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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 2022 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to Shareholders amounted to HK\$234.41 million, a decrease of 9.9%
- Basic earnings per share decreased by 9.9% to 39.25 HK cents
- Total assets decreased by 3.8% to HK\$9.3 billion
- Total equity attributable to Shareholders decreased by 5.4% to HK\$8.25 billion
- Final dividend of 12 HK cents per share for the year ended 31 December 2021 had been paid on 15 July 2022

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 2022 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

| | | Unaudited | |
|---|------|--------------------------|--------------------|
| | | Six months ended 30 June | |
| | | 2022 | 2021 (Restated) |
| | Note | HK\$'000 | HK\$'000 |
| Net earned insurance premiums | | 77,827 | 66,404 |
| Interest income calculated using the effective interest method | | 2,345 | 2,218 |
| Rental income from investment properties | | 4,940 | 4,975 |
| Total revenues | 2(a) | 85,112 | 73,597 |
| Other income | 2(b) | 17,859 | 15,381 |
| Operating income | | 102,971 | 88,978 |
| Other (losses)/gains – net | 3 | (6,794) | 13,709 |
| Net insurance claims incurred and commission expenses incurred on insurance business | | (70,656) | (54,950) |
| Write back of impairment loss on credit-impaired loans to customers and interest receivable | | 315 | 1,259 |
| Administrative expenses | | (26,476) | (27,025) |
| Operating (loss)/profit | 4 | (640) | 21,971 |
| Finance costs | 5 | (8,002) | (5,023) |
| Share of results of associates | | 247,043 | 250,389 |
| Profit before taxation | | 238,401 | 267,337 |
| Income tax expense | 6 | (3,987) | (7,294) |
| Profit for the period | | 234,414 | 260,043 |
| | | HK CENTS | HK CENTS |
| Earnings per share | | | |
| Basic and diluted | 7 | 39.25 | 43.54 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

| | Unaudited | |
|--|--------------------------|-----------------|
| | Six months ended 30 June | |
| | 2022 | 2021 |
| | | (Restated) |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 234,414 | 260,043 |
| 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) | (245,826) | (16,707) |
| Share of other comprehensive income of associates | (20,261) | (409) |
| | (266,087) | (17,116) |
| Items that may be reclassified subsequently to income statement: | | |
| Exchange translation reserve | | |
| Exchange differences arising on translation of the financial statements of foreign subsidiaries and associates | (343,438) | 93,186 |
| Share of other comprehensive income of associates | (22,544) | (7,769) |
| | (365,982) | 85,417 |
| Other comprehensive income for the period, net of tax | (632,069) | 68,301 |
| Total comprehensive income for the period | (397,655) | 328,344 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

| | | Unaudited 30 June 2022 | Audited 31 December 2021 |
|--|-------------|------------------------------|--------------------------------|
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Non-current assets | | | |
| Property, plant and equipment | | 14,308 | 14,849 |
| Right-of-use assets | | 13,892 | 14,158 |
| Investment properties | | 177,038 | 175,626 |
| Associates | | 6,514,412 | 6,778,417 |
| Financial assets at fair value through other comprehensive income | | 560,088 | 805,914 |
| Reinsurance assets | | 5,057 | 3,722 |
| Other debtors | | 3,726 | – |
| Bank balances | | 471,832 | – |
| Deferred income tax assets | | – | 19 |
| | | 7,760,353 | 7,792,705 |
| Current assets | | | |
| Deferred acquisition costs | | 48,678 | 49,958 |
| Insurance receivable | 9 | 95,914 | 110,538 |
| Reinsurance assets | | 20,391 | 9,043 |
| Credit-impaired loans to customers and interest receivable | 10 | 17,198 | 17,979 |
| Other debtors, prepayments and deposits | | 10,888 | 45,854 |
| Current income tax recoverable | | – | 35 |
| Financial assets at fair value through profit or loss | | 653,283 | 742,997 |
| Cash and bank balances | | 694,742 | 904,146 |
| | | 1,541,094 | 1,880,550 |
| Current liabilities | | | |
| Insurance contracts | | 127,553 | 121,697 |
| Insurance payable | 11 | 61,390 | 59,366 |
| Other creditors and accruals | | 26,124 | 25,531 |
| Lease liabilities | | 239 | 230 |
| Bank borrowings | | 409,652 | 497,308 |
| Loan from the controlling shareholder | | – | 99,985 |
| Current income tax payable | | 30,599 | 29,584 |
| Dividend payable | | 71,671 | – |
| | | 727,228 | 833,701 |
| Net current assets | | 813,866 | 1,046,849 |
| Total assets less current liabilities | | 8,574,219 | 8,839,554 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2022

