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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 2014 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to equity holders amounted to HK\$473 million, a decrease of 15% due to the decrease in extraordinary gains
- One-off gain on dilution of equity interest in Xiamen International Bank of HK\$12 million, a decrease in extraordinary gains of 92.8% as compared to one-off gain on disposal of 100% equity interest in Minxin Suzhou and dilution of equity interest in Xiamen International Bank totaling HK\$164 million in last year
- Basic earnings per share reached 102.89 HK cents, a decrease of 15%
- Total assets and total equity attributable to equity holders increased by 29.5% and 22.4% to HK\$5.58 billion and HK\$4.82 billion respectively
- Recommended a final dividend of 5 HK cents per ordinary share

The Board of Directors (the “Board”) of Min Xin Holdings Limited (the “Company”) hereby announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	<u>144,624</u>	<u>87,368</u>
Total revenues	2	169,202	102,026
Other gains - net	3	<u>2,561</u>	<u>195,120</u>
Total operating income		<u>171,763</u>	<u>297,146</u>
Net insurance claims incurred and commission expenses incurred on insurance business	4	(35,832)	(36,118)
Costs of properties sold		–	(7,375)
Impairment loss on loans to customers		(38,055)	(835)
Staff costs		(30,481)	(29,009)
Depreciation		(1,343)	(850)
Other operating expenses		<u>(20,054)</u>	<u>(16,148)</u>
Total operating expenses		<u>(125,765)</u>	<u>(90,335)</u>
Operating profit	5	45,998	206,811
Finance costs	6	(7,016)	(4,678)
Share of results of a joint venture		–	5,556
Share of results of associates		<u>452,220</u>	<u>366,925</u>
Profit before taxation		491,202	574,614
Income tax expense	7	<u>(18,515)</u>	<u>(18,260)</u>
Profit for the year		<u>472,687</u>	<u>556,354</u>
Dividend			
– Final dividend		<u>22,971</u>	<u>22,971</u>
		<i>HK CENTS</i>	<i>HK CENTS</i>
Earnings per share			
Basic and diluted	8	<u>102.89</u>	<u>121.10</u>
Dividend per share			
– Final dividend		<u>5</u>	<u>5</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	472,687	556,354
Other comprehensive income		
Items that will not be reclassified to income statement:		
Leasehold buildings revaluation reserve		
Unrealised surplus on revaluation of leasehold building transferred to investment property	–	1,294
Deferred income tax	–	(442)
	–	852
Items that may be reclassified subsequently to income statement:		
Available-for-sale investment revaluation reserve		
Fair value changes credited/(charged) to equity	318,453	(169,572)
Release on disposal	(846)	–
Release on dilution of interest in an associate	3,378	(4,545)
Share of changes in equity of joint ventures and associates		
Fair value changes credited/(charged) to equity	239,561	(263,376)
Release on disposal	13,894	(6,233)
Deferred income tax	(59,769)	66,797
	514,671	(376,929)
Exchange translation reserve		
Exchange differences arising on translation of the financial statements of foreign subsidiaries, joint ventures and associates	(70,533)	72,559
Release on disposal of interest in a subsidiary	–	(70,034)
Release on dilution of interest in an associate	(13,577)	(10,473)
	(84,110)	(7,948)
	430,561	(384,877)
Other comprehensive income for the year, net of tax	430,561	(384,025)
Total comprehensive income for the year	903,248	172,329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		20,122	20,404
Investment properties		165,762	154,825
Associates		2,945,890	2,468,663
Available-for-sale financial assets		770,129	452,522
Reinsurance assets		3,402	2,097
Deferred income tax assets		4,281	376
		3,909,586	3,098,887
Current assets			
Deferred acquisition costs		12,738	9,983
Insurance receivable	9	10,644	10,372
Reinsurance assets		2,265	3,078
Loans to customers and loan receivable	10	272,604	158,955
Other debtors		8,068	11,254
Dividend receivable from associates		–	97,014
Other prepayments and deposits		905	1,338
Financial assets at fair value through profit or loss		7,194	8,089
Cash and bank balances		1,353,943	909,360
		1,668,361	1,209,443
Current liabilities			
Insurance contracts		44,479	39,907
Insurance payable	11	6,059	4,709
Other creditors and accruals		29,411	24,858
Bank borrowings		579,097	200,000
Current income tax payable		26,955	35,651
		686,001	305,125
Net current assets		982,360	904,318
Total assets less current liabilities		4,891,946	4,003,205

