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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 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- Profit attributable to Shareholders amounted to HK\$446.37 million, a decrease of 10%
- Basic earnings per share was 74.74 HK cents
- Total assets decreased by 3.4% to HK\$9.34 billion
- Total equity attributable to Shareholders decreased by 5.3% to HK\$8.25 billion
- Recommended a final dividend of 12 HK cents per ordinary share

The board (the “**Board**”) of directors (the “**Directors**”) of Min Xin Holdings Limited (the “**Company**”) hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2022.

Financial information extracted from the audited consolidated financial statements for the year ended 31 December 2022 prepared in accordance with Hong Kong Financial Reporting Standards are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net earned insurance premiums		168,186	156,160
Interest income calculated using the effective interest method		3,822	7,153
Rental income from investment properties		9,301	9,935
Dividend income from financial assets at fair value through other comprehensive income		–	14,686
Total revenues	2(a)	181,309	187,934
Other income	2(b)	33,926	29,920
Operating income		215,235	217,854
Other (losses)/gains – net	3	(12,234)	23,863
Net insurance claims incurred and commission expenses incurred on insurance business	4	(146,781)	(132,184)
Write back of impairment loss on credit-impaired loans to customers and interest receivable		6,294	5,750
Administrative expenses		(55,372)	(54,903)
Operating profit	5	7,142	60,380
Finance costs	6	(21,558)	(11,632)
Share of results of associates		476,271	461,225
Profit before taxation		461,855	509,973
Income tax expense	7	(15,490)	(14,042)
Profit for the year		446,365	495,931
Dividend			
Final dividend		71,671	71,671
		<i>HK CENTS</i>	<i>HK CENTS</i>
Earnings per share			
Basic and diluted	8	74.74	83.03
Dividend per share			
Final dividend		12	12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022	2021
	<i>HK\$'000</i>	HK\$'000
Profit for the year	446,365	495,931
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)	(222,565)	444,913
Share of other comprehensive income of associates	12,050	(1,010)
	(210,515)	443,903
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	(602,256)	225,409
Share of other comprehensive income of associates	(24,578)	10,973
	(626,834)	236,382
Other comprehensive income for the year, net of tax	(837,349)	680,285
Total comprehensive income for the year	(390,984)	1,176,216

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		2022	2021
	<i>Note</i>	<i>HK\$ '000</i>	HK\$ '000
Non-current assets			
Property, plant and equipment		14,586	14,849
Right-of-use assets		13,628	14,158
Investment properties		173,342	175,626
Associates		6,550,270	6,778,417
Financial assets at fair value through other comprehensive income		606,943	805,914
Reinsurance assets		3,952	3,722
Bank balances		467,814	–
Deferred income tax assets		–	19
		<u>7,830,535</u>	<u>7,792,705</u>
Current assets			
Deferred acquisition costs		51,395	49,958
Insurance receivable	9	115,475	110,538
Reinsurance assets		12,362	9,043
Credit-impaired loans to customers and interest receivable	10	15,921	17,979
Dividend receivable from an associate		4,527	–
Other debtors, prepayments and deposits		5,360	45,854
Current income tax recoverable		–	35
Financial assets at fair value through profit or loss		742,080	742,997
Cash and bank balances		562,120	904,146
		<u>1,509,240</u>	<u>1,880,550</u>
Current liabilities			
Insurance contracts		154,050	121,697
Insurance payable	11	73,282	59,366
Other creditors and accruals		24,427	25,531
Lease liabilities		247	230
Bank borrowings		494,031	497,308
Loan from the controlling shareholder		–	99,985
Current income tax payable		27,699	29,584
		<u>773,736</u>	<u>833,701</u>
Net current assets		<u>735,504</u>	<u>1,046,849</u>
Total assets less current liabilities		<u>8,566,039</u>	<u>8,839,554</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2022*

		2022	2021
	<i>Note</i>	<i>HK\$'000</i>	HK\$'000
Non-current liabilities			
Insurance contracts		65,450	60,678
Lease liabilities		586	833
Bank borrowings		198,563	–
Deferred income tax liabilities		49,340	63,462
		<u>313,939</u>	<u>124,973</u>
Net assets		<u>8,252,100</u>	<u>8,714,581</u>
Equity			
Share capital		1,715,377	1,715,377
Other reserves		1,513,274	2,285,582
Retained profits		5,023,449	4,713,622
Total equity attributable to shareholders of the Company		<u>8,252,100</u>	<u>8,714,581</u>

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collectively refer to all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (“**Ints**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and have been aligned with accounting principles generally accepted in Hong Kong and the requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared under the historical cost convention except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial assets at fair value through other comprehensive income
- financial assets at fair value through profit or loss
- investment properties

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

The financial information relating to the years ended 31 December 2022 and 2021 included in this annual results announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2022 in due course.

