MIN XIN HOLDINGS LIMITED
閩信集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 222)

ANNOUNCEMENT OF 2019 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to shareholders amounted to HK$571 million, a decrease of 1.1%
- Basic earnings per share decreased by 1.1% to 95.69 HK cents
- Total assets increased by 5.6% to HK$7.7 billion
- Total equity attributable to shareholders increased by 4.6% to HK$7.04 billion
- Recommended a final dividend of 10 HK cents per ordinary share

The board (the "Board") of directors (the "Directors") of Min Xin Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Total revenues	2	**152,484**	1,038,698
Other losses – net	3	**(11,262)**	(11,427)
Net insurance claims incurred and commission expenses incurred on insurance business	4	**(46,028)**	(36,973)
Costs of sales		**(10,996)**	(920,394)
Write back of impairment loss on loans to customers and interest receivable		**6,255**	4,016
Selling and distribution costs		**(332)**	(2,332)
Administrative and other expenses		**(57,070)**	(52,260)
Operating profit	5	**33,051**	19,328
Finance costs	6	**(18,645)**	(26,165)
Share of results of associates		**579,179**	617,363
Profit before taxation		**593,585**	610,526
Income tax expense	7	**(22,099)**	(32,436)
Profit for the year		**571,486**	578,090
Dividend			
Final dividend		**59,726**	59,726
		HK CENTS	*HK CENTS*
Earnings per share			
Basic and diluted	8	**95.69**	96.79
Dividend per share			
Final dividend		**10**	10

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**571,486**	578,090
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)	**(147,074)**	66,903
Leasehold buildings reclassified to investment properties		
Unrealised surplus on revaluation of leasehold buildings	**2,747**	–
Deferred income tax	**(732)**	–
	2,015	–
Share of other comprehensive income of associates	**946**	(171)
	(144,113)	66,732
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries and associates	**(117,036)**	(311,630)
Share of other comprehensive income of associates	**62,534**	191,041
	(54,502)	(120,589)
Other comprehensive income for the year, net of tax	**(198,615)**	(53,857)
Total comprehensive income for the year	**372,871**	524,233

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**26,499**	20,935
Intangible assets		**735**	1,573
Investment properties		**159,415**	169,632
Associates		**5,532,229**	4,988,673
Financial assets at fair value through other comprehensive income		**423,343**	570,417
Financial assets at amortised cost		–	3,129
Reinsurance assets		**1,029**	1,546
Other debtors and prepayments		**15,777**	6
Cash and bank balances		**506,009**	227,800
Deferred income tax assets		**451**	535
		6,665,487	5,984,246
Current assets			
Inventories		–	10,668
Deferred acquisition costs		**28,905**	21,242
Insurance receivable	*9*	**23,025**	13,134
Reinsurance assets		**7,947**	4,791
Loans to customers and interest receivable	*10*	**20,981**	22,875
Other debtors, prepayments and deposits		**9,310**	5,862
Financial assets at amortised cost		**3,115**	–
Financial assets at fair value through profit or loss		**97,822**	306
Banker's acceptance		–	56,186
Cash and bank balances		**846,635**	1,177,580
		1,037,740	1,312,644
Current liabilities			
Insurance contracts		**68,554**	65,523
Insurance payable	*11*	**16,147**	9,196
Other creditors and accruals		**33,106**	24,498
Lease liabilities		**191**	–
Bank borrowings		**60,000**	198,804
Loan from the controlling shareholder		**49,943**	–
Current income tax payable		**26,284**	25,495
		254,225	323,516
Net current assets		**783,515**	989,128
Total assets less current liabilities		**7,449,002**	6,973,374

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31 December 2019

	Note	2019	2018
	Note	***HK$'000***	*HK$'000*
Non-current liabilities			
Insurance contracts		**19,316**	17,482
Lease liabilities		**65**	–
Bank borrowings		**199,965**	199,966
Loan from the controlling shareholder		**149,943**	–
Deferred income tax liabilities		**36,376**	24,106
		405,665	241,554
Net assets		**7,043,337**	6,731,820
Equity			
Share capital		**1,715,377**	1,715,377
Other reserves		**1,393,720**	1,504,672
Retained profits		**3,934,240**	3,511,771
Total equity attributable to shareholders of the Company		**7,043,337**	6,731,820

Notes

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively refer to all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have been aligned with accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"). The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value:

– financial assets at fair value through other comprehensive income

– financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss

– investment properties

Non-current assets and disposal groups held for sale and repossessed assets are stated at the lower of carrying amount and fair value less costs to sell.

The financial information relating to the years ended 31 December 2019 and 2018 included in this annual results announcement does not constitute the Company's statutory annual consolidated financial statements for those years 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 Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on those consolidated financial statements for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Companies Ordinance.

Changes in accounting policies

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

–	HKFRS 16	Leases
–	Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
–	Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
–	Amendments to HKFRS 9	Prepayment Features with Negative Compensation
–	HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments
–	Annual Improvements to HKFRSs 2015 – 2017 Cycle	

Except for HKFRS 16, Leases, none of the adoption has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. Details of the changes in accounting policies are discussed below.

