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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 2023 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to Shareholders amounted to HK\$115.52 million, a decrease of 51.8%
- Basic earnings per share was 19.34 HK cents
- Total assets increased by 0.7% to HK\$9.28 billion
- Total equity attributable to Shareholders decreased by 1.6% to HK\$8.13 billion
- Final dividend of 12 HK cents per share for the year ended 31 December 2022 had been paid on 14 July 2023

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 2023 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023	2022 (Restated)
		HK\$'000	HK\$'000
Insurance revenue		99,793	90,158
Interest income calculated using the effective interest method		4,259	2,345
Rental income from investment properties		4,304	4,940
Dividend income from financial assets at fair value through other comprehensive income		79	–
Distribution income from financial assets at fair value through other comprehensive income		942	–
Total revenues		109,377	97,443
Other income	3	16,793	17,859
Operating income		126,170	115,302
Other losses – net	4	(15,153)	(6,794)
Insurance service expenses		(87,479)	(77,711)
Net expenses from reinsurance contracts held		(8,236)	(5,527)
Insurance finance (expenses)/income		(220)	2,374
Write back of impairment loss on credit-impaired loans to customers and interest receivable		2,638	315
Impairment loss on debt investments at amortised cost		(150)	–
Administrative expenses		(26,962)	(23,216)
Operating (loss)/profit	5	(9,392)	4,743
Finance costs	6	(16,074)	(8,002)
Share of results of associates		145,469	247,043
Profit before taxation		120,003	243,784
Income tax expense	7	(4,481)	(3,987)
Profit for the period		115,522	239,797
		<i>HK CENTS</i>	<i>HK CENTS</i>
Earnings per share			
Basic and diluted	8	19.34	40.15

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	115,522	239,797
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)	93,525	(245,826)
Share of other comprehensive income of associates	25	(20,261)
	93,550	(266,087)
Items that may be reclassified subsequently to income statement:		
Debt investments at fair value through other comprehensive income		
Released on dilution of interest in an associate	2,962	–
Exchange translation reserve		
Exchange differences arising on translation of the financial statements of foreign subsidiaries and associates	(348,841)	(343,438)
Released on dilution of interest in an associate	4,545	–
	(344,296)	(343,438)
Share of other comprehensive income of associates	70,429	(22,544)
	(270,905)	(365,982)
Other comprehensive income for the period, net of tax	(177,355)	(632,069)
Total comprehensive income for the period	(61,833)	(392,272)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023	31 December 2022 (Restated)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		13,760	14,586
Right-of-use assets		13,363	13,628
Investment properties		172,598	173,342
Associates		6,446,214	6,550,270
Debt investments at amortised cost		152,054	–
Financial assets at fair value through other comprehensive income		733,250	606,943
Bank balances		454,363	467,814
		7,985,602	7,826,583
Current assets			
Insurance contract assets		26,555	45,698
Reinsurance contract assets		13,093	13,858
Credit-impaired loans to customers and interest receivable	<i>10</i>	15,029	15,921
Dividend receivable from an associate		15,134	4,527
Other debtors, prepayments and deposits		5,574	5,534
Financial assets at fair value through profit or loss		492,647	742,080
Cash and bank balances		724,926	562,120
		1,292,958	1,389,738

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 30 June 2023*

	30 June 2023	31 December 2022 (Restated)
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities		
Insurance contract liabilities	160,052	150,246
Reinsurance contract liabilities	10,839	10,928
Other creditors and accruals	28,306	23,472
Lease liabilities	263	247
Bank borrowings	606,330	494,031
Current income tax payable	27,878	27,699
Dividend payable	71,671	–
	<u>905,339</u>	<u>706,623</u>
Net current assets	<u>387,619</u>	<u>683,115</u>
Total assets less current liabilities	<u>8,373,221</u>	<u>8,509,698</u>
Non-current liabilities		
Lease liabilities	447	586
Bank borrowings	198,571	198,563
Deferred income tax liabilities	46,498	49,340
	<u>245,516</u>	<u>248,489</u>
Net assets	<u>8,127,705</u>	<u>8,261,209</u>
Equity		
Share capital	1,715,377	1,715,377
Other reserves	1,314,606	1,513,274
Retained profits	5,097,722	5,032,558
Total equity attributable to shareholders of the Company	<u>8,127,705</u>	<u>8,261,209</u>

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

These unaudited condensed consolidated interim financial statements should be read in conjunction with the 2022 annual report.