| | Unaudited | Audited |
|---|-------------------------|-------------------------|
| | 30 June | 31 December |
| | 2022 | 2021 |
| | <i>Note</i> | |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Non-current liabilities | | |
| Insurance contracts | 86,052 | 60,678 |
| Lease liabilities | 710 | 833 |
| Bank borrowings | 198,555 | – |
| Deferred income tax liabilities | 43,433 | 63,462 |
| | <u>328,750</u> | <u>124,973</u> |
| Net assets | <u>8,245,469</u> | <u>8,714,581</u> |
| Equity | | |
| Share capital | 1,715,377 | 1,715,377 |
| Other reserves | 1,668,931 | 2,285,582 |
| Retained profits | 4,861,161 | 4,713,622 |
| Total equity attributable to shareholders of the Company | <u>8,245,469</u> | <u>8,714,581</u> |

The financial information relating to the year ended 31 December 2021 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 2021 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

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

| | Six months ended 30 June | |
|---|--------------------------|----------------------|
| | 2022 | 2021 (Restated) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net earned insurance premiums | | |
| Gross insurance premiums | 99,834 | 87,796 |
| Movement in unearned insurance premiums | (10,600) | (12,573) |
| Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums | (11,407) | (8,819) |
| | <u>77,827</u> | <u>66,404</u> |
| Interest income calculated using the effective interest method | | |
| Interest income from credit-impaired loans to customers | 2,345 | 2,218 |
| Rental income from investment properties | 4,940 | 4,975 |
| Total revenues | <u>85,112</u> | <u>73,597</u> |

(b) Other income

| | Six months ended 30 June | |
|---|--------------------------|--------------------|
| | 2022 | 2021 (Restated) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Interest income from bank deposits | 16,959 | 14,779 |
| Dividend income from financial assets at fair value through profit or loss | 237 | 565 |
| Government grants | 5 | 29 |
| Others | 658 | 8 |
| | <u>17,859</u> | <u>15,381</u> |

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

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

The Group has the following reportable operating segments:

- Financial services: this segment includes the engagement of banking business through the Group's major associate, XIB Group in Mainland China, Hong Kong and Macau respectively, and the provision of micro credit business in Mainland China.
- Insurance: this segment includes the general insurance business in Hong Kong and Macau.
- Property investment: this segment includes the leasing of high quality office space in Mainland China.
- Strategic investment: this segment includes the investment in A-Shares of Huaneng Power International Inc. and high-tech investments of the Group.

Corporate activities: corporate treasury and other centralised functions which cannot be allocated to each reporting segment. It is not a reportable operating segment of the Group.

(c) 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 segments, products and services are grouped under "Corporate activities". 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.

Segment assets include all tangible, intangible and current assets held by the business entities, net book value of investments held and share of net assets of and loans to investees. Segment liabilities include insurance liabilities, creditors and accruals, income tax payable and deferred tax liabilities attributable to respective segments and borrowings managed directly by the segments or directly related to those segments. An asset and a liability are grouped under same segment if the liability is collateralised by the asset. Dividend payable to shareholders of the Company is treated as unallocated liabilities in reporting segment assets and liabilities.