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an Arrangement contains a Lease, HK(SIC) 15, Operating Leases – Incentives and HK(SIC) 27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, the low-value assets are typically office equipment. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

– the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

– when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following table reconciles the operating lease commitments at 31 December 2018 as disclosed in Note 34(a) to the consolidated financial statements in the Company's 2019 annual report to the opening balance for lease liabilities recognised at 1 January 2019:

	HK$'000
Operating lease commitments at 31 December 2018	104
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(104)
Total lease liabilities recognised at 1 January 2019	–

(c) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, Investment Property, to account for all of its leasehold properties that were held for investment purposes at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

(d) Lessor accounting

The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Up to the date of issuance of this annual results announcement, the HKICPA has issued a number of new standards and amendments to standards which are not yet effective for the accounting year ended 31 December 2019 and which have not been early adopted in these consolidated financial statements as follows:

– HKFRS 17	Insurance Contracts
– Amendments to HKAS 1 and HKAS 8	Definition of Material
– Amendments to HKFRS 3	Definition of a Business
– Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
– Conceptual Framework for Financial Reporting 2018	

The Group is in the process of making an assessment of what the impact of these new standards and amendments to standards is expected to be in the period of initial application, it is impracticable to quantify the effect as at the date of issuance of this annual results announcement.

2 REVENUE AND SEGMENTAL INFORMATION

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

	2019	2018
	HK$'000	*HK$'000*
Net earned insurance premiums		
Gross insurance premiums	**89,815**	60,573
Movement in unearned insurance premiums	**(14,289)**	(5,310)
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	**(7,887)**	(5,372)
	67,639	49,891
Interest income from loans to customers (a)	**5,266**	4,708
Rental income from investment properties	**8,623**	9,245
Dividend income from financial assets at fair value through other comprehensive income	**7,714**	8,420
Sales of motor vehicles	**11,045**	930,621
	32,648	952,994
Other revenues		
Interest income from bank deposits	**46,819**	33,197
Interest income from financial assets at amortised cost	**101**	101
Dividend income from financial assets at fair value through profit or loss	**2,294**	20
Government grants	**2,625**	2,229
Management fee	**–**	4
Others	**358**	262
	52,197	35,813
Total revenues	**152,484**	1,038,698

(a) The interest income from loans to customers for the year included an interest income accrued for impaired loans to customers of HK$3,861,000 (2018: HK$4,664,000).

(b) Revenues from sales of motor vehicles to two customers in Mainland China were approximately HK$471,101,000 and HK$420,965,000 respectively, which exceeded 10% of the Group's revenue for 2018.

The Group identifies its operating segments based on the reports reviewed internally by the chief operating decision-makers which include the Board, Executive Committee and the General Manager Meeting 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 engagement of banking business through the Group's major associates, Xiamen International Bank Co., Ltd., Chiyu Banking Corporation Limited and Luso International Banking Ltd. in Mainland China, Hong Kong and Macau respectively, and the provision of micro credit business in Mainland China.

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

– Property investment: this segment includes 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 corporate activities.

– Trading in motor vehicles: this segment includes the trading in motor vehicles business ceased in March 2019.

(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 the strategic decision making and day-to-day management of the business of the Group and corporate activities that cannot be reasonably allocated to other segments, products and services are grouped under others. 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 year", 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 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		Property investment		Strategic investment		Others		Trading in motor vehicles*		Inter-segment elimination		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	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*
Year ended 31 December																
Revenue																
Net earned insurance premiums	**–**	–	**67,639**	49,891	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**67,639**	49,891
Interest income from loans to customers	**5,266**	4,708	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**5,266**	4,708
Rental income	**–**	–	**4,679**	4,653	**3,944**	4,592	**–**	–	**–**	–	**–**	–	**–**	–	**8,623**	9,245
Dividend income	**–**	–	**–**	–	**–**	–	**7,714**	8,420	**–**	–	**–**	–	**–**	–	**7,714**	8,420
Other revenues	**3,850**	2,305	**3,242**	1,737	**90**	60	**–**	–	**44,980**	31,639	**35**	72	**–**	–	**52,197**	35,813
	9,116	7,013	**75,560**	56,281	**4,034**	4,652	**7,714**	8,420	**44,980**	31,639	**35**	72	**–**	–	**141,439**	108,077
Disaggregated by timing of revenue recognition under HKFRS 15																
Point in time	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**11,045**	930,621	**–**	–	**11,045**	930,621
Over time	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
	–	–	**–**	–	**–**	–	**–**	–	**–**	–	**11,045**	930,621	**–**	–	**11,045**	930,621
Revenue from external customers	**9,116**	7,013	**75,560**	56,281	**4,034**	4,652	**7,714**	8,420	**44,980**	31,639	**11,080**	930,693	**–**	–	**152,484**	1,038,698
Inter-segments	**–**	–	**213**	197	**220**	–	**–**	–	**3,594**	3,486	**–**	–	**(4,027)**	(3,683)	**–**	–
Reportable segment revenue	**9,116**	7,013	**75,773**	56,478	**4,254**	4,652	**7,714**	8,420	**48,574**	35,125	**11,080**	930,693	**(4,027)**	(3,683)	**152,484**	1,038,698
Other (losses)/gains – net	**–**	(390)	**(4,503)**	7,061	**(3,365)**	(8,141)	**–**	–	**(3,394)**	(9,952)	**–**	(5)	**–**	–	**(11,262)**	(11,427)
Write back of impairment loss on loans to customers and interest receivable	**6,255**	4,016	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,255**	4,016
Operating expenses	**(3,453)**	(4,508)	**(68,252)**	(53,972)	**(1,531)**	(1,733)	**–**	–	**(33,813)**	(31,578)	**(11,328)**	(923,851)	**3,951**	3,683	**(114,426)**	(1,011,959)
Operating profit/(loss)	**11,918**	6,131	**3,018**	9,567	**(642)**	(5,222)	**7,714**	8,420	**11,367**	(6,405)	**(248)**	6,837	**(76)**	–	**33,051**	19,328
Finance costs	**(10,135)**	(9,737)	**(119)**	–	**–**	–	**–**	–	**(8,502)**	(16,428)	**–**	–	**111**	–	**(18,645)**	(26,165)
Share of results of associates	**575,167**	614,071	**–**	–	**–**	–	**–**	–	**4,012**	3,292	**–**	–	**–**	–	**579,179**	617,363
Profit/(loss) before taxation	**576,950**	610,465	**2,899**	9,567	**(642)**	(5,222)	**7,714**	8,420	**6,877**	(19,541)	**(248)**	6,837	**35**	–	**593,585**	610,526
Income tax (expense)/credit	**(16,076)**	(25,462)	**550**	(1,264)	**3,907**	5,114	**(771)**	(842)	**(9,771)**	(8,043)	**62**	(1,939)	**–**	–	**(22,099)**	(32,436)
Profit/(loss) for the year	**560,874**	585,003	**3,449**	8,303	**3,265**	(108)	**6,943**	7,578	**(2,894)**	(27,584)	**(186)**	4,898	**35**	–	**571,486**	578,090
Interest income	**9,022**	7,009	**2,391**	1,632	**–**	–	**–**	–	**40,773**	29,365	**–**	–	**–**	–	**52,186**	38,006
Depreciation and amortisation for the year	**228**	171	**3,081**	1,146	**–**	–	**–**	–	**846**	668	**4**	14	**(1,932)**	–	**2,227**	1,999

