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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 2021 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to Shareholders amounted to HK\$260 million, an increase of 20.1%
- Basic earnings per share increased by 20.1% to 43.54 HK cents
- Total assets increased by 4.4% to HK\$8.77 billion
- Total equity attributable to Shareholders increased by 3.5% to HK\$7.87 billion
- Final dividend of 10 HK cents per share for the year ended 31 December 2020 had been paid on 25 June 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Min Xin Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

		Unaudited	
		Six months ended 30 June	
		2021	2020
	Note	HK\$'000	HK\$'000
Total revenues	2	88,978	71,635
Other gains/(losses) – net	3	13,709	(9,831)
Net insurance claims incurred and commission expenses incurred on insurance business		(54,950)	(34,394)
Write back of impairment loss on credit-impaired loans to customers and interest receivable		1,259	5,909
Administrative and other expenses		(27,025)	(27,167)
Operating profit	4	21,971	6,152
Finance costs	5	(5,023)	(8,133)
Share of results of associates		250,389	226,354
Profit before taxation		267,337	224,373
Income tax expense	6	(7,294)	(7,878)
Profit for the period		260,043	216,495
		<i>HK CENTS</i>	<i>HK CENTS</i>
Earnings per share			
Basic and diluted	7	43.54	36.25

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit for the period	260,043	216,495
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)	(16,707)	(109,802)
Share of other comprehensive income of associates	(409)	(22)
	(17,116)	(109,824)
Items that may be reclassified subsequently to income statement:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries and associates	93,186	(134,394)
Share of other comprehensive income of associates	(7,769)	(6,373)
	85,417	(140,767)
Other comprehensive income for the period, net of tax	68,301	(250,591)
Total comprehensive income for the period	328,344	(34,096)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Unaudited 30 June 2021	Audited 31 December 2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		29,208	25,609
Intangible assets		320	270
Investment properties		173,377	173,113
Associates		6,440,430	6,117,020
Financial assets at fair value through other comprehensive income		344,294	361,001
Reinsurance assets		2,568	2,335
Other debtors		5,048	16,826
Bank balances		60,033	299,977
Deferred income tax assets		17	170
		7,055,295	6,996,321
Current assets			
Deferred acquisition costs		44,091	40,440
Insurance receivable	9	80,927	63,218
Reinsurance assets		9,514	5,800
Credit-impaired loans to customers and interest receivable	10	19,508	21,034
Dividend receivable from an associate		–	4,754
Other debtors, prepayments and deposits		50,208	28,667
Financial assets at fair value through profit or loss		593,324	369,978
Cash and bank balances		920,472	875,652
		1,718,044	1,409,543
Current liabilities			
Insurance contracts		100,070	65,907
Insurance payable	11	44,718	31,135
Other creditors and accruals		29,079	36,450
Lease liabilities		466	65
Bank borrowings		486,747	371,583
Loan from the controlling shareholder		99,968	49,958
Current income tax payable		30,410	28,340
		791,458	583,438
Net current assets		926,586	826,105
Total assets less current liabilities		7,981,881	7,822,426

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 30 June 2021*

		Unaudited	Audited
		30 June	31 December
		2021	2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Insurance contracts		52,537	63,309
Lease liabilities		692	–
Loan from the controlling shareholder		–	99,985
Deferred income tax liabilities		61,943	61,041
		<hr/> 115,172	<hr/> 224,335
		<hr/> <hr/>	<hr/> <hr/>
Net assets		7,866,709	7,598,091
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Share capital		1,715,377	1,715,377
Other reserves		1,624,589	1,512,068
Retained profits		4,526,743	4,370,646
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Total equity attributable to shareholders of the Company		7,866,709	7,598,091
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1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2020 annual report.

Except as described below, the accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the 2020 annual report.

