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**MIN XIN HOLDINGS LIMITED**

**閩信集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 222)

## **ANNOUNCEMENT OF 2020 ANNUAL RESULTS**

### **FINANCIAL HIGHLIGHTS**

- Profit attributable to shareholders amounted to HK\$436 million, a decrease of 23.7%
- Basic earnings per share decreased by 23.7% to 73.01 HK cents
- Total assets increased by 9.1% to HK\$8.4 billion
- Total equity attributable to shareholders increased by 7.9% to HK\$7.6 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 2020 as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

		2020	2019
	Note	HK\$'000	HK\$'000
Total revenues	2	193,062	152,484
Other losses – net	3	(6,085)	(11,262)
Net insurance claims incurred and commission expenses incurred on insurance business	4	(102,165)	(46,028)
Costs of sales		–	(10,996)
Write back of impairment loss on loans to customers and interest receivable		9,404	6,255
Selling and distribution costs		–	(332)
Administrative and other expenses		(54,634)	(57,070)
<b>Operating profit</b>	5	<b>39,582</b>	33,051
Finance costs	6	(14,326)	(18,645)
Share of results of associates		446,931	579,179
<b>Profit before taxation</b>		<b>472,187</b>	593,585
Income tax expense	7	(36,125)	(22,099)
<b>Profit for the year</b>		<b>436,062</b>	571,486
<b>Dividend</b>			
Final dividend		59,726	59,726
		<i>HK CENTS</i>	<i>HK CENTS</i>
<b>Earnings per share</b>			
Basic and diluted	8	73.01	95.69
<b>Dividend per share</b>			
Final dividend		10	10

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b>436,062</b>	571,486
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to income statement:</b>		
Equity investments at fair value through other comprehensive income		
Net movement in fair value reserve (non-recycling)	(62,342)	(147,074)
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	(28)	946
	(62,370)	(144,113)
<b>Items that may be reclassified subsequently to income statement:</b>		
Equity investments at fair value through other comprehensive income		
Released on dilution of interest in an associate	8,469	–
Exchange translation reserve		
Exchange differences arising on translation of the financial statements of foreign subsidiaries and associates	409,034	(117,036)
Released on dilution of interest in an associate	(1,266)	–
	407,768	(117,036)
Share of other comprehensive income of associates	(175,449)	62,534
	240,788	(54,502)
<b>Other comprehensive income for the year, net of tax</b>	<b>178,418</b>	(198,615)
<b>Total comprehensive income for the year</b>	<b>614,480</b>	372,871

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		25,609	26,499
Intangible assets		270	735
Investment properties		173,113	159,415
Associates		6,117,020	5,532,229
Financial assets at fair value through other comprehensive income		361,001	423,343
Reinsurance assets		2,335	1,029
Other debtors		16,826	15,777
Bank balances		299,977	506,009
Deferred income tax assets		170	451
		<u>6,996,321</u>	<u>6,665,487</u>
<b>Current assets</b>			
Deferred acquisition costs		40,440	28,905
Insurance receivable	9	63,218	23,025
Reinsurance assets		5,800	7,947
Loans to customers and interest receivable	10	21,034	20,981
Dividend receivable from an associate		4,754	–
Other debtors, prepayments and deposits		28,667	9,310
Financial assets at amortised cost		–	3,115
Financial assets at fair value through profit or loss		369,978	97,822
Cash and bank balances		875,652	846,635
		<u>1,409,543</u>	<u>1,037,740</u>
<b>Current liabilities</b>			
Insurance contracts		65,907	68,554
Insurance payable	11	31,135	16,147
Other creditors and accruals		36,450	33,106
Lease liabilities		65	191
Bank borrowings		371,583	60,000
Loan from the controlling shareholder		49,958	49,943
Current income tax payable		28,340	26,284
		<u>583,438</u>	<u>254,225</u>
<b>Net current assets</b>		<u>826,105</u>	<u>783,515</u>
<b>Total assets less current liabilities</b>		<u>7,822,426</u>	<u>7,449,002</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***As at 31 December 2020*

		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>			
Insurance contracts		63,309	19,316
Lease liabilities		–	65
Bank borrowings		–	199,965
Loan from the controlling shareholder		99,985	149,943
Deferred income tax liabilities		61,041	36,376
		<u>224,335</u>	<u>405,665</u>
<b>Net assets</b>		<u><b>7,598,091</b></u>	<u><b>7,043,337</b></u>
<b>Equity</b>			
Share capital		1,715,377	1,715,377
Other reserves		1,512,068	1,393,720
Retained profits		4,370,646	3,934,240
<b>Total equity attributable to shareholders of the Company</b>		<u><b>7,598,091</b></u>	<u><b>7,043,337</b></u>

## 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 2020 and 2019 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 2019 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 2020 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:

- Amendments to HKAS 1 and HKAS 8                      Definition of Material
- Amendments to HKFRS 3                      Definition of a Business
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7                      Interest Rate Benchmark Reform
- Conceptual Framework for Financial Reporting 2018

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.