* Business ceased in March 2019

	Financial services		Insurance		Property investment		Strategic investment		Others		Trading in motor vehicles*		Inter-segment elimination		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	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*
At 31 December																
The Company and subsidiaries	**135,083**	126,644	**390,661**	300,349	**61,391**	65,051	**423,343**	570,417	**1,162,654**	1,177,148	**–**	68,608	**(2,134)**	–	**2,170,998**	2,308,217
Investments in associates	**5,482,955**	4,942,748	**–**	–	**–**	–	**–**	–	**49,274**	45,925	**–**	–	**–**	–	**5,532,229**	4,988,673
Total assets	**5,618,038**	5,069,392	**390,661**	300,349	**61,391**	65,051	**423,343**	570,417	**1,211,928**	1,223,073	**–**	68,608	**(2,134)**	–	**7,703,227**	7,296,890
The Company and subsidiaries	**240,513**	224,422	**124,965**	100,257	**18,461**	22,253	**–**	–	**278,120**	216,432	**–**	1,706	**(2,169)**	–	**659,890**	565,070
Total liabilities	**240,513**	224,422	**124,965**	100,257	**18,461**	22,253	**–**	–	**278,120**	216,432	**–**	1,706	**(2,169)**	–	**659,890**	565,070
Additions to non-current segment assets during the year	**93**	4,140	**4,439**	81	**–**	–	**–**	–	**531**	966	**–**	–	**(3,865)**	–	**1,198**	5,187

* Business ceased in March 2019

(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	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Year ended 31 December								
Revenues from external customers	**17,198**	16,317	**75,585**	976,784	**59,701**	45,597	**152,484**	1,038,698
At 31 December								
The Company and subsidiaries	**115,434**	119,448	**71,021**	71,983	**194**	709	**186,649**	192,140
Investments in associates	**–**	–	**5,532,229**	4,988,673	**–**	–	**5,532,229**	4,988,673
Specified non-current assets	**115,434**	119,448	**5,603,250**	5,060,656	**194**	709	**5,718,878**	5,180,813

3 OTHER LOSSES – NET

	2019	2018
	HK$'000	*HK$'000*
Net realised and unrealised (losses)/gains on financial assets at fair value through profit or loss	**(1,317)**	1,547
Fair value losses on revaluation of investment properties	**(7,109)**	(186)
Loss on disposal of repossessed assets	–	(390)
Net exchange losses	**(2,836)**	(12,398)
	(11,262)	(11,427)

4 NET INSURANCE CLAIMS INCURRED AND COMMISSION EXPENSES INCURRED ON INSURANCE BUSINESS

	2019	2018
	HK$'000	*HK$'000*
Net insurance claims incurred on insurance business (a)	**3,179**	5,125
Net commission expenses incurred on insurance business (b)	**42,849**	31,848
	46,028	36,973

(a) Net insurance claims incurred on insurance business

	2019		
	Gross	**Reinsurance**	**Net**
	HK$'000	***HK$'000***	***HK$'000***
Current year claims and loss adjustment expenses	**4,210**	**(91)**	**4,119**
Additional cost for prior years' claims and loss adjustment expenses	**4,207**	**217**	**4,424**
Decrease in claims incurred but not reported	**(2,870)**	**(1,840)**	**(4,710)**
Decrease in the expected cost of claims for unexpired risks	**(654)**	**–**	**(654)**
	4,893	**(1,714)**	**3,179**

	2018		
	Gross	Reinsurance	Net
	HK$'000	*HK$'000*	*HK$'000*
Current year claims and loss adjustment expenses	7,827	(1,552)	6,275
Additional cost for prior years' claims and loss adjustment expenses	1,466	135	1,601
Decrease in claims incurred but not reported	(717)	(1,752)	(2,469)
Decrease in the expected cost of claims for unexpired risks	(282)	–	(282)
	8,294	(3,169)	5,125

(b) Net commission expenses incurred on insurance business

	2019	2018
	HK$'000	*HK$'000*
Gross commissions paid and payable	**43,568**	32,654
Less: Commissions received and receivable from reinsurers	**(719)**	(806)
Net commission expenses	**42,849**	31,848