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

Application of amendments to HKFRSs

During the year, the Group has adopted the following amendments to HKFRSs issued by the HKICPA:

- | | |
|---|--|
| – Amendments to HKAS 16 | Property, Plant and Equipment:
Proceeds before Intended Use |
| – Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| – Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| – Amendment to HKFRS 16 | Covid-19-Related Rent Concessions Beyond
30 June 2021 |
| – Annual Improvements to HKFRSs 2018 – 2020 | |

None of the adoption has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these consolidated financial statements.

Up to the date of issuance of this annual results announcement, the HKICPA has issued a number of new standards and amendments to standards which are not yet effective for the accounting year ended 31 December 2022 and which have not been early adopted in these consolidated financial statements as follows:

- | | | |
|---|--|--|
| – | HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts ¹ |
| – | Amendments to HKAS 1 | Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) ² |
| – | Amendments to HKAS 1 | Non-Current Liabilities with Covenants ² |
| – | Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ¹ |
| – | Amendments to HKAS 8 | Definition of Accounting Estimates ¹ |
| – | Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹ |
| – | Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback ² |
| – | Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

The nature and impact of the amendments are described below:

HKFRS 17 Insurance Contracts and the related Amendments

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 Insurance Contracts. HKFRS 17 requires a current measurement model, which is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin representing the unearned profit of the contract.

In October 2022, the HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 Extension of the Temporary Exemption from HKFRS 9 that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In February 2022, the HKICPA issued Amendment to HKFRS 17 Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information to address implementation challenges that were identified after HKFRS 17 was published. The amendment addresses in the presentation of comparative information.

The Group adopted HKFRS 17 on 1 January 2023 and in the opinion of the Directors, the implementation of HKFRS 17 brings significant changes to an entity’s processes and systems, and requires much greater co-ordination between many functions of the business, including finance, actuarial and information technology. In particular, HKFRS 17 is bringing changes to the measurement of insurance contract liabilities.

Measurement methods include the general measurement model (“GMM”), the variable fee approach and the premium allocation approach (“PAA”) by the nature of insurance contracts. The variable fee approach applies to long-term insurance contracts with direct participation features; the general model applies to other long-term insurance contracts; and the premium allocation approach applies to short-term insurance contracts. For groups of contracts with a coverage period less than one year, or where it is reasonably expected to produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the requirements using GMM, a simplified PAA can be applied.

The PAA is a simplified approach to measure the liability for remaining coverage. The key simplification is to exempt the insurer from calculating and explicitly accounting for the contractual service margin as under the GMM, the main component of the liability for remaining coverage and the key difference between HKFRS 4 and HKFRS 17. Under PAA, the Group will continue to use their process and systems for calculating unearned premiums amounts when measuring liability for remaining coverage. It will still be necessary to set up processes to calculate fulfilment cash flows for claims reserves. For group of contracts which are onerous, a calculation of the best estimate liability using the GMM is required. The difference between this liability and the PAA liability will be reported as a loss component, which will have an impact on the liability for remaining coverage.

No discount rate had been adopted for general insurance claims liabilities under HKFRS 4. In accordance with HKFRS 17, the Group measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the standard, and the transition date is the beginning of the period immediately preceding the date of initial application. HKFRS 17 is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. The Group considers that it cannot obtain, without undue effort and cost, the reasonable and supportable information to estimate fulfilment cash flows with reasonable accuracy at such granularity so as to allow the Group to identify groups of onerous contracts and disaggregate groups of insurance contracts based on profitability at initial recognition. Accordingly, in the application of HKFRS 17, the Group has applied the modified retrospective approach in identifying, recognising and measuring its insurance contracts that existed at 1 January 2022.

The Group has assessed the estimated impact that the initial application of HKFRS 17 will have on its consolidated financial statements. Based on the preliminary assessment undertaken to date, the Group expects that it will apply PAA to all insurance contracts it issues and reinsurance contracts it holds. On that basis, the Directors did not expect there will be a significant impact on the financial position and performance of the Group on initial application of HKFRS 17 except for the presentation and disclosures of insurance contracts in the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the “Practice Statement”.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group, but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group.

2 REVENUE AND SEGMENTAL INFORMATION

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net earned insurance premiums		
Gross insurance premiums	202,672	196,155
Movement in unearned insurance premiums	(7,528)	(21,235)
Reinsurance premiums ceded and reinsurers' share of movement in unearned insurance premiums	(26,958)	(18,760)
	<u>168,186</u>	<u>156,160</u>
Interest income calculated using the effective interest method		
Interest income from credit-impaired loans to customers	3,822	7,153
Rental income from investment properties	9,301	9,935
Dividend income from financial assets at fair value through other comprehensive income	–	14,686
Total revenues	<u>181,309</u>	<u>187,934</u>