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 2020 and which have not been early adopted in these consolidated financial statements as follows:

- HKFRS 17 Insurance Contracts
- Amendments to HKAS 1 Classification of Liabilities as Current or Non-Current
- Amendments to HKAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to HKAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to HKFRS 3 Reference to the Conceptual Framework
- Amendment to HKFRS 16 Covid-19–Related Rent Concessions
- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements to HKFRSs 2018 – 2020 Cycle

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:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net earned insurance premiums		
Gross insurance premiums	<b>160,862</b>	89,815
Movement in unearned insurance premiums	<b>(19,872)</b>	(14,289)
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	<b>(14,089)</b>	(7,887)
	<b>126,901</b>	67,639
Interest income from loans to customers (a)	<b>4,460</b>	5,266
Rental income from investment properties	<b>8,671</b>	8,623
Dividend income from financial assets at fair value through other comprehensive income	<b>10,054</b>	7,714
Sales of motor vehicles	–	11,045
	<b>23,185</b>	32,648
Other revenues		
Interest income from bank deposits	<b>38,183</b>	46,819
Interest income from financial assets at amortised cost	<b>49</b>	101
Dividend income from financial assets at fair value through profit or loss	<b>2,091</b>	2,294
Government grants	<b>2,438</b>	2,625
Others	<b>215</b>	358
	<b>42,976</b>	52,197
<b>Total revenues</b>	<b>193,062</b>	152,484

(a) The interest income from loans to customers for the year included an interest income accrued for credit-impaired loans to customers of HK\$3,443,000 (2019: HK\$3,861,000).

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 associate, XIB Group 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.

(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 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>Year ended 31 December</b>																
<b>Revenue</b>																
Net earned insurance premiums	-	-	126,901	67,639	-	-	-	-	-	-	-	-	-	-	126,901	67,639
Interest income from loans to customers	4,460	5,266	-	-	-	-	-	-	-	-	-	-	-	-	4,460	5,266
Rental income	-	-	4,861	4,679	3,810	3,944	-	-	-	-	-	-	-	-	8,671	8,623
Dividend income	-	-	-	-	-	-	10,054	7,714	-	-	-	-	-	-	10,054	7,714
Other revenues	2,233	3,850	5,507	3,242	3	90	-	-	35,233	44,980	-	35	-	-	42,976	52,197
	6,693	9,116	137,269	75,560	3,813	4,034	10,054	7,714	35,233	44,980	-	35	-	-	193,062	141,439
Disaggregated by timing of revenue recognition under HKFRS 15																
Point in time	-	-	-	-	-	-	-	-	-	-	-	11,045	-	-	-	11,045
Over time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	11,045	-	-	-	11,045
Revenue from external customers																
	6,693	9,116	137,269	75,560	3,813	4,034	10,054	7,714	35,233	44,980	-	11,080	-	-	193,062	152,484
Inter-segments	-	-	267	213	290	220	-	-	3,339	3,594	-	-	(3,896)	(4,027)	-	-
<b>Reportable segment</b>																
revenue	6,693	9,116	137,536	75,773	4,103	4,254	10,054	7,714	38,572	48,574	-	11,080	(3,896)	(4,027)	193,062	152,484
Other (losses)/gains – net	(26,990)	-	6,693	(4,503)	2,570	(3,365)	-	-	11,642	(3,394)	-	-	-	-	(6,085)	(11,262)
Write back of impairment loss on loans to customers and interest receivable	9,404	6,255	-	-	-	-	-	-	-	-	-	-	-	-	9,404	6,255
Operating expenses	(3,113)	(3,453)	(123,139)	(68,252)	(1,317)	(1,531)	-	-	(33,045)	(33,813)	-	(11,328)	3,815	3,951	(156,799)	(114,426)
<b>Operating profit/(loss)</b>	<b>(14,006)</b>	<b>11,918</b>	<b>21,090</b>	<b>3,018</b>	<b>5,356</b>	<b>(642)</b>	<b>10,054</b>	<b>7,714</b>	<b>17,169</b>	<b>11,367</b>	<b>-</b>	<b>(248)</b>	<b>(81)</b>	<b>(76)</b>	<b>39,582</b>	<b>33,051</b>
Finance costs	(5,845)	(10,135)	(46)	(119)	-	-	-	-	(8,481)	(8,502)	-	-	46	111	(14,326)	(18,645)
Share of results of associates	444,781	575,167	-	-	-	-	-	-	2,150	4,012	-	-	-	-	446,931	579,179
<b>Profit/(loss) before taxation</b>																
	424,930	576,950	21,044	2,899	5,356	(642)	10,054	7,714	10,838	6,877	-	(248)	(35)	35	472,187	593,585
Income tax (expense)/credit	(18,943)	(16,076)	(5,557)	550	(1,489)	3,907	(1,005)	(771)	(9,131)	(9,771)	-	62	-	-	(36,125)	(22,099)
<b>Profit/(loss) for the year</b>	<b>405,987</b>	<b>560,874</b>	<b>15,487</b>	<b>3,449</b>	<b>3,867</b>	<b>3,265</b>	<b>9,049</b>	<b>6,943</b>	<b>1,707</b>	<b>(2,894)</b>	<b>-</b>	<b>(186)</b>	<b>(35)</b>	<b>35</b>	<b>436,062</b>	<b>571,486</b>
Interest income	6,667	9,022	2,795	2,391	-	-	-	-	33,230	40,773	-	-	-	-	42,692	52,186
Depreciation and amortisation for the year	226	228	2,698	3,081	-	-	-	-	932	846	-	4	(1,933)	(1,932)	1,923	2,227