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 31 December 2014*

		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Insurance contracts		27,707	21,896
Deferred income tax liabilities		48,230	45,577
		<u>75,937</u>	<u>67,473</u>
Net assets		<u>4,816,009</u>	<u>3,935,732</u>
Share capital			
		891,135	459,429
Other reserves		1,716,858	1,595,645
Retained profits			
Proposed dividend		22,971	22,971
Others		2,185,045	1,857,687
Total equity attributable to equity holders of the Company		<u>4,816,009</u>	<u>3,935,732</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.

These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Chapter 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Chapter 622), “Accounts and Audit”.

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:

- available-for-sale financial assets
- 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 are stated at the lower of carrying amount and fair value less costs to sell.

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

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

Up to the date of issue of this results announcement, the HKICPA has issued a number of following new standards and amendments to standards which are not yet effective for the accounting year ended 31 December 2014 and which have not been early adopted in these consolidated financial statements:

- HKFRS 9 (2014) Financial Instruments
- HKFRS 9 Financial Instruments (Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39)
- HKFRS 14 Regulatory Deferral Accounts
- HKFRS 15 Revenue from Contracts with Customers
- Amendments to HKAS 1 Disclosure Initiative
- Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants
- Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions
- Amendments to HKAS 27 Equity Method in Separate Financial Statements
- Amendments to HKFRS 9 and HKFRS 7 Mandatory Effective Date of HKFRS 9 and Transition Disclosures
- Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception
- Amendments to HKFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Annual Improvements to HKFRSs 2010 - 2012 Cycle
- Annual Improvements to HKFRSs 2011 - 2013 Cycle
- Annual Improvements to HKFRSs 2012 - 2014 Cycle

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

2 TURNOVER AND SEGMENTAL INFORMATION

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Gross insurance premiums	52,741	50,536
Interest income from loans to customers	48,468	422
Proceeds from sale of properties	–	8,427
Rental income from investment properties	10,188	9,423
Dividend income from available-for-sale financial assets	33,227	18,560
	<u>144,624</u>	<u>87,368</u>
Movement in unearned insurance premiums	<u>(2,969)</u>	<u>(2,204)</u>
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	<u>(6,391)</u>	<u>(5,724)</u>
Other revenues		
Management fees	120	120
Interest income from bank deposits	24,005	9,534
Interest income from loan receivable	9,247	7,837
Dividend income from listed equity securities held for trading	214	84
Recovery of bad debts written off	–	4,765
Others	352	246
	<u>33,938</u>	<u>22,586</u>
Total revenues	<u><u>169,202</u></u>	<u><u>102,026</u></u>

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

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

The Group has the following reportable operating segments:

- Financial service: this segment includes the Group’s interest in Xiamen International Bank and its subsidiaries which conduct banking business in Mainland China and Macao, and the micro credit business in Mainland China.
- Insurance: this segment includes the Group’s general insurance business in Hong Kong and Macao.
- Property Development and Investment: this segment includes the development and sale of residential properties and leasing of high quality office space in Mainland China.
- Strategic Investment: this segment represents the Group’s investment in A-Share of Huaneng Power International, Inc..
- Others: this segment includes results of operations not directly identified under other reportable segments and head office activities. Head office is also considered to be a segment as discrete financial information is available for the head office activities.

(a) Segment results, assets and liabilities

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

Revenues derived from customers, products and services directly identifiable with individual segment are reported directly under respective segments. All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions’ costs related to head office activities that cannot be reasonably allocated to other segments, products and services are grouped under head office. Transactions between segments are priced based on similar terms offered to or transacted with external parties. Inter-segment income and expenses are eliminated on consolidation. The measure used for reporting segment profit is “profit for the 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 individual segments and bank borrowings managed directly by the segments or directly related to those segments. An asset and a liability are grouped under same segment if the liability is collateralised by the asset. Dividend payable to equity holders of the Company is treated as unallocated liabilities in reporting segment assets and liabilities.