(b) Other income

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from bank deposits	31,463	27,824
Dividend income from financial assets at fair value through profit or loss	484	1,935
Government grants	1,001	4
Others	978	157
	<u>33,926</u>	<u>29,920</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. (“**Huaneng**”), high-tech investments and Subordinated Additional Tier 1 Capital Securities 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	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
Year ended 31 December														
Revenue from external customers														
Net earned insurance premiums	-	-	168,186	156,160	-	-	-	-	-	-	-	-	168,186	156,160
Interest income calculated using the effective interest method	3,822	7,153	-	-	-	-	-	-	-	-	-	-	3,822	7,153
Rental income	-	-	5,760	5,760	3,541	4,175	-	-	-	-	-	-	9,301	9,935
Dividend income	-	-	-	-	-	-	-	14,686	-	-	-	-	-	14,686
	3,822	7,153	173,946	161,920	3,541	4,175	-	14,686	-	-	-	-	181,309	187,934
Inter-segments	-	-	656	758	299	311	-	-	3,188	3,188	(4,143)	(4,257)	-	-
Reportable segment revenue	3,822	7,153	174,602	162,678	3,840	4,486	-	14,686	3,188	3,188	(4,143)	(4,257)	181,309	187,934
Other income	806	27	5,280	3,432	253	-	-	-	27,587	26,461	-	-	33,926	29,920
Operating income	4,628	7,180	179,882	166,110	4,093	4,486	-	14,686	30,775	29,649	(4,143)	(4,257)	215,235	217,854
Other (losses)/gains – net	3,700	4,302	960	1,517	(5,304)	(177)	-	-	(11,590)	18,221	-	-	(12,234)	23,863
Write back of impairment loss on credit-impaired loans to customers and interest receivable	6,294	5,750	-	-	-	-	-	-	-	-	-	-	6,294	5,750
Operating expenses	(2,179)	(2,770)	(170,332)	(154,424)	(812)	(1,295)	-	-	(32,926)	(32,785)	4,096	4,187	(202,153)	(187,087)
Operating profit/(loss)	12,443	14,462	10,510	13,203	(2,023)	3,014	-	14,686	(13,741)	15,085	(47)	(70)	7,142	60,380
Finance costs	-	-	(47)	(93)	-	-	-	-	(21,536)	(11,609)	25	70	(21,558)	(11,632)
Share of results of associates	477,664	458,076	-	-	-	-	(1,393)	3,149	-	-	-	-	476,271	461,225
Profit/(loss) before taxation	490,107	472,538	10,463	13,110	(2,023)	3,014	(1,393)	17,835	(35,277)	3,476	(22)	-	461,855	509,973
Income tax expense	(8,534)	(4,891)	(1,816)	1,966	2,648	(28)	-	(1,469)	(7,788)	(9,620)	-	-	(15,490)	(14,042)
Profit/(loss) for the year	481,573	467,647	8,647	15,076	625	2,986	(1,393)	16,366	(43,065)	(6,144)	(22)	-	446,365	495,931
Interest income	4,539	7,175	3,919	1,738	-	-	-	-	26,827	26,064	-	-	35,285	34,977
Depreciation and amortisation for the year	230	247	2,680	2,796	-	-	-	-	1,029	1,013	(1,961)	(1,960)	1,978	2,096

	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
	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
At 31 December														
The Company and subsidiaries	177,053	178,404	612,756	553,572	49,854	55,126	606,943	805,914	1,346,863	1,303,975	(3,964)	(2,153)	2,789,505	2,894,838
Investments in associates	6,505,079	6,725,205	-	-	-	-	45,191	53,212	-	-	-	-	6,550,270	6,778,417
Total assets	6,682,132	6,903,609	612,756	553,572	49,854	55,126	652,134	859,126	1,346,863	1,303,975	(3,964)	(2,153)	9,339,775	9,673,255
The Company and subsidiaries	54,393	67,242	307,802	257,308	16,576	19,685	-	-	712,868	616,657	(3,964)	(2,218)	1,087,675	958,674
Total liabilities	54,393	67,242	307,802	257,308	16,576	19,685	-	-	712,868	616,657	(3,964)	(2,218)	1,087,675	958,674
Additions to non-current segment assets during the year	-	-	5,138	6,105	-	-	-	-	107	257	(3,766)	(3,921)	1,479	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
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000

Year ended 31 December

Revenues from external customers	74,178	68,931	7,363	26,014	99,768	92,989	181,309	187,934
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At 31 December

The Company and subsidiaries	133,387	129,984	66,729	73,442	1,440	1,207	201,556	204,633
Investments in associates	-	-	6,550,270	6,778,417	-	-	6,550,270	6,778,417
Specified non-current assets	133,387	129,984	6,616,999	6,851,859	1,440	1,207	6,751,826	6,983,050

3 OTHER (LOSSES)/GAINS – NET

	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 (a)	17,737	14,996
Gain on disposal of property, plant and equipment	2	–
Fair value (losses)/gains on revaluation of investment properties	(2,284)	5,223
Net exchange (losses)/gains	(27,689)	3,644
	<u>(12,234)</u>	<u>23,863</u>

- (a) The amount included an interest income of HK\$20,409,000 (2021: HK\$15,645,000) received from financial assets at fair value through profit or loss.