| | Financial services | | Insurance | | Property investment | | Strategic investment | | Corporate activities | | Inter-segment elimination | | Consolidated | |
|---|--------------------|--------------------|---------------|---------------|---------------------|--------------|----------------------|--------------------|----------------------|--------------------|---------------------------|----------------|----------------|----------------|
| | 2022 (Restated) | 2021 (Restated) | 2022 | 2021 | 2022 | 2021 | 2022 (Restated) | 2021 (Restated) | 2022 (Restated) | 2021 (Restated) | 2022 | 2021 | 2022 | 2021 |
| | 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 | - | - | 77,827 | 66,404 | - | - | - | - | - | - | - | - | 77,827 | 66,404 |
| Interest income calculated using the effective interest method | 2,345 | 2,218 | - | - | - | - | - | - | - | - | - | - | 2,345 | 2,218 |
| Rental income | - | - | 2,880 | 2,912 | 2,060 | 2,063 | - | - | - | - | - | - | 4,940 | 4,975 |
| | 2,345 | 2,218 | 80,707 | 69,316 | 2,060 | 2,063 | - | - | - | - | - | - | 85,112 | 73,597 |
| Inter-segments | - | - | 58 | 17 | 155 | 155 | - | - | 1,594 | 1,762 | (1,807) | (1,934) | - | - |
| Reportable segment revenue | 2,345 | 2,218 | 80,765 | 69,333 | 2,215 | 2,218 | - | - | 1,594 | 1,762 | (1,807) | (1,934) | 85,112 | 73,597 |
| Other income | 412 | 12 | 1,824 | 1,264 | - | - | - | - | 15,623 | 14,105 | - | - | 17,859 | 15,381 |
| Operating income | 2,757 | 2,230 | 82,589 | 70,597 | 2,215 | 2,218 | - | - | 17,217 | 15,867 | (1,807) | (1,934) | 102,971 | 88,978 |
| Other (losses)/gains – net | 1,949 | 1,988 | 2,311 | 3,144 | (2,488) | (332) | - | - | (8,566) | 8,909 | - | - | (6,794) | 13,709 |
| Write back of impairment loss on credit-impaired loans to customers and interest receivable | 315 | 1,259 | - | - | - | - | - | - | - | - | - | - | 315 | 1,259 |
| Operating expenses | (921) | (1,415) | (81,469) | (65,693) | (430) | (636) | - | - | (16,095) | (16,141) | 1,783 | 1,910 | (97,132) | (81,975) |
| Operating (loss)/profit | 4,100 | 4,062 | 3,431 | 8,048 | (703) | 1,250 | - | - | (7,444) | 8,635 | (24) | (24) | (640) | 21,971 |
| Finance costs | - | - | (30) | (53) | - | - | - | - | (7,990) | (5,010) | 18 | 40 | (8,002) | (5,023) |
| Share of results of associates | 247,046 | 249,048 | - | - | - | - | (3) | 1,341 | - | - | - | - | 247,043 | 250,389 |
| Profit/(loss) before taxation | 251,146 | 253,110 | 3,401 | 7,995 | (703) | 1,250 | (3) | 1,341 | (15,434) | 3,625 | (6) | 16 | 238,401 | 267,337 |
| Income tax (expense)/credit | - | - | (1,044) | (1,824) | 1,297 | 169 | - | - | (4,240) | (5,639) | - | - | (3,987) | (7,294) |
| Profit/(loss) for the period | 251,146 | 253,110 | 2,357 | 6,171 | 594 | 1,419 | (3) | 1,341 | (19,674) | (2,014) | (6) | 16 | 234,414 | 260,043 |
| Interest income | 2,664 | 2,230 | 1,040 | 898 | - | - | - | - | 15,600 | 13,869 | - | - | 19,304 | 16,997 |
| Depreciation and amortisation for the period | 120 | 123 | 1,282 | 1,421 | - | - | - | - | 516 | 488 | (980) | (980) | 938 | 1,052 |

| | Financial services | | Insurance | | Property investment | | Strategic investment | | Corporate activities | | Inter-segment elimination | | Consolidated | |
|---|--------------------|------------------|----------------|----------------|---------------------|---------------|----------------------|----------------|----------------------|------------------|---------------------------|----------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 30 June 2022 and 31 December 2021 | | | | | | | | | | | | | | |
| The Company and subsidiaries | 174,339 | 178,404 | 594,407 | 553,572 | 52,672 | 55,126 | 560,088 | 805,914 | 1,408,654 | 1,303,975 | (3,125) | (2,153) | 2,787,035 | 2,894,838 |
| Investments in associates | 6,462,678 | 6,725,205 | - | - | - | - | 51,734 | 53,212 | - | - | - | - | 6,514,412 | 6,778,417 |
| Total assets | 6,637,017 | 6,903,609 | 594,407 | 553,572 | 52,672 | 55,126 | 611,822 | 859,126 | 1,408,654 | 1,303,975 | (3,125) | (2,153) | 9,301,447 | 9,673,255 |
| The Company and subsidiaries | 47,192 | 67,242 | 294,810 | 257,308 | 18,295 | 19,685 | - | - | 626,218 | 616,657 | (2,208) | (2,218) | 984,307 | 958,674 |
| Unallocated liabilities | - | - | - | - | - | - | - | - | - | - | - | - | 71,671 | - |
| Dividend payable | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total liabilities | 47,192 | 67,242 | 294,810 | 257,308 | 18,295 | 19,685 | - | - | 626,218 | 616,657 | (2,208) | (2,218) | 1,055,978 | 958,674 |
| Additions to non-current segment assets during the period | - | - | 229 | 6,105 | - | - | - | - | 78 | 257 | - | (3,921) | 307 | 2,441 |