5 OPERATING PROFIT

	2019	2018
	HK$'000	*HK$'000*
Operating profit is stated after crediting and charging the following:		
Crediting		
Rentals received and receivable from investment properties less direct outgoings	**7,740**	8,227
Charging		
Staff costs, including directors' emoluments	**41,913**	36,625
– Salaries, allowances and bonus	***40,361***	*35,161*
– Retirement benefit costs	***1,552***	*1,464*
Auditor's remuneration	**2,086**	2,086
– provision for current year	***1,787***	*1,813*
– interim attestation work	***299***	*273*
Costs of sales	**10,996**	920,394
– Cost of inventories	***12,473***	*918,224*
– (Reversal of write down)/write down of inventories	***(1,509)***	*1,552*
– Others	***32***	*618*
Depreciation and amortisation	**2,227**	1,999
– property, plant and equipment	***2,100***	*1,999*
– right-of-use assets	***127***	*–*
Management fee	**1,880**	1,880
Loss on disposal of property, plant and equipment	**29**	57
Net exchange losses	**2,836**	12,398
Expense relating to short-term leases and other leases ended on or before 31 December 2019	**110**	–
Operating lease rentals in respect of land and buildings	**–**	520

6 FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on bank loans	**13,735**	26,165
Interest expenses on loan from the controlling shareholder	**4,902**	–
Interest expenses on lease liabilities	**8**	–
	18,645	26,165

7 INCOME TAX EXPENSE

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

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax	**358**	281
Mainland China corporate income tax	**8,218**	8,184
Mainland China withholding tax	**1,826**	18,016
Macau taxation	**522**	441
	10,924	26,922
Over provision in prior year		
Macau taxation	**(441)**	–
Deferred tax		
Relating to the origination and reversal of temporary differences	**11,616**	5,514
Income tax expense	**22,099**	32,436

Hong Kong profits tax has been provided at the rate of 8.25% and 16.5% respectively under the Two-tiered Rates of Profits Tax (2018: 8.25% and 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Mainland China corporate income tax has been calculated at the rate of 25% (2018: 25%) on the estimated taxable profits for the year.

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 year at the rates of taxation prevailing in Macau.

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2019 of HK$571,486,000 (2018: HK$578,090,000) and the weighted average of 597,257,252 (2018: 597,257,252) shares in issue during the year.

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

9 INSURANCE RECEIVABLE

The credit period for the majority of insurance receivable normally ranges from 60 to 90 days. The credit terms of insurance receivable, including whether guarantees from third parties are required, are determined by senior management.

At 31 December 2019, the ageing analysis of insurance receivable by invoice date was summarised as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**6,583**	4,245
31-60 days	**6,560**	5,751
61-90 days	**4,313**	2,746
Over 90 days	**5,569**	392
	23,025	13,134

10 LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Micro credit business		
– guaranteed loans	**149,847**	161,479
– secured loans	**96,864**	101,249
– pledged and guaranteed loans	**10,738**	10,934
– secured, pledged and guaranteed loans	**4,250**	4,387
Loans to customers	**261,699**	278,049
Interest receivable	**11,442**	11,753
	273,141	289,802
Impairment allowances	**(252,160)**	(266,927)
	20,981	22,875

At 31 December 2019 and 2018, the loans to customers and related interest receivable were overdue over 365 days and credit-impaired.

11 INSURANCE PAYABLE

At 31 December 2019, the ageing analysis of the insurance payable by invoice date was summarised as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**7,566**	3,376
31-60 days	**4,152**	2,863
61-90 days	**2,738**	1,900
Over 90 days	**1,691**	1,057
	16,147	9,196

DIVIDEND

The Board of the Company has resolved to recommend at the forthcoming annual general meeting to be held on Wednesday, 3 June 2020 (the "2020 AGM") the payment of a final dividend of 10 HK cents per share totalling HK$59,725,725.20 for the year ended 31 December 2019 (2018: final dividend of 10 HK cents per share totalling HK$59,725,725.20). The proposed dividend, if approved, will be paid on or before 19 June 2020.

CLOSURE OF REGISTER OF MEMBERS

For Determining the Entitlement to Attend and Vote at the 2020 AGM

For the purpose of ascertaining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Friday, 29 May 2020 to Wednesday, 3 June 2020, (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the right to attend and vote at the 2020 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 28 May 2020.

For Determining the Entitlement to the Proposed Dividend

The proposed final dividend for the year ended 31 December 2019 is subject to the approval by the shareholders at the 2020 AGM. For the purpose of ascertaining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 9 June 2020 to Wednesday, 10 June 2020, (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 8 June 2020.

CHAIRMAN'S STATEMENT

I am pleased to report that the Group recorded an expected stable full-year results for 2019.

The year 2019 was a challenging one for the global economy. Ongoing global political and economic uncertainties have significantly affected the investment activities and household consumption during the year under review. The global economic well-being faced a difficult time and the downward pressures were prominent.

OUR PERFORMANCE

We managed to achieve a stable result in 2019. For the year ended 31 December 2019, the Group recorded an audited profit attributable to shareholders of HK$571.49 million, decreased by 1.1% when compared to the previous year. Basic earnings per share decreased by 1.1% to 95.69 HK cents.

Total assets of the Group continued to grow and recorded an increase of 5.6% to HK$7.7 billion at 31 December 2019 as compared to HK$7.3 billion at the end of 2018.

The Directors have resolved to recommend a final dividend of 10 HK cents per share for 2019, maintained at the same level as compared to the final dividend for 2018.

Total assets of our banking business accounted for 71.2% of the Group's total assets at 31 December 2019. The net asset value per share of the Company amounted to HK$11.79 at 31 December 2019, about 77.8% came from the investment in Xiamen International Bank Co., Ltd. ("XIB", together with its subsidiaries, Chiyu Banking Corporation Limited ("CYB") and Luso International Banking Ltd. ("LIB"), are collectively referred to as "XIB Group"). The results of banking business segment represented 96.1% of the Group's profit attributable to shareholders in 2019.