\* Business ceased in March 2019

	Financial services		Insurance		Property investment		Strategic investment		Others		Trading in motor vehicles*		Inter-segment elimination		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>At 31 December</b>																
The Company and subsidiaries	159,276	135,083	467,914	390,661	63,678	61,391	361,001	423,343	1,237,199	1,162,654	-	-	(224)	(2,134)	2,288,844	2,170,998
Investments in associates	6,067,913	5,482,955	-	-	-	-	-	-	49,107	49,274	-	-	-	-	6,117,020	5,532,229
<b>Total assets</b>	<b>6,227,189</b>	<b>5,618,038</b>	<b>467,914</b>	<b>390,661</b>	<b>63,678</b>	<b>61,391</b>	<b>361,001</b>	<b>423,343</b>	<b>1,286,306</b>	<b>1,211,928</b>	<b>-</b>	<b>-</b>	<b>(224)</b>	<b>(2,134)</b>	<b>8,405,864</b>	<b>7,703,227</b>
The Company and subsidiaries	212,491	240,513	186,731	124,965	20,266	18,461	-	-	388,509	278,120	-	-	(224)	(2,169)	807,773	659,890
<b>Total liabilities</b>	<b>212,491</b>	<b>240,513</b>	<b>186,731</b>	<b>124,965</b>	<b>20,266</b>	<b>18,461</b>	<b>-</b>	<b>-</b>	<b>388,509</b>	<b>278,120</b>	<b>-</b>	<b>-</b>	<b>(224)</b>	<b>(2,169)</b>	<b>807,773</b>	<b>659,890</b>
Additions to non-current segment assets during the year	20	93	234	4,439	-	-	-	-	207	531	-	-	-	(3,865)	461	1,198

\* 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	
	2020	2019	2020	2019	2020	2019	2020	2019
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>Year ended 31 December</b>								
Revenues from external customers	61,633	17,198	54,578	75,585	76,851	59,701	193,062	152,484
<b>At 31 December</b>								
The Company and subsidiaries	125,368	115,434	73,584	71,021	40	194	198,992	186,649
Investments in associates	-	-	6,117,020	5,532,229	-	-	6,117,020	5,532,229
<b>Specified non-current assets</b>	<b>125,368</b>	<b>115,434</b>	<b>6,190,604</b>	<b>5,603,250</b>	<b>40</b>	<b>194</b>	<b>6,316,012</b>	<b>5,718,878</b>

### 3 OTHER LOSSES – NET

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	2,822	(1,317)
Fair value gains/(losses) on revaluation of investment properties	13,698	(7,109)
Loss on dilution of interest in an associate	(28,746)	–
Net exchange gains/(losses)	6,141	(2,836)
	<u>6,085</u>	<u>(11,262)</u>

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net insurance claims incurred on insurance business (a)	35,331	3,179
Net commission expenses incurred on insurance business (b)	66,834	42,849
	<u>102,165</u>	<u>46,028</u>