	Financial services		Property development and investment				Strategic investment		Others		Inter-segment elimination		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December														
Turnover														
External customers	48,468	422	56,272	54,087	6,657	14,299	33,227	18,560	—	—	—	—	144,624	87,368
Inter-segments	—	—	—	—	—	—	—	—	3,933	3,787	(3,933)	(3,787)	—	—
	48,468	422	56,272	54,087	6,657	14,299	33,227	18,560	3,933	3,787	(3,933)	(3,787)	144,624	87,368
Movement in net unearned insurance premiums and reinsurance premiums ceded	—	—	(9,360)	(7,928)	—	—	—	—	—	—	—	—	(9,360)	(7,928)
Other revenues	9,464	1,731	1,745	1,411	9,475	7,993	—	—	13,254	11,451	—	—	33,938	22,586
Total revenues	57,932	2,153	48,657	47,570	16,132	22,292	33,227	18,560	17,187	15,238	(3,933)	(3,787)	169,202	102,026
Other gains/(loss) – net	6,728	39,386	6,029	5,757	1,952	136,383	—	—	(12,148)	13,594	—	—	2,561	195,120
Total operating income	64,660	41,539	54,686	53,327	18,084	158,675	33,227	18,560	5,039	28,832	(3,933)	(3,787)	171,763	297,146
Impairment loss on loans to customers	(38,055)	(835)	—	—	—	—	—	—	—	—	—	—	(38,055)	(835)
Operating expenses	(8,722)	(1,685)	(50,019)	(49,449)	(5,514)	(11,396)	—	—	(27,388)	(30,757)	3,933	3,787	(87,710)	(89,500)
Operating profit/(loss)	17,883	39,019	4,667	3,878	12,570	147,279	33,227	18,560	(22,349)	(1,925)	—	—	45,998	206,811
Finance costs	(4,224)	(789)	—	—	—	(2,808)	—	—	(2,792)	(1,081)	—	—	(7,016)	(4,678)
Share of results of a joint venture	—	—	—	—	—	—	—	—	—	5,556	—	—	—	5,556
Share of results of associates	446,801	360,038	—	—	—	—	—	—	5,419	6,887	—	—	452,220	366,925
Profit/(loss) before taxation	460,460	398,268	4,667	3,878	12,570	144,471	33,227	18,560	(19,722)	9,437	—	—	491,202	574,614
Income tax expense	(10,755)	(8,569)	(259)	(119)	(2,604)	(7,235)	(3,323)	(1,856)	(1,574)	(481)	—	—	(18,515)	(18,260)
Profit/(loss) for the year	449,705	389,699	4,408	3,759	9,966	137,236	29,904	16,704	(21,296)	8,956	—	—	472,687	556,354
Interest income	57,932	2,153	1,326	1,114	9,247	7,868	—	—	13,215	6,658	—	—	81,720	17,793
Depreciation for the year	465	39	130	163	—	7	—	—	748	653	—	—	1,343	862

	Financial services		Property development and investment				Strategic investment		Others		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December												
The Company and subsidiaries	597,268	686,393	171,375	155,684	104,021	226,200	770,129	452,522	989,264	318,868	2,632,057	1,839,667
Investments in associates	2,865,697	2,388,228	—	—	—	—	—	—	80,193	80,435	2,945,890	2,468,663
Total assets	3,462,965	3,074,621	171,375	155,684	104,021	226,200	770,129	452,522	1,069,457	399,303	5,577,947	4,308,330
The Company and subsidiaries	207,179	201,681	83,690	72,410	49,465	47,996	—	—	421,604	50,511	761,938	372,598
Total liabilities	207,179	201,681	83,690	72,410	49,465	47,996	—	—	421,604	50,511	761,938	372,598
Capital expenditure incurred during the year	598	1,326	27	67	—	—	—	—	487	705	1,112	2,098