XIB, the most significant financial investment of the Group, has contributed about 96.1% of the results of the Group in 2019. The Group's share of results of XIB Group was HK$575.17 million in 2019, a decrease of 6.3% as compared to HK$614.07 million in 2018 mainly due to the increase in impairment provision rate of loans and financial assets of XIB Group.

The Company is the second largest shareholder of XIB, XIB Group has achieved a satisfactory growth in its balance sheet and the total assets grew by 13.9% to RMB918.34 billion at 31 December 2019 as compared to RMB806.42 billion at the end of 2018.

XIB Group strived to expand its branch network in the Greater China region during the year under review. XIB Group continued to invest in people and the systems infrastructure and in turn, XIB Group achieved its digital innovations and operational enhancements aimed at delivering convenient solutions and better service experience to its customers. XIB Group integrated its competitive strengths in cross-border financial services and systems infrastructure to conduct business through "cross-border financial blockchain service platform", being the first transaction successfully completed by China city commercial bank. XIB Group continued to increase effects in developing green finance and inclusive finance and to strengthen its assets management business. XIB was ranked 158th in total assets and 193th in Tier-one Capital in the 2019 Top 1000 World Banks announced by The Banker in July 2019. XIB was also ranked 80th in 2019 Asian Bank Competitiveness Ranking and was ranked 4th among the China city commercial banks.

XIB, being one of the very few banks in Mainland China that owns subsidiaries both in Hong Kong and Macau, takes advantage of cross-border financial services hub so as to seek high-quality and sustainable development, maintains the economic and financial links closely between Mainland China, Hong Kong and Macau, and continues to deepen inclusive and green finance services in order to serve the real economy, and as always, fulfills the corporate social responsibility. We expect the banking business will continue to maintain a solid financial performance and achieve sustainable growth and long-term value.

We continued to focus on improving the operation of our insurance business and achieved a good performance during the year under review. The premiums growth momentum continues for both Hong Kong and Macau insurance business. The total gross insurance premiums increased significantly by 48.3% to HK$89.82 million in 2019. We have achieved an underwriting profit after charging management expenses for underwriting business of HK$10.41 million in 2019, an increase of 109% as compared to HK$4.98 million in 2018 which was mainly due to the increase in net earned insurance premiums and the write back of the expected costs of claims of employees' compensation insurance business made in previous years.

We have injected an additional capital of HK$60 million during the year under review to support the long-term development of our insurance business. The management team of our insurance business will further allocate resources to identify new opportunities in an increasingly competitive market environment and endeavour to implement the anticipated business plan in order to enhance sustainable business development and achieve a better financial performance.

PROSPECTS

Looking ahead to 2020, the combined effects of turbulence in international financial markets and public health issues will continue to assert pressure on the local and global economic growth. Our Group possessing healthy financial position and sufficient financial capability, is confident to seize opportunities and respond to challenges, continue to adhere to prudent financial management strategies, take actions to optimise operational efficiency and enhance competitive strengths, remain focused on developing our core businesses, and last but not least, strengthen our financial services investments in the Greater China region. Our Group will continue in exploration of new market opportunities, striving for diversification of income sources, creation and realisation of the real and long-term value to assure the uphold of the stakeholders' long-term expectations.

I wish to take this opportunity to express my heartfelt appreciation to my fellow board members for their invaluable advice and support and thank the management team and all our staff for their commitment and dedicated services. Also, on behalf of the Board, I wish to offer sincere thanks to our business partners and shareholders for their long-standing loyalty and continued support.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The ongoing uncertainties of Sino-US trade tensions and market instability made 2019 a challenging year for the global economy. The adverse impact was revealed gradually with signs of decline in economic growth accompanied by weakened investment spending and domestic consumption.

Operating Results

The Group achieved a stable results in 2019 and the profit attributable to shareholders was HK$571.49 million, representing a decrease of HK$6.6 million or 1.1%, as compared to HK$578.09 million in 2018. Basic earnings per share for the year was 95.69 HK cents, a decrease of 1.1 HK cents or 1.1%, as compared to 96.79 HK cents in 2018.

Financial Services

The financial services business of the Group includes the engagement of banking business through its major associates, XIB Group in Mainland China, Hong Kong and Macau respectively, and the provision of micro credit business in Mainland China.

The Group's financial services business reported a profit after tax of HK$560.87 million in 2019, a decrease of 4.1% as compared to HK$585 million in 2018.

Banking Business

XIB Group offers comprehensive financial services in Mainland China, Hong Kong and Macau through its well-established branch network and technological infrastructures.

XIB Group reported a profit after tax of RMB5.2 billion, a decrease of RMB167.88 million or 3.1%, as compared to RMB5.36 billion in 2018. Net interest income grew by 16.4% in 2019 as compared with 2018, which was achieved by the growth in loan portfolios, however, it continued to be affected by the narrowed interest margin. Non-interest income increased significantly in 2019 due to the increase in investment income and decrease in foreign exchange loss.

XIB Group achieved a record high in its total assets in 2019 of over RMB900 billion with double-digit annual growth in both loan books and customers' deposit. At 31 December 2019, the total assets grew by 13.9% to RMB918.34 billion as compared to RMB806.42 billion at the end of 2018. Gross loans to customers were RMB466.63 billion, an increase of 29.7% as compared to RMB359.86 billion at the end of 2018. 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 18.2% to RMB634.68 billion from RMB537.16 billion at the end of 2018.

XIB will continue to develop green finance and inclusive finance in order to serve the real economy despite the fact that the difficult operating conditions are expected to be continued in 2020. XIB will continue to enhance its competitive strengths in cross-border financial services and technological financial services infrastructure in order to deliver the best services and experiences to its customers. With the new branch network set up by CYB and LIB in the more prosperous cities in the Greater China region coupled with the existing branch network of XIB, XIB Group will endeavour to strengthen its cross-border banking services to boost new profit growth point.