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net insurance claims incurred on insurance business (a)	57,691	48,411
Net commission expenses incurred on insurance business (b)	89,090	83,773
	<u>146,781</u>	<u>132,184</u>

(a) Net insurance claims incurred on insurance business

	2022		
	Gross	Reinsurance	Net
	HK\$'000	HK\$'000	HK\$'000
Current year claims and loss			
adjustment expenses	15,154	(2,116)	13,038
Additional cost for prior years'			
claims and loss adjustment expenses	39,122	(4,488)	34,634
Increase in claims incurred but not reported	9,587	(126)	9,461
Increase in the expected cost of			
claims for unexpired risks	(523)	1,081	558
	<u>63,340</u>	<u>(5,649)</u>	<u>57,691</u>
	2021		
	Gross	Reinsurance	Net
	HK\$'000	HK\$'000	HK\$'000
Current year claims and loss			
adjustment expenses	17,355	(1,457)	15,898
Additional cost for prior years'			
claims and loss adjustment expenses	29,248	(4,054)	25,194
Increase in claims incurred but not reported	8,833	(1,514)	7,319
Increase in the expected cost of			
claims for unexpired risks	–	–	–
	<u>55,436</u>	<u>(7,025)</u>	<u>48,411</u>

(b) Net commission expenses incurred on insurance business

	2022	2021
	HK\$'000	HK\$'000
Gross commissions paid and payable	94,067	85,857
Less: Commissions received and receivable from reinsurers	<u>(4,977)</u>	<u>(2,084)</u>
Net commission expenses	<u>89,090</u>	<u>83,773</u>

5 OPERATING PROFIT

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after crediting and charging the following:		
Crediting		
Gain on disposal of property, plant and equipment	2	–
Net exchange gains	–	3,644
Rentals received and receivable from investment properties less direct outgoings	8,510	8,999
– <i>Rental income</i>	9,301	9,935
– <i>Direct outgoings</i>	(791)	(936)
Charging		
Staff costs, including directors' emoluments	39,625	39,775
– <i>Salaries, allowances and bonus</i>	38,058	38,462
– <i>Retirement benefit costs</i>	1,567	1,313
Auditor's remuneration	3,110	2,466
– <i>Provision for current year</i>	2,772	2,127
– <i>Interim agreed-upon procedures</i>	338	339
Depreciation and amortisation	1,978	2,096
– <i>Property, plant and equipment</i>	1,448	1,528
– <i>Leasehold lands and land use rights</i>	281	278
– <i>Properties leased for own use</i>	249	290
Management fee	1,880	1,880
Loss on disposal of property, plant and equipment	–	21
Net exchange losses	27,689	–
	_____	_____

6 FINANCE COSTS

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on bank loans	20,419	8,720
Interest expenses on loan from the controlling shareholder	1,117	2,889
Interest expenses on lease liabilities	22	23
	_____	_____
	21,558	11,632
	_____	_____

7 INCOME TAX EXPENSE

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
Hong Kong profits tax	359	337
Mainland China corporate income tax	7,920	7,677
Mainland China withholding tax	17,763	2,607
Macau taxation	2,112	2,164
	<u>28,154</u>	<u>12,785</u>
	-----	-----
Overprovision in prior years		
Mainland China corporate income tax	(177)	–
Macau taxation	–	(266)
	<u>(177)</u>	<u>(266)</u>
	-----	-----
Deferred tax		
Relating to the origination and reversal of temporary differences	(12,487)	1,523
	<u>(12,487)</u>	<u>1,523</u>
	-----	-----
Income tax expense	<u>15,490</u>	<u>14,042</u>
	=====	=====

Hong Kong profits tax has been provided at the rate of 8.25% and 16.5% respectively under the Two-tiered Rates of Profits Tax (2021: 8.25% and 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Mainland China corporate income tax has been calculated at the rate of 25% (2021: 25%) on the estimated taxable profits for the year.

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

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

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the year ended 31 December 2022 of HK\$446,365,000 (2021: HK\$495,931,000) and the weighted average of 597,257,252 (2021: 597,257,252) shares in issue during the year.

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

9 INSURANCE RECEIVABLE

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Due from insurance intermediates and contract holders	111,951	109,840
Due from reinsurers	3,524	698
	<u>115,475</u>	<u>110,538</u>

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.

For insurance receivables, the Group reviews the recoverable amount of each individual insurance debtor to ensure that adequate impairment losses are made for irrecoverable amounts. The Group maintains records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparty is also managed by other mechanisms, such as the right to offset where counterparties are both debtors and creditors of the Group. Before accepting any new customer, the Group will screen the counterparty and on-going monitoring the customer's credit quality and define credit limits by customer, which are reviewed every year. There is no adverse change in the credit quality of the customers from the date when credit was initially granted and no allowance for doubtful debts was provided at the end of the reporting period. The management of the Group will have monthly meeting to discuss the long outstanding amounts and ensure that follow-up action is taken to recover overdue debts.