(a) Net insurance claims incurred on insurance business

	2020		
	Gross	Reinsurance	Net
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current year claims and loss adjustment expenses	11,225	(3,987)	7,238
Additional cost for prior years' claims and loss adjustment expenses	10,505	(1,221)	9,284
Increase in claims incurred but not reported	13,719	4,221	17,940
Increase in the expected cost of claims for unexpired risks	869	–	869
	<b>36,318</b>	<b>(987)</b>	<b>35,331</b>
	2019		
	Gross	Reinsurance	Net
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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)
	<b>4,893</b>	<b>(1,714)</b>	<b>3,179</b>

(b) Net commission expenses incurred on insurance business

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross commissions paid and payable	68,169	43,568
Less: Commissions received and receivable from reinsurers	(1,335)	(719)
Net commission expenses	<b>66,834</b>	<b>42,849</b>

## 5 OPERATING PROFIT

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	6,141	–
Rentals received and receivable from investment properties less direct outgoings	7,785	7,740
Charging		
Staff costs, including directors' emoluments	39,511	41,913
– <i>Salaries, allowances and bonus</i>	38,382	40,361
– <i>Retirement benefit costs</i>	1,129	1,552
Auditor's remuneration	2,187	2,086
– <i>Provision for current year</i>	1,864	1,787
– <i>Interim attestation work</i>	323	299
Costs of sales	–	10,996
– <i>Cost of inventories</i>	–	12,473
– <i>Reversal of write down of inventories</i>	–	(1,509)
– <i>Others</i>	–	32
Depreciation and amortisation	1,923	2,227
– <i>Property, plant and equipment</i>	1,733	2,100
– <i>Right-of-use assets</i>	190	127
Management fee	1,880	1,880
Loss on disposal of property, plant and equipment	125	29
Net exchange losses	–	2,836
	<u>          </u>	<u>          </u>

## 6 FINANCE COSTS

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on bank loans	8,495	13,735
Interest expenses on loan from the controlling shareholder	5,831	4,902
Interest expenses on lease liabilities	–	8
	<u>          </u>	<u>          </u>
	<u>14,326</u>	<u>18,645</u>



## 7 INCOME TAX EXPENSE

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong profits tax	362	358
Mainland China corporate income tax	7,338	8,218
Mainland China withholding tax	2,148	1,826
Macau taxation	1,320	522
	<u>11,168</u>	<u>10,924</u>
	-----	-----
<b>Under/(over) provision in prior years</b>		
Mainland China corporate income tax	1	–
Macau taxation	4	(441)
	<u>5</u>	<u>(441)</u>
	-----	-----
<b>Deferred tax</b>		
Relating to the origination and reversal of temporary differences	24,952	11,616
	<u>24,952</u>	<u>11,616</u>
	-----	-----
<b>Income tax expense</b>	<u>36,125</u>	<u>22,099</u>
	=====	=====

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 (2019: 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% (2019: 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 2020 of HK\$436,062,000 (2019: HK\$571,486,000) and the weighted average of 597,257,252 (2019: 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 of Min Xin Insurance.

At 31 December 2020, the ageing analysis of insurance receivable by invoice date was summarised as follows:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	19,468	6,583
31-60 days	10,796	6,560
61-90 days	14,583	4,313
Over 90 days	18,371	5,569
	<u>63,218</u>	<u>23,025</u>

## 10 LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Micro credit business		
Guaranteed loans	154,741	149,847
Secured loans	92,750	96,864
Pledged and guaranteed loans	11,410	10,738
Secured, pledged and guaranteed loans	4,516	4,250
	<hr/>	<hr/>
Loans to customers	263,417	261,699
Interest receivable	12,003	11,442
	<hr/>	<hr/>
	275,420	273,141
	<hr/>	<hr/>
Impairment allowances	(254,386)	(252,160)
	<hr/>	<hr/>
	21,034	20,981
	<hr/> <hr/>	<hr/> <hr/>

At 31 December 2020 and 2019, the loans to customers and related interest receivable were overdue over 365 days and credit-impaired.

## 11 INSURANCE PAYABLE

At 31 December 2020, the ageing analysis of the insurance payable by invoice date was summarised as follows:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	8,998	7,566
31-60 days	5,879	4,152
61-90 days	7,855	2,738
Over 90 days	8,403	1,691
	<hr/>	<hr/>
	31,135	16,147
	<hr/> <hr/>	<hr/> <hr/>

## **DIVIDEND**

The Board of the Company has resolved to recommend at the forthcoming annual general meeting to be held on Wednesday, 9 June 2021 (the “2021 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 2020 (2019: 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 25 June 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) For determining the entitlement to attend and vote at the 2021 AGM**

For the purpose of ascertaining the entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Friday, 4 June 2021 to Wednesday, 9 June 2021, (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 2021 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, 3 June 2021.