(d) 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, right-of-use 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, right-of-use assets and investment properties, and the location of operations in the case of investments in associates.

| | Hong Kong | | Mainland China | | Macau | | Consolidated | |
|--|-----------|------------|----------------|------------|----------|------------|--------------|------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (Restated) | | (Restated) | | (Restated) | | (Restated) |

Six months ended 30 June

| | | | | | | | | |
|----------------------------------|---------------|--------|--------------|-------|---------------|--------|---------------|--------|
| Revenues from external customers | 30,737 | 25,435 | 4,363 | 4,494 | 50,012 | 43,668 | 85,112 | 73,597 |
|----------------------------------|---------------|--------|--------------|-------|---------------|--------|---------------|--------|

| | Hong Kong | | Mainland China | | Macau | | Consolidated | |
|---|-----------------|-----------------|------------------|------------------|-----------------|-----------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | <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 2022 and 31 December 2021 | | | | | | | | |
| The Company and subsidiaries | 133,752 | 129,984 | 70,420 | 73,442 | 1,066 | 1,207 | 205,238 | 204,633 |
| Investments in associates | – | – | 6,514,412 | 6,778,417 | – | – | 6,514,412 | 6,778,417 |
| Specified non-current assets | 133,752 | 129,984 | 6,584,832 | 6,851,859 | 1,066 | 1,207 | 6,719,650 | 6,983,050 |

3 OTHER (LOSSES)/GAINS – NET

| | Six months ended 30 June | |
|--|--------------------------|-----------------|
| | 2022 | 2021 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net realised and unrealised gains on financial assets | | |
| at fair value through profit or loss | 7,799 | 9,481 |
| Fair value gains on revaluation of investment properties | 1,412 | 2,974 |
| Net exchange (losses)/gains | (16,005) | 1,254 |
| | (6,794) | 13,709 |

4 OPERATING (LOSS)/PROFIT

| | Six months ended 30 June | |
|--|--------------------------|------------|
| | 2022 | 2021 |
| | | (Restated) |
| | HK\$'000 | HK\$'000 |
| Operating (loss)/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 | 4,519 | 4,532 |
| – <i>Rental income</i> | 4,940 | 4,975 |
| – <i>Direct outgoings</i> | (421) | (443) |
| Charging | | |
| Staff costs, including directors' emoluments | 18,853 | 19,757 |
| – <i>Salaries, allowances and bonus</i> | 18,077 | 19,037 |
| – <i>Retirement benefit costs</i> | 776 | 720 |
| Depreciation and amortisation | 938 | 1,052 |
| – <i>Property, plant and equipment</i> | 672 | 751 |
| – <i>Leasehold lands and land use rights</i> | 141 | 140 |
| – <i>Properties leased for own use</i> | 125 | 161 |
| Management fee | 940 | 940 |
| Loss on disposal of property, plant and equipment | 1 | – |
| Net exchange losses | 16,005 | – |
| | <u>16,005</u> | <u>–</u> |

5 FINANCE COSTS

| | Six months ended 30 June | |
|--|--------------------------|--------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Interest expenses on bank loans | 6,873 | 3,289 |
| Interest expenses on loan from the controlling shareholder | 1,117 | 1,721 |
| Interest expenses on lease liabilities | 12 | 13 |
| | <u>8,002</u> | <u>5,023</u> |