Micro Credit Business

Sanming Sanyuan District Minxin Micro Credit Company Limited ("Sanyuan Micro Credit"), a wholly-owned subsidiary of the Company, had been engaged in the provision of micro loans to small and medium-sized enterprises and individuals in Sanming City, Fujian Province. Sanyuan Micro Credit will continue to proactively manage and use all measures to recover its non-performing loans.

At 31 December 2019, non-performing loan balances were RMB233.97 million (equivalent to HK$261.7 million), a decrease of 4.2% from RMB244.12 million (equivalent to HK$278.05 million) at the end of 2018. The allowances to total loans and interest receivable ratio was 92.3% at 31 December 2019, an increase of 0.2 percentage points as compared to 92.1% at the end of 2018. Sanyuan Micro Credit received RMB1.24 million (equivalent to HK$1.4 million) interest income from customers during the year, as compared to RMB0.04 million (equivalent to HK$0.04 million) in 2018. Sanyuan Micro Credit recorded a profit after tax of RMB10.5 million (equivalent to HK$11.92 million) in 2019, as compared to a loss after tax of RMB3.27 million (equivalent to HK$4.01 million) in 2018, mainly due to the derecognition of deferred tax assets in 2018.

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$89.82 million in 2019, increased by 48.3% as compared to HK$60.57 million in 2018. The Macau insurance business has again outperformed the Hong Kong insurance business during the year. The gross insurance premium of Macau insurance business registered a 38.1% growth to HK$73.59 million supported by high-quality bancassurance business, and the gross insurance premium of Hong Kong insurance business recorded an increase of 122.3% to HK$16.23 million.

Underwriting profit before deducting management expenses for underwriting business increased by 65.3% to HK$22.14 million as compared to HK$13.39 million in 2018, mainly due to the increase in net earned insurance premiums and the write back of the expected ultimate costs of claims of employees' compensation business made in previous years. Min Xin Insurance recorded an underwriting profit of HK$10.41 million in 2019, increased by 109% as compared to an underwriting profit of HK$4.98 million in 2018, after charging management expenses for underwriting business.

Min Xin Insurance recorded a profit after tax of HK$3.45 million in 2019, representing a decrease of 58.4% as compared to a profit after tax of HK$8.3 million in 2018, mainly due to the decrease in gain on revaluation of investment properties of HK$11.73 million.

In order to support the long-term development of Min Xin Insurance, an additional capital of HK$60 million was injected during the year under review. The management team of Min Xin Insurance will continue to develop new distribution channels and new market segments and grasp new future opportunities in Hong Kong and regionally. The management team of Min Xin Insurance will make great efforts to gradually implement the anticipated business plan.

Min Xin Insurance will continue to broaden its distribution channels and strengthen its online distribution system to meet the clients' needs and market conditions in order to uphold service reputation and optimise the overall customer services. Min Xin Insurance will further allocate resources to identify new opportunities in an increasingly competitive market to achieve a better financial performance.

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

At 31 December 2019, the Shanghai Composite Index increased by about 22.3% as compared to that at the end of 2018. However, the closing bid price per A-Share of Huaneng Power International, Inc. ("Huaneng") as quoted on the Shanghai Stock Exchange decreased from RMB7.37 per share at 31 December 2018 to RMB5.57 per share at 31 December 2019. The fair value of the Huaneng A-Shares measured with reference to the closing bid price per A-Share of Huaneng stood at HK$423.34 million (equivalent to RMB378.49 million). In 2019, the Group recorded a loss of HK$147.07 million (2018: gain of HK$66.9 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. Huaneng A-Shares continues to contribute a satisfactory dividend yield to the Group. In 2019, Huaneng paid a final dividend for 2018 of RMB0.1 per share. The Group recorded dividend income totalling RMB6.8 million (equivalent to HK$7.71 million) in 2019, maintained at the same level as compared to the final dividend for 2017 of RMB0.1 per share totalling RMB6.8 million (equivalent to HK$8.42 million) recorded by the Group in 2018.

Huaneng announced that its total power generation by power plants within Mainland China on consolidated basis amounted to 405 billion kWh in 2019, representing a decrease of 5.9% as compared to that of 2018. Its total electricity sold amounted to 388.18 billion kWh in 2019, representing a decrease of 4.4% as compared to that of 2018, which was mainly attributable to the significant decline in the growth rate of the electricity consumption nation-wide in 2019 as compared to that of 2018 and the decline in the demand for power. The accumulated power generation of Tuas Power Limited accounted for a market share of 20.7% in 2019, representing a decrease of 0.4 percentage points as compared to 21.1% in 2018, which was due to the optimal adjustment of its competition strategy in Singapore energy market.

Property Investment

The property investment business of the Group represents the leasing of certain investment properties in Mainland China. In 2019, the property investment business reported a profit after tax of HK$3.27 million as compared to a loss after tax of HK$0.11 million in 2018, mainly due to a decrease in the revaluation loss of investment properties.

The market rental of office space in Fuzhou, Fujian Province was soft in 2019. Although the occupancy rate of the commercial properties and parking spaces (the "Fuzhou Property") of the Group in Fuzhou improved, the monthly rental of new lettings declined reflecting the market conditions. As one of the tenants of the Fuzhou Property had not paid the rent as scheduled, the Group decided to cancel the lease prior to the expiration date and changed the unit to its own use during the year. Due to the decrease in total lettable area, the Group recorded a rental income of RMB3.59 million in 2019, a decrease of 8.4% as compared to RMB3.92 million in 2018. At 31 December 2019, the fair value of the Fuzhou Property was HK$55.41 million (excluded owner-occupied portion), a decrease of 14.5% as compared to the fair value of HK$64.83 million at the end of 2018. The Group recorded a fair value loss of HK$3.38 million and a fair value loss after deferred tax of HK$1.39 million in 2019, decreased by 58.7% and 54.7% respectively as compared to a fair value loss of HK$8.19 million and a fair value loss after deferred tax of HK$3.07 million in 2018.