### **(b) For determining the entitlement to the proposed dividend**

The proposed final dividend for the year ended 31 December 2020 is subject to the approval by the shareholders of the Company at the 2021 AGM. For the purpose of ascertaining shareholders’ entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 16 June 2021 to Thursday, 17 June 2021, (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 Tuesday, 15 June 2021.

## **CHAIRMAN’S STATEMENT**

I am pleased to report that the Group recorded an expected full-year results for 2020.

The coronavirus pandemic has significantly changed our way of life. The economic activities around the world have been severely disrupted, which has led to major shifts in patterns of consumer demand. The operations of the Group have been affected to a certain extent by the global economic recession and more turbulent financial markets.

## **OUR PERFORMANCE**

Under the challenging operating environment in the year under review, we adopted a prudent investment strategy and remained our commitment to reward our shareholders with stable returns. During the year, we paid a final dividend for 2019 of 10 HK cents per share to our shareholders. The Directors have also resolved to recommend a final dividend for 2020 of 10 HK cents per share, maintained at the same level as compared to the final dividend for 2019.

The Group recorded a profit after tax of HK\$436.06 million in 2020, decreased by 23.7% when compared to HK\$571.49 million in 2019. Basic earnings per share decreased by 23.7% to 73.01 HK cents.

Total assets of the Group recorded an increase of 9.1% to HK\$8.4 billion at 31 December 2020 as compared to HK\$7.7 billion at the end of 2019.

Total assets of our banking business accounted for 72.2% of the Group’s total assets at 31 December 2020. The net asset value per share of the Company amounted to HK\$12.7 at 31 December 2020, about 79.9% 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”).

XIB, the most significant financial investment of the Group, contributed about 89.7% of the results of the Group in 2020. The weakened credit environment resulted in an overall increase in expected credit loss for the year and the profit after tax of XIB for the Group’s reporting purpose recorded a decrease of 22% as compared to 2019. The Group’s share of results of XIB Group was HK\$444.78 million in 2020, a decrease of 22.7% as compared to HK\$575.17 million in 2019.

XIB Group achieved a steady growth in its balance sheet and the total assets grew by 3.7% to RMB952.28 billion at 31 December 2020 as compared to RMB918.34 billion at the end of 2019.

In order to meet the capital requirements for long term development and strategic plan, XIB had completed the issuance of new shares to third parties to enlarge its share capital in December 2020, which resulted in the dilution of the Company's shareholding in XIB from approximately 9.7635% to approximately 8.8543%. Accordingly, the Group recognised a loss on dilution of HK\$28.75 million during the year. The Company is still the second largest shareholder of XIB upon completion of the capital contribution in XIB. The Company shall use its best endeavors to obtain the approval from the China Banking and Insurance Regulatory Commission Xiamen Office in respect of the possible capital contribution plan in order to maintain its shareholding in XIB.

As being one of the very few banks in Mainland China that owns subsidiary banks both in Hong Kong and Macau, XIB will leverage its advantages of its branch network in Mainland China, Hong Kong and Macau and internationalisation to serve the real economy and provide inclusive finance business for local small and micro business owners. XIB will focus on improving the level of localisation and decentralisation, actively and steadily developing cross-border financial business, and embarking on the unique development path of city commercial banks. We expect that our banking business will continue to maintain a stable financial performance and achieve reasonable value growth in the long term.

XIB was ranked 153th in total assets and 189th in Tier-one Capital in the 2020 Top 1000 World Banks announced by The Banker.

We continued to focus on improving the operation of our insurance business during the year. The efforts of management were fully recognised by the premium growth and underwriting results achieved during the year. The premium growth momentum continues for both Hong Kong and Macau insurance businesses. The total gross insurance premiums increased by 79.1% to HK\$160.86 million in 2020. We have achieved an underwriting profit after charging management expenses for underwriting business of HK\$14.35 million in 2020, an increase of 37.8% as compared to HK\$10.41 million in 2019 which was mainly due to the improvement in quality of business.

Our insurance business management team will continue to identify profitable new business opportunities through different distribution channels and continuously improve the underwriting performance in order to provide satisfactory returns to the shareholders.

## **PROSPECTS**

It is likely that the coronavirus pandemic will continue to affect our way of life and global economy. The economic outlook and operating environment for 2021 is far from clear, however, we have full confidence in the future development of Mainland China and Hong Kong. We will continue to focus on developing our core business and strengthening our financial services investments in the Greater China region. We will continue to explore new investment opportunities prudently to achieve income diversification and create long-term value to uphold the expectations of the stakeholders.