6 INCOME TAX EXPENSE

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

| | Six months ended 30 June | |
|--|--------------------------|---------------------|
| | 2022 | 2021 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Current tax | | |
| Hong Kong profits tax | 122 | 121 |
| Mainland China corporate income tax | 4,375 | 4,037 |
| Mainland China withholding tax | – | 1,138 |
| Macau taxation | 1,058 | 1,057 |
| | <u>5,555</u> | <u>6,353</u> |
| Over provision in prior years | | |
| Mainland China corporate income tax | (182) | – |
| Deferred tax | | |
| Relating to the origination and reversal of temporary differences | (1,386) | 941 |
| | <u>(1,386)</u> | <u>941</u> |
| Income tax expense | <u><u>3,987</u></u> | <u><u>7,294</u></u> |

Hong Kong profits tax has been provided at the rate of 8.25% under the Two-tiered Rates of Profits Tax (2021: 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% (2021: 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 of the Company for the six months ended 30 June 2022 of HK\$234,414,000 (2021: HK\$260,043,000) and the weighted average of 597,257,252 (2021: 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 has resolved that no interim dividend be declared for the six months ended 30 June 2022 (2021: 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 of Min Xin Insurance Company Limited (“**Min Xin Insurance**”).

At 30 June 2022 and 31 December 2021, the ageing analysis of insurance receivable by invoice date was summarised as follows:

| | 30 June 2022 | 31 December 2021 |
|----------------|-------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Within 30 days | 24,709 | 54,302 |
| 31-60 days | 13,849 | 19,672 |
| 61-90 days | 10,825 | 18,150 |
| Over 90 days | 46,531 | 18,414 |
| | 95,914 | 110,538 |

10 CREDIT – IMPAIRED LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

| | 30 June 2022 | 31 December 2021 |
|---------------------------------------|-------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Micro credit business | | |
| Guaranteed loans | 99,024 | 113,362 |
| Secured loans | 77,726 | 81,254 |
| Pledged and guaranteed loans | 11,240 | 11,750 |
| Secured, pledged and guaranteed loans | 4,448 | 4,651 |
| | <hr/> | <hr/> |
| Credit-impaired loans to customers | 192,438 | 211,017 |
| Credit-impaired interest receivable | 8,284 | 9,195 |
| | <hr/> | <hr/> |
| | 200,722 | 220,212 |
| | <hr/> | <hr/> |
| Impairment allowances | (183,524) | (202,233) |
| | <hr/> | <hr/> |
| | 17,198 | 17,979 |
| | <hr/> <hr/> | <hr/> <hr/> |

11 INSURANCE PAYABLE

At 30 June 2022 and 31 December 2021, the ageing analysis of insurance payable by invoice date was summarised as follows:

| | 30 June 2022 | 31 December 2021 |
|----------------|-------------------------|---------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Within 30 days | 23,662 | 32,107 |
| 31-60 days | 12,949 | 10,456 |
| 61-90 days | 7,100 | 4,391 |
| Over 90 days | 17,679 | 12,412 |
| | <hr/> | <hr/> |
| | 61,390 | 59,366 |
| | <hr/> <hr/> | <hr/> <hr/> |

CHAIRMAN'S STATEMENT

I am pleased to announce the unaudited interim results of the Group for the first half of 2022.

In the first half of 2022, the continuously raging coronavirus pandemic, rising global commodities prices and inflationary pressures hit the global economy and bring challenges to the business environment.

OUR PERFORMANCE

In face of the continuing impact of the coronavirus pandemic and the challenges posed by the macroeconomic situation, we conducted our business prudently to minimise operational risks. For the six months ended 30 June 2022, the Group recorded an unaudited profit attributable to shareholders of the Company (the “**Shareholders**”) of HK\$234.41 million, decreased by 9.9% when compared to the corresponding period in 2021, mainly due to the unrealised foreign exchange loss resulted from the devaluation of Renminbi as against Hong Kong dollars. Basic earnings per share decreased by 9.9% to 39.25 HK cents.

At the annual general meeting of the Company held on 28 June 2022, the Shareholders passed the resolution to pay the final dividend for 2021 of 12 HK cents per share on 15 July 2022, which brought stable and sustainable returns to the Shareholders.

Total assets of the Group recorded a decrease of 3.8% to HK\$9.3 billion at 30 June 2022 as compared to HK\$9.67 billion at the end of 2021, mainly due to the devaluation of the investment in Huaneng Power International, Inc..