The financial information relating to the year ended 31 December 2022 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 2022 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.

Except as described below, the accounting policies adopted in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the 2022 annual report.

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

- | | |
|--|--|
| – HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts |
| – Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies |
| – Amendments to HKAS 8 | Definition of Accounting Estimates |
| – Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| – Amendments to HKAS 12 | International Tax Reform – Pillar Two Model Rules |

Except for the adoption of HKFRS 17 Insurance Contracts, the adoption of other amendments to standards had no material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in these unaudited condensed consolidated interim financial statements. The Group has not applied any new standard or interpretation that is not effective for the current accounting period.

(a) Summary of key changes in accounting policies resulting from application of HKFRS 17

In the condensed consolidated financial statements, the Group has applied HKFRS 17 for the first time. HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Group and supersedes HKFRS 4 Insurance Contracts.

HKFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage (“LRC”) using the premium allocation approach (“PAA”). Based on the assessment undertaken to date, the Group’s insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA.

On 1 January 2023, the Group has adopted the requirements of HKFRS 17 retrospectively with comparative restated from the transition date, 1 January 2022. At transition, the total equity attributable to shareholders of the Group reduced by HK\$1.32 million.

The measurement principles of the PAA differ from the previous approach used by the Group under HKFRS 4 in the following key areas:

- The LRC reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided. LRC is also adjusted by the amount relating to the amortisation of insurance acquisition cash flows in the reporting period for the Group.
- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk for the related period of services.
- Measurement of the LRC involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component.
- Measurement of the liability for incurred claims (“LIC”) is determined on a discounted probability-weighted expected value basis and include an explicit risk adjustment for non-financial risk.
- Measurement of the asset for remaining coverage for group of reinsurance contracts held is also adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Group capitalises insurance acquisition cash flows for all insurance contracts. The insurance acquisition cash flows are allocated to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another HKFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and included in the measurement at initial recognition of the related group.

For presentation in the condensed consolidated statement of financial position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held at the portfolio level. The line item descriptions in the condensed consolidated income statement have been changed significantly compared with last year. HKFRS 17 requires separate presentation of:

- insurance revenue;
- insurance service expenses;
- insurance finance income or expenses; and
- income or expenses from reinsurance contracts held.

2 SEGMENTAL INFORMATION

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. (“**Huaneng**”), high-tech investments and subordinated capital securities.

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.