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

- Amendment to HKFRS 16 Covid-19 – Related Rent Concessions

- Amendments to HKAS 39, Interest Rate Benchmark Reform – Phase 2
 HKFRS 4, HKFRS 7,
 HKFRS 9 and HKFRS 16

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 in these unaudited condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

The financial information relating to the year ended 31 December 2020 that is included in this interim results announcement as comparative information does not constitute the Company’s statutory consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

2 REVENUE AND SEGMENTAL INFORMATION

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

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net earned insurance premiums		
Gross insurance premiums	87,796	58,722
Movement in unearned insurance premiums	(12,573)	(10,335)
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	(8,819)	(5,787)
	66,404	42,600
Interest income from credit-impaired loans to customers (a)	2,218	2,402
Rental income from investment properties	4,975	4,148
	7,193	6,550
Other revenues		
Interest income from bank deposits	14,779	21,121
Interest income from financial assets at amortised cost	–	48
Dividend income from financial assets at fair value through profit or loss	565	1,094
Government grants	29	11
Others	8	211
	15,381	22,485
Total revenues	88,978	71,635

(a) The interest income comprised an amount of HK\$1,829,000 (2020: HK\$1,699,000) accrued using the effective interest rate applied to the amortised costs of the credit-impaired loans.

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, 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 period”, i.e. profit after taxation of the business entities, net income generated from investments held and share of results of investees.

Segment assets include all tangible, intangible and current assets held by the business entities, net book value of investments held and share of net assets of and loans to investees. Segment liabilities include insurance liabilities, creditors and accruals, income tax payable and deferred tax liabilities attributable to respective segments and 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		Inter-segment elimination		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	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
Six months ended 30 June														
Revenue from external customers														
Net earned insurance premiums	-	-	66,404	42,600	-	-	-	-	-	-	-	-	66,404	42,600
Interest income from credit-impaired loans to customers	2,218	2,402	-	-	-	-	-	-	-	-	-	-	2,218	2,402
Rental income	-	-	2,912	2,323	2,063	1,825	-	-	-	-	-	-	4,975	4,148
Other revenues	12	929	1,264	2,313	-	-	-	-	14,105	19,243	-	-	15,381	22,485
	2,230	3,331	70,580	47,236	2,063	1,825	-	-	14,105	19,243	-	-	88,978	71,635
Inter-segments	-	-	17	21	155	142	-	-	1,762	1,769	(1,934)	(1,932)	-	-
	2,230	3,331	70,597	47,257	2,218	1,967	-	-	15,867	21,012	(1,934)	(1,932)	88,978	71,635
Reportable segment revenue	2,230	3,331	70,597	47,257	2,218	1,967	-	-	15,867	21,012	(1,934)	(1,932)	88,978	71,635
Other gains/(losses) – net	1,988	1,131	3,144	(8,034)	(332)	(1,063)	-	-	8,909	(1,865)	-	-	13,709	(9,831)
Write back of impairment loss on credit-impaired loans to customers and interest receivable	1,259	5,909	-	-	-	-	-	-	-	-	-	-	1,259	5,909
Operating expenses	(1,415)	(1,147)	(65,693)	(44,780)	(636)	(667)	-	-	(16,141)	(16,861)	1,910	1,894	(81,975)	(61,561)
	4,062	9,224	8,048	(5,557)	1,250	237	-	-	8,635	2,286	(24)	(38)	21,971	6,152
Operating profit/(loss)	4,062	9,224	8,048	(5,557)	1,250	237	-	-	8,635	2,286	(24)	(38)	21,971	6,152
Finance costs	-	(3,712)	(53)	(33)	-	-	-	-	(5,010)	(4,417)	40	29	(5,023)	(8,133)
Share of results of associates	249,048	225,183	-	-	-	-	-	-	1,341	1,171	-	-	250,389	226,354
	253,110	230,695	7,995	(5,590)	1,250	237	-	-	4,966	(960)	16	(9)	267,337	224,373
Profit/(loss) before taxation	253,110	230,695	7,995	(5,590)	1,250	237	-	-	4,966	(960)	16	(9)	267,337	224,373
Income tax (expense)/credit	-	-	(1,824)	(3,181)	169	470	-	-	(5,639)	(5,167)	-	-	(7,294)	(7,878)
	253,110	230,695	6,171	(8,771)	1,419	707	-	-	(673)	(6,127)	16	(9)	260,043	216,495
Profit/(loss) for the period	253,110	230,695	6,171	(8,771)	1,419	707	-	-	(673)	(6,127)	16	(9)	260,043	216,495
Interest income	2,230	3,323	898	1,597	-	-	-	-	13,869	18,651	-	-	16,997	23,571
Depreciation and amortisation for the period	123	110	1,421	1,406	-	-	-	-	488	467	(980)	(966)	1,052	1,017