Trading in Motor Vehicles

Fujian Minxin Investments Co., Ltd., a wholly-owned subsidiary of the Company, had been engaged in the trading in motor vehicles business, among other businesses. We had ceased the business in March 2019.

The revenue from the sale of motor vehicles was RMB9.44 million (equivalent to HK$11.05 million) in 2019, as compared to RMB772.84 million (equivalent to HK$930.62 million) in 2018. The cost of motor vehicles sold was RMB9.37 million (equivalent to HK$10.96 million) in 2019, as compared to RMB762.55 million (equivalent to HK$918.22 million) in 2018. Gross profit amounted to RMB0.04 million (equivalent to HK$0.05 million) in 2019, as compared to RMB8.49 million (equivalent to HK$10.23 million) in 2018. The loss after tax generated from trading in motor vehicles business was RMB0.16 million (equivalent to HK$0.19 million) in 2019, as compared to profit after tax of RMB4.83 million (equivalent to HK$5.82 million) in 2018.

FINANCIAL REVIEW

The Group adheres to the principle of prudent financial management and strives to maintain a healthy financial position.

Net Asset Value per Share

Based on 597,257,252 shares in issue at 31 December 2019 (2018: 597,257,252 shares), the net asset value per share was HK$11.79 at 31 December 2019 (2018: HK$11.27).

Total Liabilities to Equity Ratio and Current Ratio

At 31 December 2019, the total liabilities of the Group were HK$659.89 million (2018: HK$565.07 million) and the ratio of total liabilities to total equity attributable to shareholders of the Company was 9.4% (2018: 8.4%). At 31 December 2019, the current assets and current liabilities of the Group were HK$1,037.74 million (2018: HK$1,312.64 million) and HK$254.23 million (2018: HK$323.52 million) respectively with a current ratio of 4.1 (2018: 4.1).

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 31 December 2019, the Group had borrowings of HK$460 million, comprised HK$260 million granted by local banks and HK$200 million granted by the controlling shareholder, increased by 15% as compared to HK$400 million at the end of 2018. Based on the scheduled repayment dates set out in the loan facilities, an outstanding amount of HK$110 million will mature and is repayable within one year, and another outstanding amount of HK$250 million will mature and is repayable more than one year but within two years whilst the balance of HK$100 million will mature and is repayable more than two years but within three years. The Group will consider to arrange refinancing of the borrowings if necessary. These loans are in Hong Kong dollars and subject to floating interest rates. The effective interest rate at 31 December 2019 ranged from 3.5% to 4.5% (2018: 3.1% to 5.2%) per annum.

In addition, the Group had undrawn revolving bank loans of HK$220 million at 31 December 2019.

At 31 December 2019, the revolving bank loan of HK$60 million was secured by the self-use office building with a net book value of HK$9.41 million and the term bank loan of HK$200 million was secured by a standby letter of credit issued in favour of the lending bank. The standby letter of credit was collateralised by a three-year bank deposit of RMB200 million (equivalent to HK$223.7 million) (2018: RMB200 million, equivalent to HK$227.8 million) placed by a wholly-owned subsidiary of the Company in Mainland China.

Save for the above, no other assets of the Group were pledged at 31 December 2019 and 2018 respectively.

Gearing Ratio

At 31 December 2019, the gearing ratio of the Group (total borrowings divided by total net assets) was 6.5% (2018: 5.9%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. At 31 December 2019, the total bank deposits of the Group amounted to HK$1,352.64 million (2018: HK$1,405.37 million) of which 7.2% were in Hong Kong Dollars, 87.6% in Renminbi and 5.2% in other currencies (2018: 12.7% in Hong Kong Dollars, 86.1% in Renminbi and 1.2% in other currencies).

Pursuant to the requirements from the Insurance Authority, a wholly-owned subsidiary shall maintain at all times a portion of its funds of not less than HK$16 million in the name of Insurance Authority account in bank deposits. At 31 December 2019, that subsidiary has placed fixed deposits of HK$16 million (2018: HK$16 million) in the name of Insurance Authority account with a bank in Hong Kong for fulfillment of such requirements. That subsidiary has also maintained bank deposits of MOP15.32 million (equivalent to HK$14.87 million) (2018: MOP15.1 million, equivalent to HK$14.66 million) and HK$26.21 million (2018: HK$17.1 million) for fulfilling certain requirements under the Macau Insurance Companies Ordinance (Decree-Law no. 27/97/M of 30 June) (the "Macau Insurance Companies Ordinance").

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 year.

Capital Commitments

At 31 December 2019, the Group's capital commitments relating to property, plant and equipment and investment properties amounted to HK$0.19 million (2018: HK$0.2 million).

Contingent Liabilities

At 31 December 2019 and 2018, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2019, the Group had 82 employees. The remuneration of employees is based on individual merits and experience. The Group also provides other benefits to employees included but not limited to 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 and sports activities such as Christmas party, monthly birthday party and company trip.

CUSTOMER RELATIONSHIPS

With respect to the Group's insurance business, we are committed to establishing a good long-term business relationship with our brokers and agents. Insurance products together with the pricing philosophy and other guidelines will be provided to brokers and agents if needed. Our staff of business department visit our brokers and agents regularly to maintain a good relationship. Our claims and customer service staff swiftly and carefully manage and respond to our brokers' and agents' enquiries in relation to the insurance products and other related matters.