(a) Segment results, assets and liabilities

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

Revenues derived from customers, products and services directly identifiable with individual segment are reported directly under respective segments. All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs related to the strategic decision making and day-to-day management of the business of the Group and corporate activities that cannot be reasonably allocated to 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 contract 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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	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														
Insurance revenue	-	-	99,793	90,158	-	-	-	-	-	-	-	-	99,793	90,158
Interest income calculated using the effective interest method	4,259	2,345	-	-	-	-	-	-	-	-	-	-	4,259	2,345
Rental income	-	-	2,880	2,880	1,424	2,060	-	-	-	-	-	-	4,304	4,940
Dividend income	-	-	79	-	-	-	-	-	-	-	-	-	79	-
Distribution income	-	-	-	-	-	-	942	-	-	-	-	-	942	-
	4,259	2,345	102,752	93,038	1,424	2,060	942	-	-	-	-	-	109,377	97,443
Inter-segments	-	-	47	58	145	155	-	-	1,594	1,594	(1,786)	(1,807)	-	-
Reportable segment revenue	4,259	2,345	102,799	93,096	1,569	2,215	942	-	1,594	1,594	(1,786)	(1,807)	109,377	97,443
Other income	353	412	4,685	1,824	-	-	-	-	11,755	15,623	-	-	16,793	17,859
Operating income	4,612	2,757	107,484	94,920	1,569	2,215	942	-	13,349	17,217	(1,786)	(1,807)	126,170	115,302
Other (losses)/gains – net	(14,087)	1,949	1,687	2,311	(2,845)	(2,488)	-	-	92	(8,566)	-	-	(15,153)	(6,794)
Insurance service expenses	-	-	(87,479)	(77,711)	-	-	-	-	-	-	-	-	(87,479)	(77,711)
Net expenses from reinsurance contracts held	-	-	(8,236)	(5,527)	-	-	-	-	-	-	-	-	(8,236)	(5,527)
Insurance finance (expenses)/income	-	-	(220)	2,374	-	-	-	-	-	-	-	-	(220)	2,374
Write back of impairment loss on credit-impaired loans to customers and interest receivable	2,638	315	-	-	-	-	-	-	-	-	-	-	2,638	315
Impairment loss on debt investments at amortised cost	-	-	(150)	-	-	-	-	-	-	-	-	-	(150)	-
Operating expenses	(772)	(921)	(9,397)	(7,553)	(430)	(430)	-	-	(18,086)	(16,095)	1,723	1,783	(26,962)	(23,216)
Operating (loss)/profit	(7,609)	4,100	3,689	8,814	(1,706)	(703)	942	-	(4,645)	(7,444)	(63)	(24)	(9,392)	4,743
Finance costs	-	-	(115)	(30)	-	-	-	-	(16,065)	(7,990)	106	18	(16,074)	(8,002)
Share of results of associates	145,299	247,046	-	-	-	-	170	(3)	-	-	-	-	145,469	247,043
Profit/(loss) before taxation	137,690	251,146	3,574	8,784	(1,706)	(703)	1,112	(3)	(20,710)	(15,434)	43	(6)	120,003	243,784
Income tax (expense)/credit	-	-	(1,552)	(1,044)	1,507	1,297	-	-	(4,436)	(4,240)	-	-	(4,481)	(3,987)
Profit/(loss) for the period	137,690	251,146	2,022	7,740	(199)	594	1,112	(3)	(25,146)	(19,674)	43	(6)	115,522	239,797
Interest income	4,559	2,664	4,624	1,040	-	-	-	-	11,443	15,600	-	-	20,626	19,304
Depreciation and amortisation for the period	111	120	1,414	1,282	-	-	-	-	502	516	(941)	(980)	1,086	938
At 30 June 2023 and 31 December 2022														
The Company and subsidiaries	176,728	177,053	500,230	489,302	47,007	49,854	812,281	606,943	1,299,133	1,346,863	(3,033)	(3,964)	2,832,346	2,666,051
Investments in associates	6,417,091	6,505,079	-	-	-	-	29,123	45,191	-	-	-	-	6,446,214	6,550,270
Total assets	6,593,819	6,682,132	500,230	489,302	47,007	49,854	841,404	652,134	1,299,133	1,346,863	(3,033)	(3,964)	9,278,560	9,216,321
The Company and subsidiaries	51,785	54,393	186,172	175,239	15,010	16,576	-	-	829,250	712,868	(3,033)	(3,964)	1,079,184	955,112
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	71,671	-
Dividend payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	51,785	54,393	186,172	175,239	15,010	16,576	-	-	829,250	712,868	(3,033)	(3,964)	1,150,855	955,112
Additions to non-current segment assets during the period	-	-	71	5,138	-	-	-	-	76	107	-	(3,766)	147	1,479