Finally, I would like to take this opportunity to thank Sincere View International Limited, a substantial shareholder of the Company, for assisting the Company in restoring the public float during the year. I also wish to extend my grateful thanks 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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The global economy was adversely affected by the coronavirus pandemic and financial market became more volatile. The financial performance of our banking business was affected by the increase in expected credit losses caused by the impact of economic uncertainty.

### **Operating Results**

The Group recorded a profit attributable to shareholders of HK\$436.06 million in 2020, representing a decrease of HK\$135.43 million or 23.7%, as compared to HK\$571.49 million in 2019. Basic earnings per share for the year was 73.01 HK cents, a decrease of 22.68 HK cents or 23.7%, as compared to 95.69 HK cents in 2019.

### **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\$405.99 million in 2020, a decrease of 27.6% as compared to HK\$560.87 million in 2019. Such decrease in the results was primarily originated from the decrease in share of results of XIB Group and the loss on dilution of shareholding interest in XIB during the year.

### ***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 for the Group's reporting purpose of RMB4.1 billion, a decrease of RMB1.1 billion or 22%, as compared to RMB5.2 billion in 2019. Such decrease was mainly driven by the overall increase in expected credit losses and other credit impairment charges in 2020. Net interest income grew by 18.1% in 2020 as compared with 2019, which was achieved by the growth in loan portfolios. Non-interest income decreased by 25.6% in 2020 due to the increase in net losses from financial instruments measured at fair value through profit or loss and foreign exchange loss.

XIB Group achieved a stable growth in its total assets with satisfactory growth in both loan books and customers' deposits at 31 December 2020. At 31 December 2020, the total assets grew by 3.7% to RMB952.28 billion as compared to RMB918.34 billion at the end of 2019. Gross loans to customers were RMB526.2 billion, an increase of 12.8% as compared to RMB466.63 billion at the end of 2019. XIB achieved a continuous and stable growth in its loan portfolios while upholding good asset quality with gross impaired loans and advances as a percentage of gross loans and advances to customers less than 1%. Total deposits from customers were up 3.3% to RMB655.41 billion from RMB634.68 billion at the end of 2019.

The capital contribution of XIB had been approved at the end of December 2020 and the registered capital was increased from approximately RMB8.386 billion to approximately RMB9.247 billion, effectively improving the capital level of XIB. The Company's shareholding interest in XIB decreased from approximately 9.7635% to approximately 8.8543% upon completion of capital contribution of XIB at the end of December 2020. The Company has recognised a loss on dilution of approximately HK\$28.75 million during the year.



The Company had evaluated the applicable accounting treatment in respect of its approximately 8.8543% shareholding interest in XIB immediately after the completion of the capital contribution and considered that the Company will continue to have the ability to exercise significant influence over the financial and operating policy decisions of XIB in accordance with the terms of the constitutional documents of XIB. Accordingly, the Company considered that XIB will continue to be classified as an associate of the Company.

### ***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 apply all measures to recover its non-performing loans.

At 31 December 2020, non-performing loan balances were RMB221.64 million (equivalent to HK\$263.42 million), a decrease of 5.3% from RMB233.97 million (equivalent to HK\$261.7 million) at the end of 2019. The allowances to total loans and interest receivable ratio was 92.4% at 31 December 2020, an increase of 0.1 percentage point as compared to 92.3% at the end of 2019. Sanyuan Micro Credit received RMB0.9 million (equivalent to HK\$1.02 million) interest income from customers during the year, as compared to RMB1.24 million (equivalent to HK\$1.4 million) in 2019. Sanyuan Micro Credit recorded a profit after tax of RMB13.09 million (equivalent to HK\$14.74 million) in 2020, an increase of 24.7% as compared to RMB10.5 million (equivalent to HK\$11.92 million) in 2019, mainly due to the recovery of impaired loans.

### **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 premiums of HK\$160.86 million in 2020, increased by 79.1% as compared to HK\$89.82 million in 2019. The Macau insurance business has outperformed the Hong Kong insurance business once again during the year. The gross insurance premiums of Macau insurance business registered a 29.4% growth to HK\$95.21 million supported by high-quality bancassurance business, and the gross insurance premiums of Hong Kong insurance business recorded an increase of 304.5% to HK\$65.65 million.

Underwriting profit before deducting management expenses for underwriting business increased by 11.7% to HK\$24.74 million as compared to HK\$22.14 million in 2019, mainly due to the improvement in quality of business. Min Xin Insurance recorded an underwriting profit of HK\$14.35 million in 2020, an increase of 37.8% as compared to HK\$10.41 million in 2019, after charging management expenses for underwriting business.