(b) Geographical information

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

	Hong Kong		Mainland China		Macao		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	<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>
Year ended 31 December								
Revenues from external customers	<u>29,923</u>	<u>35,660</u>	<u>88,363</u>	<u>33,312</u>	<u>26,338</u>	<u>18,396</u>	<u>144,624</u>	<u>87,368</u>
At 31 December								
The Company and subsidiaries	77,487	70,699	108,329	104,454	68	76	185,884	175,229
Investments in associates	<u>-</u>	<u>-</u>	<u>2,945,890</u>	<u>2,468,663</u>	<u>-</u>	<u>-</u>	<u>2,945,890</u>	<u>2,468,663</u>
Specified non-current assets	<u>77,487</u>	<u>70,699</u>	<u>3,054,219</u>	<u>2,573,117</u>	<u>68</u>	<u>76</u>	<u>3,131,774</u>	<u>2,643,892</u>

3 OTHER GAINS – NET

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value losses on listed equity securities measured at fair value through profit or loss	(393)	(985)
Fair value (losses)/gains on forward foreign exchange contracts	(603)	615
Fair value gains on revaluation of investment properties	10,937	17,067
Gain on disposal of a subsidiary	-	122,967
Gain on dilution of interest in an associate	11,737	41,186
Gain on disposal of available-for-sale financial assets	1,313	-
Gain on disposal of property, plant and equipment	91	-
Net exchange (losses)/gains	<u>(20,521)</u>	<u>14,270</u>
	<u>2,561</u>	<u>195,120</u>

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net insurance claims incurred on insurance business (a)	16,863	17,866
Commission expenses incurred on insurance business (b)	18,969	18,252
	<u>35,832</u>	<u>36,118</u>

(a) Net insurance claims incurred on insurance business

	2014		
	Gross	Reinsurance	Net
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current year claims and loss adjustment expenses	9,003	(27)	8,976
Additional cost for prior years' claims and loss adjustment expenses	3,476	796	4,272
Increase/(decrease) in claims incurred but not reported	3,320	(697)	2,623
Increase in the expected cost of claims for unexpired risks	992	–	992
	<u>16,791</u>	<u>72</u>	<u>16,863</u>

	2013		
	Gross	Reinsurance	Net
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current year claims and loss adjustment expenses	6,621	(29)	6,592
Additional cost/(run-off savings) for prior years' claims and loss adjustment expenses	10,553	(2,658)	7,895
Increase/(decrease) in claims incurred but not reported	4,173	(228)	3,945
Decrease in the expected cost of claims for unexpired risks	(566)	–	(566)
	<u>20,781</u>	<u>(2,915)</u>	<u>17,866</u>

(b) Commission expenses incurred on insurance business

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross commissions paid and payable	19,284	18,548
Less: Commissions received and receivable from reinsurers	(315)	(296)
Net commission expenses	<u>18,969</u>	<u>18,252</u>

5 OPERATING PROFIT

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after crediting and charging the following:		
Crediting		
Gain on disposal of property, plant and equipment	91	–
Net exchange gains	–	14,270
Rentals received and receivable from investment properties less direct outgoings	8,476	7,933
Charging		
Auditor's remuneration	2,783	2,607
– <i>provision for current year</i>	2,423	2,152
– <i>under provision for prior years</i>	–	155
– <i>interim attestation work</i>	360	300
Cost of completed properties sold	–	5,967
Depreciation	1,343	862
Management fee	1,880	1,880
Loss on disposal of property, plant and equipment	–	13
Net exchange losses	20,521	–
Operating lease rentals in respect of land and buildings	333	180
Retirement benefit costs	<u>918</u>	<u>881</u>

6 FINANCE COSTS

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans	7,016	1,870
Interest on short term loan and advance from a substantial shareholder	–	2,808
	<u>7,016</u>	<u>4,678</u>

7 INCOME TAX EXPENSE

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong profits tax	441	438
Mainland China corporate income tax	5,327	–
Mainland China withholding tax	13,809	10,425
Mainland China land appreciation tax	–	147
Macao taxation	210	43
	<u>19,787</u>	<u>11,053</u>
Under provision in prior years		
Macao taxation	–	1
Deferred tax		
Relating to the origination and reversal of temporary differences	<u>(1,272)</u>	<u>7,206</u>
Income tax expense	<u><u>18,515</u></u>	<u><u>18,260</u></u>

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

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

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

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

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

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company for the year ended 31 December 2014 of HK\$472,687,000 (2013: HK\$556,354,000) and the weighted average of 459,428,656 (2013: 459,428,656) 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 90 to 120 days. The credit terms of insurance receivable, including whether guarantees from third parties are required, are determined by senior management.