(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, 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	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Restated)				(Restated)		(Restated)	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 June								
Revenues from external customers	<u>45,842</u>	<u>39,060</u>	<u>6,625</u>	<u>4,363</u>	<u>56,910</u>	<u>54,020</u>	<u>109,377</u>	<u>97,443</u>
At 30 June 2023 and 31 December 2022								
The Company and subsidiaries	135,298	133,387	63,152	66,729	1,271	1,440	199,721	201,556
Investments in associates	–	–	6,446,214	6,550,270	–	–	6,446,214	6,550,270
Specified non-current assets	<u>135,298</u>	<u>133,387</u>	<u>6,509,366</u>	<u>6,616,999</u>	<u>1,271</u>	<u>1,440</u>	<u>6,645,935</u>	<u>6,751,826</u>

3 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from bank deposits	16,027	16,959
Interest income from debt investments at amortised cost	340	–
Dividend income from financial assets at fair value through profit or loss	298	237
Government grants	–	5
Others	128	658
	<u>16,793</u>	<u>17,859</u>

4 OTHER LOSSES – NET

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net realised and unrealised gains on financial assets at fair value through profit or loss	10,325	7,799
Loss on disposal of debt investments at amortised cost	(10)	–
Fair value (losses)/gains on revaluation of investment properties	(744)	1,412
Loss on dilution of interest in an associate	(15,724)	–
Net exchange losses	(9,000)	(16,005)
	<u>(15,153)</u>	<u>(6,794)</u>

5 OPERATING (LOSS)/PROFIT

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating (loss)/profit is stated after crediting and charging the following:		
Crediting		
Rentals received and receivable from investment properties		
less direct outgoings	3,889	4,519
– Rental income	4,304	4,940
– Direct outgoings	(415)	(421)
Charging		
Staff costs, including directors' emoluments	21,052	18,853
– Salaries, allowances and bonus	20,355	18,077
– Retirement benefit costs	697	776
Depreciation and amortisation	1,086	938
– Property, plant and equipment	821	672
– Leasehold lands and land use rights	140	141
– Properties leased for own use	125	125
Management fee	940	940
Loss on disposal of property, plant and equipment	8	1
Net exchange losses	<u>9,000</u>	<u>16,005</u>

6 FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on bank loans	16,065	6,873
Interest expenses on loan from the controlling shareholder	–	1,117
Interest expenses on lease liabilities	9	12
	<u>16,074</u>	<u>8,002</u>

7 INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong profits tax	142	122
Mainland China corporate income tax	3,075	4,375
Mainland China withholding tax	1,028	–
Macau taxation	1,702	1,058
	<u>5,947</u>	<u>5,555</u>
Over provision in prior years		
Mainland China corporate income tax	–	(182)
Deferred tax		
Relating to the origination and reversal of temporary differences	<u>(1,466)</u>	<u>(1,386)</u>
Income tax expense	<u>4,481</u>	<u>3,987</u>

Hong Kong profits tax has been provided at the rate of 8.25% under the Two-tiered Rates of Profits Tax (2022: 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% (2022: 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.

8 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 2023 of HK\$115,522,000 (2022: HK\$239,797,000, as restated) and the weighted average of 597,257,252 (2022: 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.

9 DIVIDEND

The Board has resolved that no interim dividend be declared for the six months ended 30 June 2023 (2022: Nil).

10 CREDIT – IMPAIRED LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

	30 June 2023	31 December 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Micro credit business		
Guaranteed loans	87,819	93,977
Secured loans	63,858	68,825
Pledged and guaranteed loans	10,378	10,866
Secured, pledged and guaranteed loans	4,108	4,301
Credit-impaired loans to customers	166,163	177,969
Credit-impaired interest receivable	7,356	8,008
	173,519	185,977
Impairment allowances	(158,490)	(170,056)
	15,029	15,921

The Group has commenced legal proceedings against all the borrowers of credit-impaired loans. At the reporting date, legal proceedings are still in progress.

CHAIRMAN'S STATEMENT

I am pleased to announce the unaudited interim results of the Group for the first half of 2023.

In the first half of 2023, the ongoing international geopolitical instabilities and conflicts, a contractionary U.S. monetary policy coupled with successive interest rate hikes by leading central banks and the inflationary pressures continue to weigh on economic activities and bring challenges to the business environment.