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	53,953	54,302
31-60 days	9,265	19,672
61-90 days	8,797	18,150
Over 90 days	43,460	18,414
	<u>115,475</u>	<u>110,538</u>

At 31 December 2022, the ageing analysis of the past due but not impaired insurance receivable was summarised as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Past due		
Within 90 days	20,461	20,034
Over 90 days	15,611	957
	<u>36,072</u>	<u>20,991</u>

The Group has individually evaluated the recoverability of those debtors with overdue receivable and considered no impairment is required after taking into account the credit quality and historical settlement pattern of the individual counterparty.

10 CREDIT-IMPAIRED LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Micro credit business		
Guaranteed loans	93,977	113,362
Secured loans	68,825	81,254
Pledged and guaranteed loans	10,866	11,750
Secured, pledged and guaranteed loans	4,301	4,651
	<hr/>	<hr/>
Credit-impaired loans to customers	177,969	211,017
Credit-impaired interest receivable	8,008	9,195
	<hr/>	<hr/>
	185,977	220,212
Impairment allowances	(170,056)	(202,233)
	<hr/>	<hr/>
At 31 December	15,921	17,979
	<hr/> <hr/>	<hr/> <hr/>

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

The movement of impairment allowances recognised at amounts equal to lifetime expected credit loss (credit-impaired) was as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	202,233	254,386
Translation differences	(14,981)	6,562
Credited to current year's income statement (a)	(6,294)	(5,750)
Write-off of credit-impaired loans principal (b)	(7,284)	(47,382)
Write-off of credit-impaired interest receivable (b)	(495)	(2,313)
Other	(3,123)	(3,270)
	<hr/>	<hr/>
At 31 December	170,056	202,233
	<hr/> <hr/>	<hr/> <hr/>

- (a) The amount represented a net balance of a reversal of impairment allowance of HK\$9,417,000 (2021: HK\$9,020,000) due to settlement of the outstanding balance of HK\$9,879,000 (2021: HK\$12,008,000) by customers and an additional impairment of HK\$3,123,000 (2021: HK\$3,270,000) for the year.

At 31 December 2022, there are credit-impaired loans to customers and interest receivable with gross carrying amount of RMB56,428,000 (equivalent to HK\$63,868,000) (2021: RMB58,285,000, equivalent to HK\$71,338,000) and impairment allowance of RMB42,361,000 (equivalent to HK\$47,947,000) (2021: RMB43,596,000, equivalent to HK\$53,359,000) being pledged by properties of borrowers and an impairment allowance provided was HK\$3,123,000 (2021: HK\$3,270,000) for these related loans during the year. The Group has the rights on these properties to repay these remaining outstanding exposures of approximately RMB14,067,000 (equivalent to HK\$15,921,000) (2021: RMB14,689,000, equivalent to HK\$17,979,000).

- (b) During the year, the Group wrote off loan receivable and interest receivable of HK\$7,779,000 (2021: HK\$49,695,000) as there was information indicating that the borrowers are in severe financial difficulty and there was no realistic prospect of recovery after the Group has taken legal action against the debtors to recover the credit-impaired loans. The contractual amount of loans and interest receivable that were written-off during the year are still subject to enforcement activity.

11 INSURANCE PAYABLE

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

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	24,089	32,107
31-60 days	11,617	10,456
61-90 days	6,288	4,391
Over 90 days	31,288	12,412
	<u>73,282</u>	<u>59,366</u>

12 EVENTS AFTER THE REPORTING PERIOD

On 27 March 2023, XIB has completed the issuance of new shares to third parties to enlarge its share capital (the “**Capital Contribution**”), which resulted in the dilution of the Company’s shareholding in XIB from approximately 8.8543% to approximately 8.689%. It is estimated that the Group may record a loss on dilution of approximately HK\$18 million in the financial year ending on 31 December 2023 based on the audited consolidated financial information of the Group for the year ended 31 December 2022 and the audited consolidated financial information of XIB for the year ended 31 December 2022 as adjusted to conform with the Group’s accounting policies.

The Company has 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 has 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 will continue to classify XIB as an associate of the Company and the Company will continue to account for its interest in XIB using equity method in accordance with the HKFRSs.

DIVIDEND

The Board of the Company has resolved to recommend at the forthcoming annual general meeting to be held on Tuesday, 13 June 2023 (the “**2023 AGM**”) the payment of a final dividend of 12 HK cents per share totalling HK\$71,670,870.24 for the year ended 31 December 2022 (2021: final dividend of 12 HK cents per share totalling HK\$71,670,870.24). The proposed dividend, if approved, will be paid on or before 14 July 2023.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2023 AGM

For the purpose of ascertaining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Wednesday, 7 June 2023 to Tuesday, 13 June 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the right to attend and vote at the 2023 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar, Tricor Standard Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 6 June 2023.

(b) For determining the entitlement to the proposed dividend

The proposed final dividend for the year ended 31 December 2022 is subject to the approval by the shareholders of the Company (the “**Shareholders**”) at the 2023 AGM. For the purpose of ascertaining shareholders’ entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 28 June 2023 to Friday, 30 June 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar, Tricor Standard Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 27 June 2023.

CHAIRMAN’S STATEMENT

I am pleased to announce that the Group has achieved its expected full year results in 2022.