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	4,814	5,480
31-60 days	2,501	2,276
61-90 days	2,352	1,499
Over 90 days	977	1,117
	<u>10,644</u>	<u>10,372</u>

10 LOANS TO CUSTOMERS AND LOAN RECEIVABLE

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Micro credit business		
– guaranteed micro loans	79,102	30,744
– secured micro loans	1,000	–
– secured and guaranteed micro loans	224,237	11,016
– pledged and guaranteed micro loans	6,942	–
	<u>311,281</u>	<u>41,760</u>
Loans to customers	----- 311,281	----- 41,760
Loans impairment allowances		
– individually assessed	(33,512)	–
– collectively assessed	(5,165)	(835)
	<u>(38,677)</u>	<u>(835)</u>
	----- 272,604	----- 40,925
Loan receivable from an unrelated company	----- –	----- 118,030
	<u>272,604</u>	<u>158,955</u>

At 31 December 2014, the ageing analysis of the loans to customers by date of loans granted to customers was as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
30-90 days	13,496	–
91-180 days	168,571	2,049
181-365 days	129,214	39,711
	<u>311,281</u>	<u>41,760</u>

The interest receivables arising from the loans to customers were included in other debtors. At 31 December 2014, the ageing analysis of overdue interest receivables by due date was as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	565	–
31-60 days	886	–
61-90 days	745	–
Over 90 days	687	–
	<u>2,883</u>	<u>–</u>

11 INSURANCE PAYABLE

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	3,010	2,612
31-60 days	1,362	1,160
61-90 days	1,339	558
Over 90 days	348	379
	<u>6,059</u>	<u>4,709</u>

DIVIDEND

The Board of the Company has resolved to recommend at the forthcoming Annual General Meeting of the Company to be held on 18 June 2015 (“2015 AGM”) the payment of a final dividend of 5 HK cents per share totaling HK\$22,971,433 for the year ended 31 December 2014 (2013: final dividend of 5 HK cents per share totaling HK\$22,971,433). The proposed dividend, if approved, will be paid on or before 3 July 2015.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2015 AGM

For determining the entitlement to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Tuesday, 16 June 2015 to Thursday, 18 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2015 AGM, all completed transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Monday, 15 June 2015.

(b) For determining the entitlement to the proposed dividend

The proposed final dividend for the year ended 31 December 2014 is subject to approval by the shareholders of the Company at the 2015 AGM. For determining the entitlement to the above proposed final dividend, the register of members of the Company will be closed from Wednesday, 24 June 2015 to Thursday, 25 June 2015, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all completed transfer documents, accompanied by the relevant share certificates, must be lodged with the Company’s share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 23 June 2015.

BUSINESS REVIEW

In 2014, the global economy grew at a modest pace, the improved GDP growth in the United States was offset by relatively slower growth in the Eurozone. On the other hand, the property market adjustment and the overhang of surplus capacity have led to a stabilised economic growth with optimized structure and enhanced quality in Mainland China.

Operating Results

In 2014, the Group’s profit attributable to shareholders was HK\$472.69 million, representing a decrease of 15% as compared to HK\$556.35 million in last year. The decline in earnings for the year was mainly attributable to the decrease in extraordinary gains as compared to those of last year. Basic earnings per share amounted to 102.89 HK cents in 2014 (2013: 121.1 HK cents).