	Financial services		Insurance		Property investment		Strategic investment		Others		Inter-segment elimination		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30 June 2021 and 31 December 2020														
The Company and subsidiaries	164,645	159,276	512,648	467,914	60,504	63,678	344,294	361,001	1,253,978	1,237,199	(3,160)	(224)	2,332,909	2,288,844
Investments in associates	6,389,652	6,067,913	-	-	-	-	-	-	50,778	49,107	-	-	6,440,430	6,117,020
Total assets	6,554,297	6,227,189	512,648	467,914	60,504	63,678	344,294	361,001	1,304,756	1,286,306	(3,160)	(224)	8,773,339	8,405,864
The Company and subsidiaries	60,853	212,491	225,294	186,731	20,144	20,266	-	-	603,515	388,509	(3,176)	(224)	906,630	807,773
Total liabilities	60,853	212,491	225,294	186,731	20,144	20,266	-	-	603,515	388,509	(3,176)	(224)	906,630	807,773
Additions to non-current segment assets during the period	-	20	5,762	234	-	-	-	-	109	207	(3,921)	-	1,950	461

(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	
	2021	2020	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>

Six months ended 30 June

Revenues from external customers	25,985	12,696	18,398	24,454	44,595	34,485	88,978	71,635
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At 30 June 2021 and 31 December 2020

The Company and subsidiaries	129,661	125,368	73,028	73,584	216	40	202,905	198,992
Investments in associates	-	-	6,440,430	6,117,020	-	-	6,440,430	6,117,020
Specified non-current assets	129,661	125,368	6,513,458	6,190,604	216	40	6,643,335	6,316,012

3 OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net realised and unrealised gains/(losses) on financial assets at fair value through profit or loss	9,481	(5,262)
Fair value gains/(losses) on revaluation of investment properties	2,974	(1,073)
Net exchange gains/(losses)	1,254	(3,496)
	<u>13,709</u>	<u>(9,831)</u>

4 OPERATING PROFIT

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after crediting and charging the following:		
Crediting		
Net exchange gains	1,254	–
Rentals received and receivable from investment properties less direct outgoings	4,532	3,675
Charging		
Staff costs, including directors' emoluments	19,757	19,692
– <i>Salaries, allowances and bonus</i>	19,037	19,135
– <i>Retirement benefit costs</i>	720	557
Depreciation and amortisation	1,052	1,017
– <i>Property, plant and equipment</i>	891	922
– <i>Right-of-use assets</i>	161	95
Management fee	940	940
Loss on disposal of property, plant and equipment	–	4
Net exchange losses	–	3,496
	<u> </u>	<u> </u>

5 FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on bank loans	3,289	4,417
Interest expenses on loan from the controlling shareholder	1,721	3,712
Interest expenses on lease liabilities	13	4
	<u>5,023</u>	<u>8,133</u>

6 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong profits tax	121	124
Mainland China corporate income tax	4,037	3,759
Mainland China withholding tax	1,138	1,142
Macau taxation	1,057	637
	<u>6,353</u>	<u>5,662</u>
Under provision in prior years		
Mainland China corporate income tax	–	1
Deferred tax		
Relating to the origination and reversal of temporary differences	941	2,215
	<u>7,294</u>	<u>7,878</u>

Hong Kong profits tax has been provided at the rate of 8.25% under the Two-tiered Rates of Profits Tax (2020: 8.25%) on the estimated assessable profits arising in Hong Kong for the period.

Mainland China corporate income tax has been calculated at the rate of 25% (2020: 25%) on the estimated taxable profits for the period.

Mainland China withholding tax is levied at 5% and 10% on dividend income received from subsidiaries and investees incorporated in Mainland China respectively when these subsidiaries and investees declared dividend.