Min Xin Insurance recorded a profit after tax of HK\$15.49 million in 2020, an increase of 349% as compared to a profit after tax of HK\$3.45 million in 2019, mainly due to the increase in underwriting profit and revaluation gain of investment properties.

The management team of Min Xin Insurance will continue to broaden distribution channels and identify new business opportunities, and at the same time will make great efforts to continuously improve the underwriting performance and provide satisfactory returns to the shareholders.

### **Investment in Huaneng Power International, Inc. (“Huaneng A-Shares”)**

At 31 December 2020, the Shanghai Composite Index increased by about 13.9% as compared to that at the end of 2019. The closing bid price per A-Share of Huaneng Power International, Inc. (“Huaneng”) as quoted on the Shanghai Stock Exchange decreased from RMB5.57 per share at 31 December 2019 to RMB4.47 per share at 31 December 2020. The fair value of the Huaneng A-Shares measured with reference to the closing bid price per A-Share of Huaneng stood at HK\$361 million (equivalent to RMB303.74 million). In 2020, the Group recorded a loss of HK\$62.34 million (2019: HK\$147.07 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 aims to hold Huaneng A-Shares in the long term. Huaneng A-Shares continues to contribute a satisfactory dividend yield to the Group. During 2020, Huaneng declared a final dividend for 2019 of RMB0.135 per share with ex-dividend date on 6 July 2020. The Group recorded dividend income totalling RMB9.17 million (equivalent to HK\$10.05 million) in 2020, as compared to the final dividend for 2018 of RMB0.1 per share totalling RMB6.8 million (equivalent to HK\$7.71 million) recorded by the Group in 2019.

Huaneng has announced its 2020 annual results under the PRC Accounting Standards. Its operating revenue decreased by 2.4% and the operating expenses decreased by 5.7% as compared to 2019. Its profit attributable to shareholders was RMB4.56 billion in 2020, increased by 191.5% as compared to RMB1.57 billion in 2019 primarily attributable to decline in fuel prices. Earnings per share was RMB0.18 for the year under review, an increase of 200% as compared to RMB0.06 per share in 2019.

## **Property Investment**

The property investment business of the Group represents the leasing of certain investment properties in Mainland China. In 2020, the property investment business reported a profit after tax of HK\$3.87 million, an increase of 18.4% as compared to HK\$3.27 million in 2019, mainly due to increase in the revaluation gain of investment properties.

The market rental of office space in Fuzhou, Fujian Province remained soft in 2020. The commercial properties and parking spaces in Fuzhou (the “Fuzhou Property”) of the Group maintained full occupancy at 31 December 2020 and the monthly rental of new leases also maintained at the same level of expired leases. The Group recorded a rental income of RMB3.56 million in 2020, decreased by 0.9% as compared to RMB3.59 million in 2019 which was mainly due to the partial rental waivers by the Group to support small and medium-sized enterprises facing operational difficulties arising from the outbreak of the coronavirus pandemic. At 31 December 2020, the fair value of the Fuzhou Property was HK\$58.01 million, an increase of 4.7% as compared to the fair value of HK\$55.41 million at the end of 2019. The Group recorded a fair value gain of HK\$2.61 million, as compared to a fair value loss of HK\$3.38 million in 2019. A fair value gain after deferred tax of HK\$1.12 million was recognised in 2020, as compared to a fair value gain after deferred tax of HK\$0.53 million reflecting the write back of deferred tax in respect of the reclassification of an investment property to an owner-occupied property in 2019.

## **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 2020 (2019: 597,257,252 shares), the net asset value per share was HK\$12.72 at 31 December 2020 (2019: HK\$11.79).

### **Total Liabilities to Equity Ratio and Current Ratio**

At 31 December 2020, the total liabilities of the Group were HK\$807.77 million (2019: HK\$659.89 million) and the ratio of total liabilities to total equity attributable to shareholders of the Company was 10.6% (2019: 9.4%). At 31 December 2020, the current assets and current liabilities of the Group were HK\$1,409.54 million (2019: HK\$1,037.74 million) and HK\$583.44 million (2019: HK\$254.23 million) respectively with a current ratio of 2.4 (2019: 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 2020, the Group had borrowings of HK\$521.6 million, comprised HK\$371.6 million granted by local banks and HK\$150 million granted by the controlling shareholder, increased by 13.4% as compared to HK\$460 million at the end of 2019. Based on the scheduled repayment dates set out in the loan facilities, the outstanding amount of HK\$421.6 million will mature and is repayable within one year and the balance of HK\$100 million will mature and is repayable more than one year but within two 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 2020 ranged from 1.5% to 2.5% (2019: 3.5% to 4.5%) per annum.

