The Group offers numerous employee benefits and group activities to our staff members. To motivate our employees to enhance and develop their professional knowledges and skills, the Group provides on-the-job trainings and workshops for our employees as well as encourages them to attend seminars and trainings with topics of relevance to their jobs and duties funded by the Group. The Group also organises recreational outings on topics such as Christmas party and company trip.

PROSPECTS

The US-China trade disputes threatened the global economic outlook and the uncertainties brought by geopolitical tensions affected the growth prospect of the Greater China region. The Central Government has promulgated some initiatives to ease the impacts on domestic economy, the fundamentals of Mainland China remain solid in the long-term.

Looking forward into the second half of the year, the Group will continue to improve the operations and performance of existing business and enhance the asset quality. The Group believes that the banking business will continue to contribute reasonable returns to the Group and shareholders.

As an investment-based company with sound financial position, the Group will make great efforts to re-build its strategic priorities and align our business initiatives with the economic policies set by the Central Government. The Group will continue to take effective measures to grasp new business opportunities in order to deliver steadily growth prospect and long-term value for shareholders.

CORPORATE GOVERNANCE

The Group is committed to ensuring high standard of corporate governance as the Directors believe that it would improve the effectiveness and efficiencies in the overall business performance of the Group such that the Group could become more competitive in the markets and could enhance shareholders' value in consequence.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to 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 2018 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 FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely, Mr. CHEUNG Man Hoi (chairman of the Audit Committee), Mr. IP Kai Ming and Mr. LEUNG Chong Shun (appointed as a member of the Audit Committee with effect from 3 May 2018).

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed risk management, internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018 and this announcement.

AUDITOR

PricewaterhouseCoopers has retired as the auditor of the Company at the annual general meeting of the Company on 13 June 2018 (the "2018 AGM"). KPMG was appointed as the auditor of the Company with effect from the conclusion of the 2018 AGM.

Save as disclosed above, there has been no change in the auditor of the Company in any of the preceding three years.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.minxin.com.hk. The interim report for the six months ended 30 June 2018 will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
Min Xin Holdings Limited
YAN Zheng
Chairman

Hong Kong, 22 August 2018

As at the date of this announcement, the executive directors of the Company are Messrs YAN Zheng (Chairman), WANG Fei (Vice Chairman) and LIU Cheng; the non-executive directors are Messrs LIU Lun and HON Hau Chit; the independent non-executive directors are Messrs IP Kai Ming, CHEUNG Man Hoi and LEUNG Chong Shun.