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 105.4% of the results of the Group in the first half of 2022. The Group's share of profit after tax of XIB Group was HK\$247.05 million in the first half of 2022, a decrease of 0.8% as compared to HK\$249.05 million in the corresponding period of 2021.

XIB Group achieved a steady growth in its balance sheet. Total assets of XIB Group recorded an increase of 4.8% to RMB1,055.63 billion at 30 June 2022 as compared to RMB1,007.15 billion at the end of 2021.

The total assets of our banking business accounted for 69.5% of the Group's total assets at 30 June 2022. The net asset value per share of the Company amounted to HK\$13.81 at 30 June 2022, about 78.4% 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 continues to leverage its advantages of branch network in the Greater China region in order to broaden financial services products, strengthen its advantages and characteristics and provide customised solutions to targeted clients. XIB Group will adhere to the business philosophy of technology empowerment, characteristic and green development. XIB Group will seize the opportunities to develop green finance and speed up the issuance of green credit with the support of the research and development of the innovative green finance products. XIB Group will continue to expand its customer base of local small and micro business owners. 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 154th in total assets and 160th in Tier-one Capital in the 2022 Top 1000 World Banks announced by The Banker. XIB had been rated as one of the top 200 for 6 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 13.7% to HK\$99.83 million in the first half of 2022. We have achieved an underwriting profit after charging management expenses for underwriting business of HK\$1.8 million in the first half of 2022, a decrease of 69.1% as compared to HK\$5.83 million in the corresponding period in 2021 due to increase in ultimate claims cost. We will continue to improve the business quality as well as to increase the premium size.

The management team of our insurance business will continue to allocate sufficient resources and focus on “customer-centric, sincere service”, in order to identify new opportunities and keep improving the service quality and underwriting professionalism in the increasingly competitive market environment so as to enhance sustainable business development and achieve a better financial performance.

PROSPECTS

In the face of the severe and volatile domestic and international environment and uncertainties in global economic growth, 2022 will remain a challenging year. The Group will continuously and closely monitor the current complex and ever-changing situation that present both opportunities and challenges. We will focus on our core businesses of financial services investments and adhere to prudent financial management strategy. We will continue to seek progress while maintaining stability and develop steadily while improving. We will seize market opportunities and strive to explore investment opportunities in the Greater China region 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 during the epidemic.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The global economy has been continuously impacted by the coronavirus pandemic and the rising global commodities prices and inflationary pressures have created complications and challenges for all businesses.

Operating Results

The Group achieved an unaudited profit attributable to Shareholders of HK\$234.41 million in the first half of 2022, representing a decrease of HK\$25.63 million or 9.9%, as compared to HK\$260.04 million in the same period of 2021. Basic earnings per share for the period was 39.25 HK cents, a decrease of 4.29 HK cents or 9.9%, as compared to 43.54 HK cents in the same period of 2021.

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\$251.15 million in the first half of 2022, a decrease of 0.8% as compared to HK\$253.11 million in the same period of 2021. Such decrease in the results was primarily originating from the decrease 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 achieved a stable half-year performance and reported an unaudited profit after tax of RMB2.33 billion, a decrease of RMB0.02 billion or 0.9%, as compared to RMB2.35 billion in the same period of 2021. Net interest income decreased by 2.5% in the first half of 2022 as compared to the same period in 2021 which was mainly due to the increase in interest expenses while interest income remain stable. The performance of non-interest income side improved significantly and recognised positive contribution to the half-year results.

XIB Group achieved a stable growth both in its total assets and loan books at 30 June 2022. At 30 June 2022, the total assets grew by 4.8% to RMB1,055.63 billion as compared to RMB1,007.15 billion at the end of 2021. Gross loans to customers were RMB589.81 billion, an increase of 4% as compared to RMB567.07 billion at the end of 2021. XIB Group 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 1.51%. Total deposits from customers fell slightly to RMB670.91 billion as compared to RMB671.5 billion at the end of 2021.

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.