Excluding the impact of the one-off after-tax gain of HK\$122.97 million on the disposal of Minxin (Suzhou) Property Development Co., Ltd. (“Minxin Suzhou”) in 2013 and the decrease in the gain on the dilution of shareholding in Xiamen International Bank (“XIB”), the Group’s profit attributable to shareholders increased by 17.5% or HK\$68.75 million, mainly reflecting a HK\$84.85 million increase in share of results of XIB.

Financial Services

In 2014, the financial services business of the Group reported a profit after tax of HK\$449.71 million, an increase of 15.4% over HK\$389.7 million of last year. Excluding the impact of the dilution of the shareholding in XIB, the profit after tax amounted to HK\$437.97 million, an increase of 25.7% as compared to HK\$348.51 million of last year.

The financial services business of the Group include the banking business and the provision of micro credit business in Mainland China. The Group, through its major associates, XIB and Luso International Bank, conducts banking business in Mainland China and Macao.

Banking Business

The economic growth of Mainland China is switching from high speed to medium-to-high speed. The intense pressure of the slowdown of economic growth and changes to regulatory policies in Mainland China adversely affected the operating environment of domestic banking industry. XIB has focused on exploring niche market opportunity through products innovation and strategic transformation, and once again achieved sound results with total assets closed to RMB350 billion, an increase by 33.6% as compared to that at the end of last year.

XIB’s profit after tax prepared in accordance with the PRC Accounting Standards has made a breakthrough in 2014 and reached RMB2.23 billion, an increase of RMB559.34 million, or 33.5%, over RMB1.67 billion reported in last year. Return on equity was up slightly.

On 31 December 2014, total assets grew by 33.6% to RMB348.94 billion as compared to those at the end of 2013. Gross loans to customers rose by 36.8% to RMB111.37 billion, and total deposits from customers was up 64.4% to RMB224.19 billion, as compared to the respective balances at the end of 2013. In 2014, net interest income went up 30% driven by the growth of loan portfolio and the effect brought by new business while non-interest income maintained a single digit growth as compared with those of last year.

Looking forward into 2015, economic challenges will persist and therefore will lead to uncertainties in economic expansion. However, it is believed that the Central Government will continue its implementation of the broad-based and deep-rooted economic and financial reforms to promote domestic consumption and stimulate economic activity. Given the challenging operating environment, XIB will continue to adhere to stable operation and strive to develop the vast opportunities of new businesses and new markets with a view to create sustainable business growth.

Micro Credit Business

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

Minxin Micro Credit recorded a fast pace in its micro credit business development in 2014. On 31 December 2014, micro loans to customers were RMB249.1 million (equivalent to HK\$311.28 million), an increase by 664.1% from RMB32.6 million (equivalent to HK\$41.76 million) at the end of 2013. These micro loans mainly comprised secured, pledged and guaranteed loans. In view of the rapid growth in scale of micro loans portfolio and challenging domestic economic conditions, the Group’s impairment losses on micro loans amounted to RMB30.95 million (equivalent to HK\$38.68 million) at 31 December 2014, an increase of RMB30.3 million (equivalent to HK\$37.84 million) for the year under review. Allowances to total loans ratio was 12.4% at 31 December 2014, an increase of 10.4% as compared with 2% at the end of 2013. The Group will implement a stringent and prudent risk provisioning policy to strengthen credit risk prevention and control.

In 2014, Minxin Micro Credit generated interest income from micro loans of RMB38.59 million (equivalent to HK\$48.47 million) and bank deposits of RMB1.68 million (equivalent to HK\$2.11 million) respectively. Minxin Micro Credit reported a profit after tax of RMB3.08 million (equivalent to HK\$3.87 million) in 2014, as compared to a loss of RMB2.6 million (equivalent to HK\$3.34 million) in last year. The forward foreign exchange contracts entered into by Minxin Micro Credit in 2013 were utilised during the year, a fair value loss of RMB0.48 million (equivalent to HK\$0.6 million) was recorded during the year under review for the reversing of the fair value gain recorded in 2013.