ENVIRONMENTAL POLICY

Being a responsible corporate citizen, the Group continues to support the environmental protection initiatives to conserve the natural resources. We place a high priority on minimisation of the environmental impact of our business activities by promoting energy-efficient lighting and use of public transportation to reduce energy consumption. In addition, we proactively encourage staff to consume less energy, water and paper, such as e-filings and paper recycling in our offices.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance is an integral part of the Group's corporate governance and we are aware of the potential risks of regulatory non-compliance. As far as the Board is aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

KEY RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and prospects may be affected by a number of risks and uncertainties. The following key risks and uncertainties identified by the Group are not exhaustive or comprehensive, and there may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Insurance and Financial Risks

The Group's business activities are exposed to a variety of insurance risk and financial risks including market risk (foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The details of the Group's insurance risk and financial risks exposures are set out in Note 4 to the consolidated financial statements in the Company's 2019 Annual Report.

Business Risks

Banking Business

The growth of XIB Group depends on the macroeconomic factors that affect Mainland China, Hong Kong and Macau, including the growth of gross domestic product, inflation levels, changes in laws and regulations related to banks and financial products, changes in macroeconomic control policies, market liquidity, changes in credit policies, changes in loan demands as well as progress of financial reform and interest rate liberalisation. XIB Group may be unable to maintain its growth rate as a result of an adverse change in any one or more of the above factors or any other factors, which could have a material and adverse effect on its financial condition, results of operations and prospects.

Insurance Business

The insurance industries in Hong Kong and Macau are highly regulated. Companies carrying on insurance business in Hong Kong and Macau must obtain authorisation from Insurance Authority and Autoridade Monetária De Macau respectively and are subject to the requirements imposed by Insurance Authority and Autoridade Monetária De Macau from time to time. Authorisation will only be granted to insurers when certain requirements under the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong) (the "Insurance Ordinance") and Macau Insurance Companies Ordinance are met. Compliance with applicable laws, rules and regulations may restrict the operations of the Group's insurance business and requires the Group to deploy significant resources and to devote considerable time to such compliance efforts. New or revised laws, rules and regulations may be introduced from time to time and such changes may have an adverse effect on the insurance business of the Group in Hong Kong and Macau.

Huaneng A-Shares

Huaneng is listed on the Shanghai Stock Exchange and Huaneng A-Shares is classified as a long-term financial asset of the Group. The dividend income from Huaneng A-Shares is affected by various factors which are beyond the Group's control, included but not limited to the results of operations, liquidity position and dividend policy of Huaneng.

The Group is required to measure Huaneng A-Shares at its fair value at the end of each reporting period and the change in fair value is recognised in other comprehensive income and accumulated separately in equity. The fair value of Huaneng A-Shares is measured with reference to the closing bid price of A-Share of Huaneng. The closing bid price of A-Share of Huaneng may be volatile and is affected by various factors which are beyond the Group's control, included but not limited to the results of operations of Huaneng, investor sentiment or confidence in the stock market and changes in economic conditions of Mainland China.

Property Investment

The monthly rental and the occupancy rate will depend on various factors, including but not limited to prevailing supply and demand conditions of office building, economic conditions of Mainland China as well as the quality of the properties. There is no assurance that the Group is able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rental.

The Group is required to revalue its investment properties at the end of each reporting period and the change in fair value is recognised in the consolidated income statement. There is no assurance that changes in market conditions will continue to generate gains or losses on revaluation at similar level or at same level, or there will be no further decline in the fair value of the Group's investment properties.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year.

PUBLIC FLOAT

Reference is made to the announcement of the Company dated 15 November 2019. As disclosed in the announcement, the public float of the Company has fallen below the minimum prescribed percentage of 25% as required under Rule 8.08(1)(a) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 23 November 2017.

At the date of this results announcement, the aggregate percentage of shareholding interests in the issued share capital of the Company held by the core connected persons of the Company (as defined in the Listing Rules) (being Fujian Investment & Development Group Co., Ltd., Mr Hon Kwok Lung ("Mr Hon") and Mr Ip Kai Ming who is an Independent Non-executive Director of the Company) was approximately 76.31%. Thus, the percentage of shareholding interests in the issued share capital of the Company held by public was approximately 23.69% and was below the minimum prescribed percentage of 25% as required under Rule 8.08(1)(a) of the Listing Rules.

The management of the Company is in the process of working out with relevant parties to identify feasible measures to restore the public float, including but not limited to discussion with Mr Hon to reduce his shareholding in the Company and exploration of other alternative solutions. Further announcement will be made by the Company on the restoration of public float as and when appropriate.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2019 except for the following deviations:

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 Articles of Association of the Company.

CG Code E.1.2 provides that the chairman of the board should attend the annual general meeting. Mr YAN Zheng, the Chairman of the Board and an Executive Director of the Company, and Mr WANG Fei, the Vice Chairman of the Board and an Executive Director of the Company, were unable to attend the annual general meeting of the Company held on 19 June 2019 (the "2019 AGM") due to other business commitments. Mr CHEN Yu, the General Manager and an Executive Director of the Company took the chair at the 2019 AGM, was of sufficient calibre and knowledge to answer questions, if any.

The Board will continue to monitor and periodically review the Company's corporate governance practices to ensure its compliance with the CG Code.

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 (the "Code of Conduct") on terms no less exacting than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all Directors and all Directors of the Company have confirmed that they have complied with the required standard as set out in the Model Code and the Company's Code of Conduct throughout the year ended 31 December 2019.

REVIEW BY AUDIT COMMITTEE

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.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed risk management, internal control and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2019 as set out in this announcement.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year.

The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KPMG on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The announcement of annual results for the year ended 31 December 2019 is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.minxin.com.hk. The 2019 annual report 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, 26 March 2020

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