Sanyuan Micro Credit recovered the principal and interest income of impaired loans of RMB1.61 million and RMB0.6 million respectively, as compared to RMB3.92 million and RMB0.32 million respectively in the same period of 2021. The impaired loan balances at 30 June 2022 were RMB164.36 million, a decrease of 4.7% from RMB172.41 million at the end of 2021, which was due to the write-off and recovery of impaired loan principal. Sanyuan Micro Credit recorded a profit after tax of RMB3.4 million (equivalent to HK\$4.1 million) in the first half of 2022, an increase of 0.3% as compared to RMB3.39 million (equivalent to HK\$4.06 million) in the same period of 2021.

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\$99.83 million in the first half of 2022, increased by 13.7% as compared to HK\$87.8 million in the same period of 2021. The premium growth momentum continues for both Hong Kong and Macau insurance business. The gross insurance premiums of Macau insurance business registered a 18.4% growth to HK\$64.07 million supported by high-quality bancassurance business, and the gross insurance premiums of Hong Kong insurance business recorded an increase of 6.1% to HK\$35.76 million.

Underwriting profit before deducting management expenses for underwriting business decreased by 37.4% to HK\$7.17 million as compared to HK\$11.45 million in the same period of 2021, which was mainly due to the significant increase in expected ultimate costs of claims of motor insurance business. Min Xin Insurance recorded an underwriting profit of HK\$1.8 million in the first half of 2022, a decrease of 69.1% as compared to HK\$5.83 million in the same period of 2021, after charging management expenses for underwriting business.

Min Xin Insurance recorded a profit after tax of HK\$2.36 million in the first half of 2022, a decrease of 61.8% as compared to HK\$6.17 million in the same period of 2021, which was mainly due to the significant decrease in underwriting profit.

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 and improve business quality in an increasingly competitive market to achieve a better financial performance.

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

At 30 June 2022, the Shanghai Composite Index decreased by about 6.6% as compared to that at the end of 2021. The closing bid price per A-Share of Huaneng Power International, Inc. (“**Huaneng**”) as quoted on the Shanghai Stock Exchange decreased from RMB9.69 per share at 31 December 2021 to RMB7.04 per share at 30 June 2022. The fair value of the Huaneng A-Shares measured with reference to the closing bid price per A-Share of Huaneng stood at HK\$560.09 million (equivalent to RMB478.38 million). In the first half of 2022, the Group recorded a loss of HK\$245.82 million (first half of 2021: loss of HK\$16.71 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 foreseeable future. The board of directors of Huaneng recommended not to declare the final dividend for 2021 and the shareholders of Huaneng passed the resolution in the annual general meeting. The Group received the final dividend for 2020 of RMB0.18 per share totalling RMB12.23 million (equivalent to HK\$14.69 million) and recorded the dividend income in the second half of 2021.

Huaneng has announced its 2022 interim results under the PRC Accounting Standards. Its operating revenue and operating expenses increased by 22.7% and 38.9% respectively as compared to those at the same period of 2021. Its loss attributable to shareholders was RMB3.01 billion in the first half of 2022, decreased by 167.6% as compared to profit attributable to shareholders of RMB4.45 billion in the same period of 2021 primarily attributable to the significant increase in fuel prices. Loss per share was RMB0.26 for the period under review, a decrease of 218.2% as compared to earnings per share of RMB0.22 in the same period of 2021.

Property Investment

The property investment business of the Group represents the leasing of certain investment properties in Mainland China. In the first half of 2022, the property investment business reported a profit after tax of HK\$0.59 million, a decrease of 58.5% as compared to HK\$1.42 million in the same period of 2021, which was mainly due to increase in the revaluation loss of investment properties.

The market rental of office space in Fuzhou, Fujian Province remained soft in the first half of 2022. The leased commercial properties and parking spaces in Fuzhou (the “**Fuzhou Property**”) of the Group maintained full occupancy at 30 June 2022 and the monthly rental of new leases also maintained at the same level of expired leases. The Group recorded a rental income of RMB1.82 million in the first half of 2022, increased by 1.1% as compared to RMB1.8 million in the same period of 2021. At 30 June 2022, the fair value of the Fuzhou Property was HK\$52.64 million, a decrease of 4.5% as compared to the fair value of HK\$55.13 million at the end of 2021. The Group recorded a fair value loss of HK\$2.49 million and a fair value loss after deferred tax of HK\$1.11 million in the first half of 2022, as compared to a fair value loss of HK\$0.33 million and a fair value loss after deferred tax of HK\$0.16 million in the first half of 2021.