Insurance Business

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

Gross insurance premiums rose by 4.4%, supported in particular by rising premiums from bancassurance business. Underwriting loss, taking into account management expenses for underwriting business, of HK\$2.95 million as compared to HK\$3.27 million in 2013, such improvement reflecting a better off in claims experiences as compared with last year. Profit after tax of HK\$4.41 million, an increase by 17.3% from HK\$3.76 million in 2013, mainly due to the increase in net surplus on property revaluation.

New management team of MXIC will focus on steadily enlarging its clients’ base through new products development and fostering the robust development of new business lines in Hong Kong and Macao general insurance market. Looking ahead, the management will focus on the brand re-building and adhere to long term and sustainable business development.

Property Development and Investment

The property development and investment business of the Group mainly comprises the real estate development business and the leasing of certain investment properties in Mainland China. In 2014, the property development and investment business reported a profit after tax of HK\$9.97 million, as compared with HK\$137.24 million in 2013. Excluding the extraordinary gain on the disposal of Minxin Suzhou of HK\$122.97 million in 2013, the profit after tax was down 30.2% as compared with last year.

A steady and recurrent rental income as well as capital appreciation were generated by the Group's investment properties and car parks in Fuzhou, Fujian Province (the "Fuzhou Property"). The Fuzhou Property recorded a rental income of RMB5.53 million (equivalent to HK\$6.87 million), which was up 14.6% as compared with RMB4.82 million (equivalent to HK\$5.87 million) in 2013. At 31 December 2014, the fair value of the Fuzhou Property was RMB83.21 million (equivalent to HK\$103.98 million), 6.5% higher than the fair value of RMB78.15 million (equivalent to HK\$100.11 million) at the end of 2013. The Group recorded a fair value gain of HK\$3.87 million and a fair value gain after deferred tax of HK\$1.27 million in 2014, as compared to a fair value gain of HK\$10.92 million and a fair value gain after deferred tax of HK\$3.83 million in 2013.

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

At 31 December 2014, the Shanghai Composite Index rose by about 52.9% as compared to that at the end of 2013. The closing bid price of Huaneng's A-share rose from RMB5.05 per share at 31 December 2013 to RMB8.81 per share at 31 December 2014. The fair value of the Group's investment in Huaneng Shares measured with reference to the closing bid price of Huaneng's A-Share increased to HK\$770.13 million (equivalent to RMB616.28 million). The gain of HK\$317.61 million arising from the change in its fair value (2013: loss of HK\$169.57 million) was recorded in other comprehensive income and accumulated separately in equity in the investment revaluation reserve.

Being classified as a long term available-for-sale financial asset of the Group, Huaneng Shares generate a steady dividend income to the Group. During the year, Huaneng paid a final dividend for 2013 of RMB0.38 per share. The Group recorded dividend income totaling HK\$33.23 million, as compared to the final dividend payment for 2012 of RMB0.21 per share totaling HK\$18.56 million received by the Group in 2013.

Huaneng recently announced its 2014 annual results under the PRC Accounting Standards. Its operating revenue has decreased by 6.3% year-on-year, while its operating expenses have dropped by 8.6% as compared with last year due to effective control. Its profit attributable to equity holders has increased by 0.2% to RMB10.55 billion with earnings per share of RMB0.75 for the year under review, which is the same as RMB0.75 per share in 2013.

FINANCIAL REVIEW

Net Asset Value per Share

The Group adheres to the principle of prudent financial management and strives to maintain a healthy financial position. Based on 459,428,656 (2013: 459,428,656) shares in issue, the net asset value per share was HK\$10.48 (2013: HK\$8.57) at 31 December 2014.

Total Liabilities to Equity Ratio and Current Ratio

At 31 December 2014, the total liabilities of the Group were HK\$761.94 million (2013: HK\$372.6 million) and the ratio of total liabilities to total equity attributable to shareholders of the Company was 15.8% (2013: 9.5%). At 31 December 2014, the current assets and current liabilities of the Group were HK\$1,668.36 million (2013: HK\$1,209.44 million) and HK\$686 million (2013: HK\$305.13 million) respectively with a current ratio of 2.4 (2013: 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 31 December 2014, the Group's borrowings comprise bank loans principal of HK\$580 million (2013: HK\$200 million), an increase of HK\$380 million as compared to the end of 2013. The maturity profile of the bank loans based on the scheduled repayment dates set out in the loan facilities before consideration of the effect of any repayment on demand clause is spread over a period of three years, with HK\$430 million repayable within one year, HK\$70 million repayable more than one year but within two years and HK\$80 million repayable more than two years but within five years. The bank loans of the Group are in Hong Kong dollars and subject to floating interest rates.