Global commodity prices and inflationary pressures have been adversely affected by the continuously raging coronavirus pandemic and international geopolitical tensions, 2022 has been a challenging year with intense market volatility and rising interest rates.

OUR PERFORMANCE

In face of the continuing impact of the coronavirus pandemic and the challenges posed by the macroeconomic situation, we kept abreast of market development and conducted our business prudently to minimise operational risks. For the year ended 31 December 2022, the Group recorded a profit attributable to shareholders of the Company (the “**Shareholders**”) of HK\$446.37 million, decreased by 10% when compared to the previous year, mainly due to the unrealised foreign exchange losses resulted from the devaluation of Renminbi as against Hong Kong dollars and no dividend income has been received from Huaneng Power International, Inc. (“**Huaneng**”) during the year as the shareholders of Huaneng has passed not to declare the final dividend for 2021. Basic earnings per share was 74.74 HK cents.

During the year under review, we paid a final dividend for 2021 of 12 HK cents per share to Shareholders, bringing stable and sustainable returns to Shareholders. In addition, the Directors continue to pay attention to Shareholders’ demands and strive to improve Shareholders’ returns, and have resolved to recommend a final dividend for 2022 of 12 HK cents per share.

Total assets of the Group recorded a decrease of 3.4% to HK\$9.34 billion at 31 December 2022 as compared to HK\$9.67 billion at the end of 2021, mainly due to the fair value movement of the A-Shares of Huaneng held by the Group and the exchange losses arising on translation of the investments in associates resulted from the devaluation of Renminbi as against Hong Kong dollars.

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 105.1% of the results of the Group in 2022. The Group’s share of profit after tax of XIB Group was HK\$477.66 million in 2022, an increase of 4.3% as compared to HK\$458.08 million in 2021.

XIB Group achieved a steady growth in its balance sheet. Total assets of XIB Group recorded an increase of 8% to RMB1,088.11 billion at 31 December 2022 as compared to RMB1,007.15 billion at the end of 2021.

The total assets of our banking business accounted for 69.7% of the Group’s total assets at 31 December 2022. The net asset value per share of the Company amounted to HK\$13.82 at 31 December 2022, about 78.8% 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%. It is expected that the Group may record a dilution loss of approximately HK\$18 million in the financial year 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 customised solutions to targeted clients. XIB Group will adhere to the business philosophy of technology empowerment, characteristic and green development. XIB Group will promote the innovative fintech products and services and speed up the issuance of green credit. XIB Group will actively promote the important practice of empowering the real economy with high quality financial capital, provide comprehensive financial services for customers to expand financing channels, and help promote the high-quality development of the regional economy and XIB Group. 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 year under review. The premium growth momentum continued in 2022 and the total gross insurance premiums increased by 3.3% to HK\$202.67 million as compared to the previous year. We have achieved an underwriting profit after charging management expenses for underwriting business of HK\$10.12 million in 2022, a decrease of 23.7% as compared to HK\$13.27 million in 2021 due to increase in ultimate claims cost of motor insurance business. We will strive to improve the quality of our business while continuing expand the scale of our premium size.

The management team of our insurance business will continue to allocate sufficient resources and adhere to “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

With the negative impacts from the coronavirus pandemic are receding in the world, global economic recovery is expected to gradually emerge. While the global economic environment will remain uncertain and less visible in the near future, 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 strengthen the leading role of strategy, focus on our core business 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 would like to extend my appreciation and sincere gratitude to Mr Yan Zheng and Mr Chen Jie who resigned from their positions as Chairman and Vice Chairman respectively in February this year. I also 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

During the year under review, the global economy was adversely affected by the highly infectious coronavirus variant and high inflation rates. Major central banks across the globe raised interest rates at a faster pace leading to significant market volatility. The adverse impact on our financial performance has been exacerbated by the increase in funding costs couple with the unrealised foreign exchange losses resulted from the devaluation of Renminbi as against Hong Kong dollars.

Operating Results

Under the challenging operating environment in the year under review, we conducted our business prudently to minimise the adverse impact on financial performance. The Group recorded a profit attributable to shareholders of the Company (the “**Shareholders**”) of HK\$446.37 million in 2022, representing a decrease of HK\$49.56 million or 10%, as compared to HK\$495.93 million in 2021, mainly due to the unrealised foreign exchange losses resulted from the devaluation of Renminbi as against Hong Kong dollars and no dividend income has been received from Huaneng Power International, Inc. (“**Huaneng**”) during the year as the shareholders of Huaneng has passed not to declare the final dividend for 2021. Basic earnings per share for the year was 74.74 HK cents, a decrease of 8.29 HK cents or 10%, as compared to 83.03 HK cents in 2021.

Financial Services

The financial services business of the Group includes the engagement of banking business through its major associate, 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 a profit after tax of HK\$481.57 million in 2022, an increase of 3% as compared to HK\$467.65 million in 2021. Such increase in the results was primarily originated from the increase in share of results of XIB Group during the year.