OUR PERFORMANCE

In face of the challenges posed by the macroeconomic situation and the uncertain market environment, we kept abreast of market development and conducted our business prudently to minimise operational risks. For the six months ended 30 June 2023, the Group recorded an unaudited profit attributable to shareholders of the Company (the “**Shareholders**”) of HK\$115.52 million, decreased by 51.8% when compared to the corresponding period in 2022, mainly due to (i) the decrease in share of results of Xiamen International Bank Co., Ltd. (“**XIB**”) for the six months ended 30 June 2023 as compared to the corresponding period in 2022 due to the combined effects of the decrease in the profit attributable to shareholders of XIB and the devaluation of Renminbi against Hong Kong dollars; and (ii) the recognition of the one-off loss on dilution of the Company's shareholding in XIB from approximately 8.8543% to 8.689% in March 2023. Basic earnings per share was 19.34 HK cents.

The Directors continue to pay attention to Shareholders' demands and strive to improve Shareholders' returns. The Directors recommended the payment of the final dividend for 2022 of 12 HK cents per share on 14 July 2023 and passed by the Shareholders at the annual general meeting of the Company held on 13 June 2023, which brought stable and sustainable returns to the Shareholders.

Total assets of the Group recorded an increase of 0.7% to HK\$9.28 billion at 30 June 2023 as compared to HK\$9.22 billion at the end of 2022.

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 125.8% of the results of the Group in the first half of 2023. The Group’s share of profit after tax of XIB Group was HK\$145.3 million in the first half of 2023, a decrease of 41.2% as compared to HK\$247.05 million in the corresponding period of 2022.

XIB Group achieved a steady growth in its balance sheet. Total assets of XIB Group recorded an increase of 4.1% to RMB1,132.45 billion at 30 June 2023 as compared to RMB1,088.11 billion at the end of 2022.

The total assets of our banking business accounted for 69.2% of the Group’s total assets at 30 June 2023. The net asset value per share of the Company amounted to HK\$13.61 at 30 June 2023, about 79% came from the investment in XIB.

In order to meet the capital requirements for long term development and strategic plan, XIB has completed the issuance of 263 million new shares in March 2023, which resulted in the dilution of the Company’s shareholding in XIB from approximately 8.8543% to approximately 8.689%. The Group has recorded a dilution loss of approximately HK\$15.72 million in the first half of 2023. The Company is still the second largest shareholder of XIB upon completion of the capital contribution in XIB.

As the first city commercial bank in Mainland China that owns full-featured subsidiary banks both in Hong Kong and Macau, XIB continues to leverage its advantages of more than 140 branch networks in the Greater China region and strengthen the business linkage of Mainland China, Hong Kong and Macau in order to broaden financial services products, strengthen its advantages and characteristics and provide customized solutions to targeted clients. XIB Group will adhere to technology-driven, strengthen cross-border financial services, increase green credit issuance, bolster innovation and enhance financial service capabilities, in order to enhance the quality and efficiency of the real economy. 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.

Xiamen International Investment Limited (“**XIIL**”), a wholly-owned subsidiary of XIB, has submitted a listing application to The Stock Exchange of Hong Kong Limited. Through the branch networks of CYB and LIB in Greater China region, XIIL provides integrated financial services driven by advanced technology with a strong connection with the Overseas Chinese community, strives to strengthen its integration into the overall national development framework by capitalising on the opportunities presented by various national strategies.

XIB was ranked 154th in total assets and 161th in Tier-one Capital in the 2023 Top 1000 World Banks announced by The Banker. XIB had been rated as one of the top 200 for 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. Insurance service results recorded a surplus of HK\$4.08 million in the first half of 2023, as compared to HK\$6.92 million in the corresponding period in 2022. Insurance finance expenses recorded an expense of HK\$0.22 million in the first half of 2023, as compared to an income of HK\$2.37 million in the corresponding period in 2022. 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 to accelerate digital transformation 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 complex, severe and uncertain market environment, the Group will adhere to the main tone of “prioritise stability while pursuing progress”, firmly upheld strategic direction, strictly prevented and controlled risks. The Group will maintain its prudent approach, 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The global economy improved slightly following the lifting of the stringent coronavirus pandemic restrictions. However, the rising interest rates and relatively low gross domestic product affected the performance of business.