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 2022 (31 December 2021: 597,257,252 shares), the net asset value per share was HK\$13.81 at 30 June 2022 (31 December 2021: HK\$14.59).

Total Liabilities to Equity Ratio and Current Ratio

At 30 June 2022, the total liabilities of the Group were HK\$1,055.98 million (31 December 2021: HK\$958.67 million) and the ratio of total liabilities to total equity attributable to Shareholders was 12.8% (31 December 2021: 11%). At 30 June 2022, the current assets and current liabilities of the Group were HK\$1,541.09 million (31 December 2021: HK\$1,880.55 million) and HK\$727.23 million (31 December 2021: HK\$833.7 million) respectively with a current ratio of 2.1 (31 December 2021: 2.3).

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 2022, the Group had borrowings of HK\$608.82 million granted by local banks, increased by 1.7% as compared to HK\$598.51 million (comprised HK\$498.51 million granted by local banks and HK\$100 million granted by the controlling shareholder) at the end of 2021. Based on the scheduled repayment dates set out in the loan facilities, the outstanding amount of HK\$410.22 million will mature and is repayable within one year and the balance of HK\$198.6 million will mature and is repayable more than one year but within three years. The Group will consider to arrange refinancing of the borrowings if necessary. These loans are in Hong Kong dollars and all other loans are subject to floating interest rates except for the three-year fixed rate term loan of HK\$198.6 million. The effective interest rate at 30 June 2022 ranged from 2.1% to 2.8% (31 December 2021: 2.1% to 2.4%) per annum.

In addition, the Group had withdrawable revolving bank loan facilities of approximately HK\$206.78 million at 30 June 2022.

At 30 June 2022, the three-year fixed rate term loan of HK\$198.6 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\$234.16 million) placed by a wholly-owned subsidiary of the Company in Mainland China.

At 30 June 2022, the revolving bank loans balance of HK\$145 million (31 December 2021: HK\$87.89 million) was secured by the self-use office building owned by a wholly-owned subsidiary in Hong Kong with a net book value of approximately HK\$8.76 million (31 December 2021: HK\$8.89 million) at 30 June 2022. The fair value of the property was HK\$290 million (31 December 2021: HK\$290 million) at 30 June 2022.

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 2021: HK\$15 million) as a collateral for the standby letter of credit at 30 June 2022.

Save for the above, no other assets of the Group were pledged at 30 June 2022 and 31 December 2021 respectively.

Gearing Ratio

At 30 June 2022, the gearing ratio of the Group (total borrowings divided by total net assets) was 7.4% (31 December 2021: 6.9%).

Cash Position

The Group's bank deposits bear interest at prevailing market rates. At 30 June 2022, the total bank deposits of the Group amounted to HK\$1,166.56 million (31 December 2021: HK\$904.14 million) of which 20.1% were in Hong Kong dollars, 75.1% in Renminbi and 4.8% in other currencies (31 December 2021: 17.6% in Hong Kong dollars, 78.2% in Renminbi and 4.2% 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 2022, Min Xin Insurance has placed fixed deposits of HK\$16 million (31 December 2021: 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 MOP18.43 million (equivalent to HK\$17.89 million) and HK\$62.47 million (31 December 2021: MOP18.43 million, equivalent to HK\$17.89 million and HK\$62.47 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. As the Hong Kong dollars and Renminbi are both under managed floating systems, the Group reviews and monitors periodically its foreign currency exposure and considers hedging significant foreign currency exposure should the need arise. The Group did not enter into any derivative contracts aimed at minimising exchange rate risks during the period under review.

Capital Commitments

At 30 June 2022, the Group's capital commitments relating to property, plant and equipment and investment properties amounted to HK\$0.82 million (31 December 2021: HK\$0.2 million).

Contingent Liabilities

At 30 June 2022 and 31 December 2021, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2022, the Group had 68 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 2022.

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 2022.

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 2022 as set out in this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND 2022 INTERIM REPORT

The announcement of interim results for the six months ended 30 June 2022 is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.minxin.com.hk. The 2022 Interim Report will be published on the aforesaid websites and printed copies of the 2022 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, 30 August 2022

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.