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

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to Shareholders for the six months ended 30 June 2021 of HK\$260,043,000 (2020: HK\$216,495,000) and the weighted average of 597,257,252 (2020: 597,257,252) shares in issue during the period.

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

8 DIVIDEND

The Board of Directors has resolved that no interim dividend be declared for the six months ended 30 June 2021 (2020: Nil).

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 30 June 2021 and 31 December 2020, the ageing analysis of insurance receivable by invoice date was summarised as follows:

	30 June 2021	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	22,005	19,468
31-60 days	13,172	10,796
61-90 days	11,172	14,583
Over 90 days	34,578	18,371
	80,927	63,218

10 CREDIT – IMPAIRED LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

	30 June 2021	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Micro credit business		
Guaranteed loans	116,229	154,741
Secured loans	81,704	92,750
Pledged and guaranteed loans	11,526	11,410
Secured, pledged and guaranteed loans	4,563	4,516
	<hr/>	<hr/>
Credit-impaired loans to customers	214,022	263,417
Credit-impaired interest receivable	9,690	12,003
	<hr/>	<hr/>
	223,712	275,420
	<hr/>	<hr/>
Impairment allowances	(204,204)	(254,386)
	<hr/>	<hr/>
	19,508	21,034
	<hr/> <hr/>	<hr/> <hr/>

11 INSURANCE PAYABLE

At 30 June 2021 and 31 December 2020, the ageing analysis of insurance payable by invoice date was summarised as follows:

	30 June 2021	31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	14,128	8,998
31-60 days	7,771	5,879
61-90 days	6,608	7,855
Over 90 days	16,211	8,403
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	44,718	31,135
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CHAIRMAN'S STATEMENT

I am pleased to announce the unaudited interim results of the Group for the first half of 2021.

In the first half of 2021, the Coronavirus pandemic, sluggish economic recovery and strict epidemic prevention and control measures have continued to bring significant challenges and unprecedented operational uncertainties to the global economy and businesses.

OUR PERFORMANCE

During the period under review, we focused on the development direction with clear strategic positioning, conducted our core business prudently and successfully achieved a period-on-period growth in both revenue and after-tax profit in the first half of the year. The final dividend for 2020 was distributed during the period under review, which brought stable and sustainable returns to shareholders of the Company (the “**Shareholders**”).

For the six months ended 30 June 2021, the Group recorded an unaudited profit attributable to Shareholders of HK\$260.04 million, increased by 20.1% when compared to the corresponding period in 2020. Basic earnings per share increased by 20.1% to 43.54 HK cents.

Total assets of the Group continued to grow and recorded an increase of 4.4% to HK\$8.77 billion at 30 June 2021 as compared to HK\$8.41 billion at the end of 2020, which was mainly due to the after-tax profit achieved in the first half of 2021.

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**”) is the most significant financial investment of the Group and has contributed about 95.8% of the results of the Group in the first half of 2021. The Group's share of profit after tax of XIB Group was HK\$249.05 million in the first half of 2021, an increase of 10.6% as compared to HK\$225.18 million in the corresponding period of 2020, which was mainly due to the decrease in expected credit loss provisions for the first half of 2021 as compared to the corresponding period in 2020.

XIB Group achieved a steady growth in its balance sheet. Total assets of XIB Group recorded an increase of 2.7% to RMB977.87 billion at 30 June 2021 as compared to RMB952.28 billion at the end of 2020. The total assets of our banking business accounted for 72.8% of the Group's total assets at 30 June 2021. The net asset value per share of the Company amounted to HK\$13.17 at 30 June 2021, about 81.2% came from the investment 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 branch network in Mainland China, Hong Kong and Macau and its strengths in financial technology to develop cross-border financial business and serve the real economy. XIB Group will accelerate its transformation and development, continue to broaden its customer base of local small and micro business owners, promote the localisation and decentralisation of financial services, in order to achieve new breakthroughs and results. We expect that our banking business will continue to maintain a stable financial performance and achieve sustainable and reasonable value growth in the long term.

XIB was ranked 158th in total assets and 180th in Tier-one Capital in the 2021 Top 1000 World Banks announced by The Banker. XIB had been rated as one of the top 200 for 5 consecutive years.