Operating Results

The Group recorded an unaudited profit attributable to Shareholders of the Company (the “**Shareholders**”) of HK\$115.52 million in the first half of 2023, representing a decrease of HK\$124.28 million or 51.8%, as compared to HK\$239.8 million in the same period of 2022. Basic earnings per share for the period was 19.34 HK cents, a decrease of 20.81 HK cents or 51.8%, as compared to 40.15 HK cents in the same period of 2022.

Financial Services

The financial services business of the Group includes the engagement of banking business through its major associates, 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**”) 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\$137.69 million in the first half of 2023, a decrease of 45.2% as compared to HK\$251.15 million in the same period of 2022. Such decrease in the results was primarily due to (i) the decrease in share of results of XIB for the six months ended 30 June 2023 as compared to the corresponding period in 2022 due to the combined effects of the decrease in the profit attributable to shareholders of XIB and the devaluation of Renminbi against Hong Kong dollars; and (ii) the recognition of the one-off loss on dilution of the Company’s shareholding in XIB from approximately 8.8543% to 8.689% in March 2023 of approximately HK\$15.72 million.

Banking Business

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

XIB Group reported an unaudited profit after tax for the Group's reporting purpose of RMB1.59 billion, a decrease of RMB0.74 billion or 31.8%, as compared to RMB2.33 billion in the same period of 2022. Net interest income decreased by 17.7% in the first half of 2023 as compared to the same period in 2022, which was mainly due to an increase of 36.4% in interest expenses while interest income increased by 13.7%. Non-interest income decreased slightly by 1.3% as compared to the same period in 2022.

XIB Group achieved a stable growth in its total assets at 30 June 2023. At 30 June 2023, the total assets grew by 4.1% to RMB1,132.45 billion as compared to RMB1,088.11 billion at the end of 2022. Gross loans to customers were RMB627.63 billion, an increase of 2% as compared to RMB615.33 billion at the end of 2022. The gross impaired loans and advances as a percentage of gross loans and advances to customers was 1.73%. Total deposits from customers grew slightly to RMB706.37 billion as compared to RMB700.71 billion at the end of 2022.

In order to meet the capital requirements for long term development and strategic plan, XIB has completed the issuance of 263 million new shares in March 2023, which resulted in the dilution of the Company's shareholding in XIB from approximately 8.8543% to approximately 8.689%. The Group has recorded an one-off dilution loss of approximately HK\$15.72 million in the first half of 2023. The Company is still the second largest shareholder of XIB upon completion of the capital contribution in XIB.

The Company had evaluated the applicable accounting treatment in respect of its approximately 8.689% shareholding in XIB after the completion of the capital contribution and considered that the Company will continue to have the ability to exercise significant influence over the financial and operating policy decisions of XIB in accordance with the terms of the constitutional documents of XIB. Accordingly, the Company considered that XIB will continue to be classified as an associate of the Company.

Micro Credit Business

Sanming Sanyuan District Minxin Micro Credit Company Limited (“**Sanyuan Micro Credit**”), a wholly-owned subsidiary of the Company, had been engaged in the provision of micro loans to small and medium-sized enterprises and individuals in Sanming City, Fujian Province. Sanyuan Micro Credit continues to proactively apply all measures to recover its impaired loans.

Sanyuan Micro Credit recovered the principal and interest income of impaired loans of RMB3.52 million and RMB2.5 million respectively, as compared to RMB1.61 million and RMB0.6 million respectively in the same period of 2022. The impaired loan balances at 30 June 2023 were RMB153.71 million, a decrease of 2.2% from RMB157.24 million at the end of 2022, which was due to the recovery of impaired loan principal. Sanyuan Micro Credit recorded a profit after tax of RMB7.21 million (equivalent to HK\$8.12 million) in the first half of 2023, an increase of 112.1% as compared to RMB3.4 million (equivalent to HK\$4.1 million) in the same period of 2022.