At 31 December 2014, the above borrowings were secured by the Group's offshore bank deposits of RMB324 million (equivalent to HK\$404.89 million) (2013: RMB171 million, equivalent to HK\$219.05 million) placed with the lending banks and the self-use office building with a net book value of HK\$10.7 million (2013: HK\$10.96 million).

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

Gearing Ratio

At 31 December 2014, the gearing ratio of the Group (total borrowings and advances divided by total net assets) still maintained at a low level and was 12% (2013: 5.1%).

Cash Position

The Group's bank deposits are interest bearing at prevailing market rates. At 31 December 2014, the total bank deposits of the Group amounted to HK\$1,353.93 million (2013: HK\$909.35 million) of which 9.5% were in Hong Kong Dollars, 89.6% in Renminbi and 0.9% in other currencies (2013: 51.9% in Hong Kong Dollars, 47% in Renminbi and 1.1% in other currencies).

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

Risk of Exchange Rate Fluctuation

The Group mainly operates in Hong Kong, Mainland China and Macao, the exposure in exchange rate risks mainly arises from fluctuations in the Hong Kong Dollars and Renminbi exchange rates. As the Hong Kong Dollars and Renminbi are both under managed floating systems, the Group reviews and monitors periodically its foreign currency exposure and considers hedging significant foreign currency exposure should the need arise. During 2013, the Group injected the registered capital of Minxin Micro Credit in Hong Kong Dollars. In order to minimise the exchange rate risks, Minxin Micro Credit entered into forward foreign exchange contracts to fix the exchange settlement rate with a local bank. A fair value gain on re-measurement of the derivative of RMB0.48 million (equivalent to HK\$0.6 million) was recorded in 2013 and reversed during the year under review. Save for the above, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks during the year under review.

Capital Commitments

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

Contingent Liabilities

At 31 December 2014 and 31 December 2013, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2014, the Group had 65 employees. The remuneration of the employees is based on individual merits and experience. The Group also provides other benefits to the employees including retirement benefits and medical scheme.

PROSPECTS

Looking forward into 2015, it is believed that ongoing improvements in the global economy is expected, while the challenging operating environment will emerge in the economy of Mainland China. The Central Government has reaffirmed its commitment to the priority of its economic transformation, domestic consumption is gradually becoming a major growth driver and this in turn enhances the quality of the overall economic growth. With proactive fiscal and prudent monetary policies firmly in place, a balanced, steady and sustainable growth of economy in Mainland China is expected.

As an investment-based company with sound financial position, the Group will adopt a much more proactive investment strategy to seek for investment opportunities to achieve sustainable business development and long term optimistic earnings growth. Looking ahead, the Group adheres to explore new financial services business and other opportunities in the Greater China region and strives to achieve the long term development of the Group and values for our shareholders as a whole.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the year ended 31 December 2014 save as disclosed below:

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

COMPLIANCE WITH MODEL CODE

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

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group, and discussed internal controls and financial reporting matters including a review of the audited financial results of the Group for the year ended 31 December 2014.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PROPOSED ADOPTION OF NEW ARTICLES OF ASSOCIATION

The Board has proposed to adopt the New Articles of Association in order to align with the new Hong Kong Companies Ordinance (Chapter 622) which has come into effect on 3 March 2014 and for house-keeping purpose.

The New Articles of Association will be subject to the approval of the shareholders of the Company by way of a special resolution at the Annual General Meeting. Details will be set out in the Explanatory Statement of the Proposed Amendments to the Articles of Association attached to the circular of Annual General Meeting to be issued to the shareholders of the Company together with the 2014 Annual Report.

PUBLICATION OF ANNUAL REPORT

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

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

Hong Kong, 26 March 2015

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