Banking Business

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

XIB Group reported a profit after tax for the Group's reporting purpose of RMB4.59 billion, an increase of RMB0.25 billion or 5.8%, as compared to RMB4.34 billion in 2021. Such increase was mainly driven by the overall decrease in expected credit losses and other credit impairment charges in 2022 as compared with 2021. Net interest income decreased by 8.3% in 2022 as compared with 2021, which was mainly due to an increase of 6.7% in interest expenses while interest income increased by 1%. The performance of non-interest income side improved significantly which was mainly due to the increase in investment income and net income from financial assets measured at fair value through profit or loss.

XIB Group achieved a steady growth in its total assets with satisfactory growth in both loan books and customers' deposits at 31 December 2022. At 31 December 2022, the total assets grew by 8% to RMB1,088.11 billion as compared to RMB1,007.15 billion at the end of 2021. Gross loans to customers were RMB615.33 billion, an increase of 8.5% as compared to RMB567.07 billion at the end of 2021. XIB achieved a continuous and stable growth in its loan portfolios. The gross impaired loans and advances as a percentage of gross loans and advances to customers was 1.41%, increased by 0.35 percentage points as compared to 1.06% at the end of 2021. Total deposits from customers were up 4.3% to RMB700.71 billion from 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 RMB8.73 million and RMB0.6 million respectively, as compared to RMB9.77 million and RMB3.19 million respectively in 2021. The impaired loan balances at 31 December 2022 were RMB157.24 million, a decrease of 8.8% from RMB172.41 million at the end of 2021, which was mainly due to the write-off and recovery of impaired loan principal. Sanyuan Micro Credit recorded a profit after tax of RMB10.72 million (equivalent to HK\$12.44 million) in 2022, a decrease of 9.9% as compared to RMB11.9 million (equivalent to HK\$14.46 million) in 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\$202.67 million in 2022, increased by 3.3% as compared to HK\$196.16 million in 2021. The Macau insurance business has outperformed the Hong Kong insurance business during the year. The gross insurance premiums of Macau insurance business registered a 9.7% growth to HK\$120.27 million supported by high-quality bancassurance business, and the gross insurance premiums of Hong Kong insurance business recorded a decrease of 4.7% to HK\$82.4 million.

Underwriting profit before deducting management expenses for underwriting business decreased by 10.7% to HK\$21.41 million as compared to HK\$23.98 million in 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\$10.12 million in 2022, a decrease of 23.7% as compared to HK\$13.27 million in 2021, after charging management expenses for underwriting business.

Min Xin Insurance recorded a profit after tax of HK\$8.65 million in 2022, a decrease of 42.6% as compared to a profit after tax of HK\$15.08 million in 2021, mainly due to the decrease in revaluation gain of investment properties and the related deferred tax impact.

The management team of Min Xin Insurance will continue to broaden distribution channels and identify new business opportunities, and at the same time will make great efforts to implement the anticipated business plan in an increasingly competitive market to achieve a better financial performance and provide satisfactory returns to the shareholders.

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

At 31 December 2022, the Shanghai Composite Index decreased by about 15.1% as compared to that at the end of 2021. The closing bid price per A-Share of Huaneng as quoted on the Shanghai Stock Exchange decreased from RMB9.69 per share at 31 December 2021 to RMB7.61 per share at 31 December 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\$585.29 million (equivalent to RMB517.11 million). In 2022, the Group recorded a loss of HK\$220.62 million (2021: gain of HK\$444.91 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 2021.

Huaneng has announced its 2022 annual results under the PRC Accounting Standards. Its operating revenue increased by 20.3% and the operating expenses increased by 16.4% as compared to 2021, primarily attributable to the tight supply of energy markets and high level of coal price. Its loss attributable to shareholders was RMB7.39 billion in 2022, decreased by 26.2% as compared to RMB10 billion in 2021. Losses per share was RMB0.61 for the year under review, decreased by 20.8% as compared to RMB0.77 per share in 2021. The board of directors of Huaneng recommended that no dividend be distributed in 2022.

Property Investment

The property investment business of the Group represents the leasing of certain investment properties in Mainland China. In 2022, the property investment business reported a profit after tax of HK\$0.63 million, a decrease of 78.9% as compared to HK\$2.99 million in 2021, mainly due to the increase in the revaluation loss of investment properties.

The market rental of office space in Fuzhou, Fujian Province remained soft in 2022. The occupancy rates of the leased commercial properties and parking spaces in Fuzhou (the “**Fuzhou Property**”) of the Group were 88.2% and 75% respectively (2021: full occupancy) at 31 December 2022, the monthly rental of certain new leases have declined as compared to the expired leases. The Group recorded a rental income of RMB3.19 million in 2022, decreased by 10.6% as compared to RMB3.57 million in 2021, mainly due to the decline in monthly rental and rental concessions granted to certain lessees. At 31 December 2022, the fair value of the Fuzhou Property was HK\$49.82 million, a decrease of 9.6% 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\$5.3 million and net fair value loss after deferred tax of HK\$2.4 million in 2022, as compared to a fair value loss of HK\$0.18 million and net fair value loss after deferred tax of HK\$0.1 million in 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 ordinary shares in issue at 31 December 2022 (2021: 597,257,252 shares), the net asset value per share was HK\$13.82 at 31 December 2022 (2021: HK\$14.59).