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 has adopted the requirements of HKFRS 17 Insurance Contracts on 1 January 2023 retrospectively with comparatives restated from the transition date, 1 January 2022. At transition, the total equity attributable to shareholders of Min Xin Insurance reduced by HK\$1.32 million.

Min Xin Insurance recorded insurance revenue of HK\$99.79 million in the first half of 2023, increased by 10.7% as compared to HK\$90.16 million in the same period of 2022. Insurance service result, which reflected insurance revenue less insurance service expenses and net expenses from reinsurance contracts held, recorded a surplus of HK\$4.08 million in the first half of 2023, decreased by 41.1% as compared to HK\$6.92 million in the same period of 2022, which was mainly due to the increase in costs of claims and reinsurance expenses. Insurance finance expenses, which reflected the change in the carrying amount of the insurance contracts arising from the effects of time value of money and financial risk, recorded an expense of HK\$0.22 million in the first half of 2023, as compared to an income of HK\$2.37 million in the corresponding period in 2022.

Min Xin Insurance recorded a profit after tax of HK\$2.02 million in the first half of 2023, decreased by 73.9% as compared to HK\$7.74 million in the same period of 2022, which was mainly due to the decrease in insurance service result.

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 2023, the Shanghai Composite Index increased by about 3.7% as compared to that at the end of 2022. The closing bid price per A-Share of Huaneng Power International, Inc. (“**Huaneng**”) as quoted on the Shanghai Stock Exchange increased from RMB7.61 per share at 31 December 2022 to RMB9.25 per share at 30 June 2023. The fair value of the Huaneng A-Shares measured with reference to the closing bid price per A-Share of Huaneng stood at HK\$679.47 million (equivalent to RMB628.55 million). In the first half of 2023, the Group recorded a gain of HK\$94.18 million (first half of 2022: loss of HK\$245.82 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 board of directors of Huaneng recommended not to declare the final dividend for 2022 and the shareholders of Huaneng passed the resolution in the annual general meeting.

Huaneng has announced its 2023 interim result under the PRC Accounting Standards. Its operating revenue increased by 7.8% and its operating expenses decreased by 3.3% as compared to those at the same period of 2022. Its profit attributable to shareholders was RMB6.31 billion in the first half of 2023, as compared to loss attributable to shareholders of RMB3.01 billion in the same period of 2022, primarily attributable to the combined effects of the year-on-year decrease in domestic coal price and increase in electricity consumption, as well as the substantial year-on-year increase in Singapore business profits. Profit per share was RMB0.31 for the period under review as compared to loss per share of RMB0.26 in the same period of 2022.

Property Investment

The property investment business of the Group represents the leasing of certain investment properties in Mainland China. In the first half of 2023, the property investment business reported a loss after tax of HK\$0.2 million, as compared to profit after tax of HK\$0.59 million in the same period of 2022, which was mainly due to increase in the revaluation loss of investment properties and decrease in rental income.

The market rental of office space in Fuzhou, Fujian Province remained soft in the first half of 2023. The occupancy rate of the leased commercial properties and parking spaces in Fuzhou (the “**Fuzhou Property**”) of the Group were 88.2% and 83.3% respectively at 30 June 2023 (31 December 2022: 88.2% and 75% respectively). The Group recorded a rental income of RMB1.34 million in the first half of 2023, decreased by 26.4% as compared to RMB1.82 million in the same period of 2022 due to year-on-year decrease in monthly rental and increase in vacant unit. At 30 June 2023, the fair value of the Fuzhou Property was HK\$46.97 million, a decrease of 5.7% as compared to the fair value of HK\$49.82 million at the end of 2022. The Group recorded a fair value loss of HK\$2.85 million and a fair value loss after deferred tax of HK\$1.3 million in the first half of 2023, as compared to HK\$2.49 million and HK\$1.11 million respectively in the first half of 2022.