We continued to pull resources together to vigorously expand the insurance business and strived to improve the quality and profitability of the underlying business during the period under review. The premium growth momentum continues for both Hong Kong and Macau insurance businesses. The total gross insurance premiums increased by 49.5% to HK\$87.8 million in the first half of 2021. We have achieved an underwriting profit after charging management expenses for underwriting business of HK\$5.83 million in the first half of 2021, an increase of 110.6% as compared to HK\$2.77 million in the corresponding period in 2020, which was mainly due to the increase in premium size as well as the improvement of business quality.

The management team of our insurance business will continue to allocate sufficient resources and continue to broaden its distribution channels, in order to identify new opportunities and keep improving the quality and profitability of business in the increasingly competitive market environment, whilst endeavour to implement the anticipated business plan in order to enhance sustainable business development and achieve a better financial performance.

PROSPECTS

Although the economy of the Greater China region is anticipated to recover gradually in the second half of 2021, the rise of variants of Coronavirus added to the uncertainty of economic recovery and volatility of business environment. The Group will continuously and closely monitor the current complicated and volatile situations that present both opportunities and challenges, while seizing market opportunities, striving to make innovation and maintaining its epidemic prevention and control efforts, the Group will focus on developing our core businesses, adhering to prudent financial management strategy and strengthening our financial services investments in the Greater China region. We will also continue to explore new market opportunities to achieve income diversification and improve the financial performance of the Group, in order to create and realise the long-term value to uphold the expectations of the stakeholders.

Finally, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The global economy was still affected by the ongoing coronavirus pandemic and governments of all countries implemented extensive prevention and control measures. The global economic situation remains fragile and the economic recovery is uneven although supportive fiscal and monetary measures are implemented by the governments of various countries.

Operating Results

The Group achieved an unaudited profit attributable to Shareholders of HK\$260.04 million in the first half of 2021, representing an increase of HK\$43.54 million or 20.1%, as compared to HK\$216.5 million in the same period of 2020. Basic earnings per share for the period was 43.54 HK cents, an increase of 7.29 HK cents or 20.1%, as compared to 36.25 HK cents in the same period of 2020.

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 an unaudited profit after tax of HK\$253.11 million in the first half of 2021, an increase of 9.7% as compared to HK\$230.7 million in the same period of 2020. Such increase in the results was primarily originating from the increase in share of results of XIB Group.

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 an unaudited profit after tax of RMB2.35 billion, an increase of RMB0.27 billion or 13%, as compared to RMB2.08 billion in the same period of 2020. Such increase was mainly due to the decrease in expected credit loss provisions for the first half of 2021 as compared to the corresponding period in 2020. Net interest income grew by 11.1% in the first half of 2021 as compared to the same period of 2020, which was achieved by growth in loan portfolios. Non-interest income decreased by 108.8% in the first half of 2021 due to the decrease in net fee and commission income and net gains from disposal of financial instruments.

XIB Group achieved a stable growth in its total assets with satisfactory growth in loan books at 30 June 2021. At 30 June 2021, the total assets grew by 2.7% to RMB977.87 billion as compared to RMB952.28 billion at the end of 2020. Gross loans to customers were RMB563.37 billion, an increase of 7.1% as compared to RMB526.2 billion at the end of 2020. XIB achieved a continuous and stable growth in its loan portfolios while upholding good asset quality. The gross impaired loans and advances as a percentage of gross loans and advances to customers was 1.05%, which was lower than the average ratio of commercial banks. Total deposits from customers fell slightly to RMB653.73 billion as compared to RMB655.41 billion at the end of 2020.

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 continues to proactively apply all measures to recover its impaired loans and entrust the property rights exchange centre to list and transfer the impaired loans package.

Sanyuan Micro Credit recovered the principal and interest income of impaired loans of RMB3.92 million and RMB0.32 million respectively, as compared to RMB7.46 million and RMB0.64 million respectively in the same period of 2020. The impaired loan balances at 30 June 2021 were RMB178.26 million, a decrease of 19.6% from RMB221.64 million at the end of 2020, which was mainly due to the write-off of impaired loan principal. Sanyuan Micro Credit recorded a profit after tax of RMB3.39 million (equivalent to HK\$4.06 million) in the first half of 2021, a decrease of 59.5% as compared to RMB8.37 million (equivalent to HK\$9.22 million) in the same period of 2020.