In addition, the Group had undrawn term and revolving bank loans of approximately HK\$794.65 million at 31 December 2020. The undrawn term loans balance of HK\$654.65 million were secured by the self-used office building owned by a wholly-owned subsidiary.

At 31 December 2020, 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\$237.7 million) (2019: RMB200 million, equivalent to HK\$223.7 million) placed by a wholly-owned subsidiary of the Company in Mainland China.

At 31 December 2020, the revolving loans balance of HK\$111.6 million were secured by the self-use office building owned by a wholly-owned subsidiary in Hong Kong with a net book value of approximately HK\$9.15 million at 31 December 2020.

Pursuant to the requirement of a standby letter of credit issued by a bank in Hong Kong in favour of a reinsurance company that has entered into the Non-life Reinsurance Facility with a wholly-owned subsidiary of the Company, that wholly-owned subsidiary has placed a bank deposit of HK\$15 million as a collateral for the standby letter of credit at 31 December 2020.

Save for the above, no other assets of the Group were pledged at 31 December 2020 and 2019 respectively.

## **Gearing Ratio**

At 31 December 2020, the gearing ratio of the Group (total borrowings divided by total net assets) was 6.9% (2019: 6.5%).

## **Cash Position**

The Group's bank deposits are interest bearing at prevailing market rates. At 31 December 2020, the total bank deposits of the Group amounted to HK\$1,175.62 million (2019: HK\$1,352.64 million) of which 17.7% were in Hong Kong dollars, 80.3% in Renminbi and 2% in other currencies (2019: 7.2% in Hong Kong dollars, 87.6% in Renminbi and 5.2% in other currencies).

Pursuant to the requirements from the Insurance Authority, Min Xin Insurance, 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 Min Xin Insurance Company Limited" in bank deposits as a statutory deposit. At 31 December 2020, Min Xin Insurance has placed fixed deposits of HK\$16 million (2019: HK\$16 million) in the name of "Insurance Authority account Min Xin Insurance Company Limited" with a bank in Hong Kong for fulfillment of such requirements. That subsidiary has also maintained bank deposits of MOP15.39 million (equivalent to HK\$14.94 million) and HK\$42.03 million (2019: MOP15.32 million, equivalent to HK\$14.87 million and HK\$26.21 million) for fulfilling certain requirements under the Macau Insurance Ordinance (Decree-Law no. 27/97/M of 30 June) (the "Macau Insurance Ordinance").

## **Risk of Exchange Rate Fluctuation**

The Group operates in Hong Kong, Mainland China and Macau, thus the exposure in exchange rate risks mainly arises from currency fluctuation between Hong Kong dollar and Renminbi. As the Hong Kong dollar 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 2020, the Group's capital commitments relating to property, plant and equipment and investment properties amounted to HK\$0.25 million (2019: HK\$0.19 million).

## **Contingent Liabilities**

At 31 December 2020 and 2019, the Group had no significant contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICY**

At 31 December 2020, the Group had 74 employees. The remuneration of the 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 sponsored by the Group. The Group also organises recreational 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 good long-term business relationships 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 good relationships. 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, by applying such as e-filings and paper recycling in our offices. Details are disclosed in the Environmental, Social and Governance Report to be issued by the Company pursuant to the Listing Rules.

## **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 businesses and operations 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 2020 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 the Macau Insurance 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 depends 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 Listing Rules since 23 November 2017. 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 FIDG, Mr HON Kwok Lung 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.

As disclosed in the announcement of the Company dated 10 July 2020, the public float of the Company was approximately 25.03% and thus the public float had been restored and the Company had fulfilled the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. To the best knowledge, information and belief of the Directors, based on available information, the public float of the Company maintained at the minimum prescribed percentage of 25% as required under Rule 8.08(1)(a) of the Listing Rules at the date of issuance of this announcement.

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied with all the applicable code provisions set out in the CG Code throughout the year ended 31 December 2020 except for the following deviation:

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.

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 standards as set out in the Model Code and the Company's Code of Conduct throughout the year ended 31 December 2020.

## **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 2020 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 2020 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, 2020 ANNUAL REPORT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

The announcement of annual results for the year ended 31 December 2020 is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.minxin.com.hk](http://www.minxin.com.hk). The 2020 Annual Report and Environmental, Social and Governance Report will be published on the aforesaid websites and printed copies of the 2020 Annual Report will be sent to the shareholders of the Company in due course.

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

Hong Kong, 24 March 2021

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