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 2023 (31 December 2022: 597,257,252 shares), the net asset value per share was HK\$13.61 at 30 June 2023 (31 December 2022: HK\$13.83).

Total Liabilities to Equity Ratio and Current Ratio

At 30 June 2023, the total liabilities of the Group were HK\$1,150.86 million (31 December 2022: HK\$955.11 million) and the ratio of total liabilities to total equity attributable to Shareholders was 14.2% (31 December 2022: 11.6%). At 30 June 2023, the current assets and current liabilities of the Group were HK\$1,292.96 million (31 December 2022: HK\$1,389.74 million) and HK\$905.34 million (31 December 2022: HK\$706.62 million) respectively with a current ratio of 1.4 (31 December 2022: 2).

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 2023, the Group had borrowings of HK\$804.93 million granted by banks, increased by 16.2% as compared to HK\$692.63 million at the end of 2022. Based on the scheduled repayment dates set out in the loan facilities, the outstanding amount of HK\$606.33 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 two 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 2023 ranged from 2.7% to 6.6% (31 December 2022: 2.7% to 6.9%) per annum.

In addition, the Group had withdrawable revolving bank loan facilities of approximately HK\$243.67 million at 30 June 2023.

At 30 June 2023, the three-year fixed rate term loan of HK\$198.6 million (31 December 2022: 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\$216.2 million) (31 December 2022: RMB200 million, equivalent to HK\$226.37 million) placed by a wholly-owned subsidiary of the Company in Mainland China.

At 30 June 2023, the revolving bank loan balances of HK\$311.33 million (31 December 2022: HK\$244.36 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\$8.5 million (31 December 2022: HK\$8.63 million) at 30 June 2023. The fair value of the property was HK\$260 million (31 December 2022: HK\$280 million) at 30 June 2023.

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 2022: HK\$15 million) as a collateral for the standby letter of credit at 30 June 2023.

Save for the above, no other assets of the Group were pledged at 30 June 2023 and 31 December 2022 respectively.

Gearing Ratio

At 30 June 2023, the gearing ratio of the Group (total borrowings divided by total net assets) was 9.9% (31 December 2022: 8.4%).

Cash Position

The Group's balances with banks are interest bearing at prevailing market rates. At 30 June 2023, the total balances with banks of the Group amounted to HK\$1,160.56 million (31 December 2022: HK\$1,018.25 million) of which 23.2% were in Hong Kong dollars, 72.9% in Renminbi and 3.9% in other currencies (31 December 2022: 27.8% in Hong Kong dollars, 66.4% in Renminbi and 5.8% 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 2023, Min Xin Insurance has placed fixed deposits of HK\$16 million (31 December 2022: HK\$16 million) in the name of "Insurance Authority account Min Xin Insurance Company Limited" with a bank in Hong Kong for fulfillment of such requirements. Min Xin Insurance has also maintained bank deposits of MOP18.41 million (equivalent to HK\$17.87 million) and HK\$69.45 million (31 December 2022: MOP18.41 million, equivalent to HK\$17.87 million and HK\$69.45 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 2023, the Group's capital commitments relating to property, plant and equipment and investment properties amounted to HK\$0.65 million (31 December 2022: HK\$0.66 million).

Contingent Liabilities

At 30 June 2023 and 31 December 2022, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

At 30 June 2023, the Group had 70 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 2023.

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 2023.

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 2023 as set out in this announcement.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND 2023 INTERIM REPORT

The announcement of interim results for the six months ended 30 June 2023 is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.minxin.com.hk. The 2023 Interim Report will be published on the aforesaid websites and printed copies of the 2023 Interim Report will be sent to the Shareholders in due course.

By Order of the Board
Min Xin Holdings Limited
WANG Fei
Chairman

Hong Kong, 31 August 2023

As at the date of this announcement, the executive directors of the Company are Messrs WANG Fei (Chairman), HUANG Wensheng (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.