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\$87.8 million in the first half of 2021, increased by 49.5% as compared to HK\$58.72 million in the same period of 2020. The premium growth momentum continues for both Hong Kong and Macau insurance business. The gross insurance premiums of Macau insurance business registered a 14.7% growth to HK\$54.11 million supported by high-quality bancassurance business, and the gross insurance premiums of Hong Kong insurance business recorded an increase of 191.4% to HK\$33.69 million.

Underwriting profit before deducting management expenses for underwriting business increased by 38.3% to HK\$11.45 million as compared to HK\$8.28 million in the same period of 2020, which was mainly due to the increase in premium size as well as the improvement of business quality. Min Xin Insurance recorded an underwriting profit of HK\$5.83 million in the first half of 2021, an increase of 110.6% as compared to HK\$2.77 million in the same period of 2020, after charging management expenses for underwriting business.

Min Xin Insurance recorded a profit after tax of HK\$6.17 million in the first half of 2021, as compared to a loss after tax of HK\$8.77 million in the same period of 2020, which was mainly due to the increase in underwriting profit and the achievement of satisfactory return on investment.

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 implement the anticipated business plan in an increasingly competitive market to achieve a better financial performance.

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

At 30 June 2021, the Shanghai Composite Index increased by about 3.4% as compared to that at the end of 2020. The closing bid price per A-Share of Huaneng Power International, Inc. (“**Huaneng**”) as quoted on the Shanghai Stock Exchange decreased from RMB4.47 per share at 31 December 2020 to RMB4.22 per share at 30 June 2021. The fair value of the Huaneng A-Shares measured with reference to the closing bid price per A-Share of Huaneng stood at HK\$344.29 million (equivalent to RMB286.76 million). In the first half of 2021, the Group recorded a loss of HK\$16.71 million (first half of 2020: loss of HK\$109.8 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 the first half of 2021, Huaneng declared a final dividend for 2020 of RMB0.18 per share with ex-dividend date on 7 July 2021. The Group will record dividend income totalling RMB12.23 million (equivalent to HK\$14.69 million) in the second half of 2021. The Group received the final dividend for 2019 of RMB0.135 per share totalling RMB9.17 million (equivalent to HK\$10.05 million) and recorded the dividend income in the second half of 2020.

Huaneng has announced its 2021 interim results under the PRC Accounting Standards. Its operating revenue and operating expenses increased by 20.2% and 29.7% respectively as compared to those at the same period of 2020. Its profit attributable to shareholders was RMB4.28 billion in the first half of 2021, decreased by 25.3% as compared to RMB5.73 billion in the same period of 2020 primarily attributable to the increase in fuel prices. Earnings per share was RMB0.21 for the period under review, a decrease of 34.4% as compared to RMB0.32 per share in the same period of 2020.

Property Investment

The property investment business of the Group represents the leasing of certain investment properties in Mainland China. In the first half of 2021, the property investment business reported a profit after tax of HK\$1.42 million, an increase of 100% as compared to HK\$0.71 million in the same period of 2020, which was mainly due to decrease in the revaluation loss of investment properties.

The market rental of office space in Fuzhou, Fujian Province remained soft in the first half of 2021. The leased commercial properties and parking spaces in Fuzhou (the “**Fuzhou Property**”) of the Group maintained full occupancy at 30 June 2021 and the monthly rental of new leases also maintained at the same level of expired leases. The Group recorded a rental income of RMB1.8 million in the first half of 2021, increased by 3.8% as compared to RMB1.73 million in the same period of 2020. At 30 June 2021, the fair value of the Fuzhou Property was HK\$54.98 million, a decrease of 5.2% as compared to the fair value of HK\$58.01 million at the end of 2020. The decrease mainly reflected the reclassification of an investment property to owner-occupied property by the Group during the period under review. The Group recorded a fair value loss of HK\$0.33 million, decreased by 69.4% as compared to a fair value loss of HK\$1.08 million in the same period of 2020. A fair value loss after deferred tax of HK\$0.16 million was recognised in the first half of 2021, decreased by 73.3% as compared to HK\$0.6 million in the same period of 2020.

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 30 June 2021 (31 December 2020: 597,257,252 shares), the net asset value per share was HK\$13.17 at 30 June 2021 (31 December 2020: HK\$12.72).

Total Liabilities to Equity Ratio and Current Ratio

At 30 June 2021, the total liabilities of the Group were HK\$906.63 million (31 December 2020: HK\$807.77 million) and the ratio of total liabilities to total equity attributable to Shareholders was 11.5% (31 December 2020: 10.6%). At 30 June 2021, the current assets and current liabilities of the Group were HK\$1,718.04 million (31 December 2020: HK\$1,409.54 million) and HK\$791.46 million (31 December 2020: HK\$583.44 million) respectively with a current ratio of 2.2 (31 December 2020: 2.4).

Borrowings and Charged Assets

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

At 30 June 2021, the Group had borrowings of HK\$586.76 million, comprised HK\$486.76 million granted by local banks and HK\$100 million granted by the controlling shareholder, increased by 12.5% as compared to HK\$521.6 million at the end of 2020. Based on the scheduled repayment dates set out in the loan facilities, all outstanding amount will mature and is repayable within one year. These loans are in Hong Kong dollars and subject to floating interest rates. The effective interest rate at 30 June 2021 ranged from 1.3% to 2.3% (31 December 2020: 1.5% to 2.5%) per annum.

In addition, the Group had undrawn revolving bank loans of approximately HK\$29.49 million at 30 June 2021. The Company is negotiating and arranging bank refinancing with certain local banks.

At 30 June 2021, 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\$240.13 million) (31 December 2020: RMB200 million, equivalent to HK\$237.7 million) placed by a wholly-owned subsidiary of the Company in Mainland China.

At 30 June 2021, the revolving bank loan balances of HK\$111.6 million (31 December 2020: 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 HK\$9.02 million (31 December 2020: HK\$9.15 million).

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 (31 December 2020: HK\$15 million) as a collateral for the standby letter of credit at 30 June 2021.

Save for the above, no other assets of the Group were pledged at 30 June 2021 and 31 December 2020 respectively.

Gearing Ratio

At 30 June 2021, the gearing ratio of the Group (total borrowings divided by total net assets) was 7.5% (31 December 2020: 6.9%).

Cash Position

The Group's bank deposits bear interest at prevailing market rates. At 30 June 2021, the total bank deposits of the Group amounted to HK\$980.5 million (31 December 2020: HK\$1,175.62 million) of which 16.8% were in Hong Kong Dollars, 80.4% in Renminbi and 2.8% in other currencies (31 December 2020: 17.7% in Hong Kong Dollars, 80.3% in Renminbi and 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 30 June 2021, Min Xin Insurance has placed fixed deposits of HK\$16 million (31 December 2020: 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. Min Xin Insurance has also maintained bank deposits of MOP18.41 million (equivalent to HK\$17.87 million) and HK\$51.83 million (31 December 2020: MOP15.39 million, equivalent to HK\$14.94 million and HK\$42.03 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 Dollars and Renminbi. The Group reviews and monitors periodically its foreign currency exposure and considers hedging significant foreign currency exposure should the need arise. The Group did not enter into any derivative contracts aimed at minimising exchange rate risks during the period under review.

Capital Commitments

At 30 June 2021, the Group's capital commitments relating to investment properties and intangible assets amounted to HK\$0.39 million (31 December 2020: HK\$0.25 million).

Contingent Liabilities

At 30 June 2021 and 31 December 2020, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2021, the Group had 69 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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the six months ended 30 June 2021 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 six months ended 30 June 2021.

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 period under review.

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 unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 as set out in this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND 2021 INTERIM REPORT

The announcement of interim results for the six months ended 30 June 2021 is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.minxin.com.hk. The 2021 Interim Report will be published on the aforesaid websites and printed copies of the 2021 Interim Report will be sent to the Shareholders in due course.

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

Hong Kong, 25 August 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.