Total Liabilities to Equity Ratio and Current Ratio

At 31 December 2022, the total liabilities of the Group were HK\$1,087.68 million (2021: HK\$958.67 million) and the ratio of total liabilities to total equity attributable to Shareholders was 13.2% (2021: 11%). At 31 December 2022, the current assets and current liabilities of the Group were HK\$1,509.24 million (2021: HK\$1,880.55 million) and HK\$773.74 million (2021: HK\$833.7 million) respectively with a current ratio of 2 (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 31 December 2022, the Group had borrowings of HK\$692.63 million granted by banks, increased by 15.7% as compared to HK\$598.51 million, which comprised HK\$498.51 million granted by 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\$494.03 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 31 December 2022 ranged from 2.7% to 6.9% (2021: 2.1% to 2.4%) per annum.

In addition, the Group had withdrawable revolving bank loan facilities of approximately HK\$155.97 million at 31 December 2022.

At 31 December 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\$226.37 million) placed by a wholly-owned subsidiary of the Company in Mainland China.

At 31 December 2022, the revolving bank loan balances of HK\$244.36 million (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\$8.63 million (2021: HK\$8.89 million) at 31 December 2022. The fair value of the property was HK\$280 million (2021: HK\$290 million) at 31 December 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 (2021: HK\$15 million) as a collateral for the standby letter of credit at 31 December 2022.

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

Gearing Ratio

At 31 December 2022, the gearing ratio of the Group (total borrowings divided by total net assets) was 8.4% (2021: 6.9%).

Cash Position

The Group's balances with banks are interest bearing at prevailing market rates. At 31 December 2022, the total balances with banks of the Group amounted to HK\$1,018.25 million (2021: HK\$904.14 million) of which 27.8% were in Hong Kong dollars, 66.4% in Renminbi and 5.8% in other currencies (2021: 17.6% were 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 31 December 2022, Min Xin Insurance has placed fixed deposits of HK\$16 million (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. At 31 December 2022, that subsidiary has also maintained bank deposits of MOP18.41 million (equivalent to HK\$17.87 million) and HK\$69.45 million (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 dollar and Renminbi. As the Hong Kong dollar and Renminbi are both under managed floating systems, the Group reviews and monitors periodically its foreign currency exposure and considers hedging significant foreign currency exposure should the need arise. The Group did not enter into any derivative contracts aimed at minimising exchange rate risks during the year.

Capital Commitments

At 31 December 2022, the Group’s capital commitments relating to property, plant and equipment and investment properties amounted to HK\$0.66 million (2021: HK\$0.2 million).

Contingent Liabilities

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

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2022, the Group had 71 employees. The remuneration of the employees is based on individual merits and experience. The Group also provides other benefits to employees included but not limited to retirement benefits and medical scheme.

The Group regards human resources as its valuable assets. The Group offers numerous employee benefits and group activities to our staff members. To motivate our employees to enhance and develop their professional knowledges and skills, the Group provides on-the-job trainings and workshops for our employees as well as encourages them to attend seminars and trainings with topics of relevance to their jobs and duties sponsored by the Group. The Group also organises recreational activities such as Christmas party, monthly birthday party and company trip.

CUSTOMER RELATIONSHIPS

With respect to the Group's insurance business, we are committed to establishing good long-term business relationships with our brokers and agents. Insurance products together with the pricing philosophy and other guidelines will be provided to brokers and agents if needed. Our staff of business department visit our brokers and agents regularly to maintain good relationships. Our claims and customer service staff swiftly and carefully manage and respond to our brokers' and agents' enquiries in relation to the insurance products and other related matters.

ENVIRONMENTAL POLICY

Being a responsible corporate citizen, the Group continues to support the environmental protection initiatives to conserve the natural resources. We place a high priority on minimisation of the environmental impact of our business activities by promoting energy-efficient lighting and use of public transportation to reduce energy consumption. In addition, we proactively encourage staff to consume less energy, water and paper, by applying such as e-filings and paper recycling in our offices. Details are disclosed in the ESG Report to be issued by the Company pursuant to the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance is an integral part of the Group's corporate governance and we are aware of the potential risks of regulatory non-compliance. As far as the Board is aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the businesses and operations of the Group.

KEY RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and prospects may be affected by a number of risks and uncertainties. The following key risks and uncertainties identified by the Group are not exhaustive or comprehensive, and there may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Insurance and Financial Risks

The Group's business activities are exposed to a variety of insurance risk and financial risks including market risk (foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The details of the Group's insurance risk and financial risks exposures are set out in Note 4 to the consolidated financial statements.

Business Risks

Banking Business

The growth of XIB Group depends on the macroeconomic factors that affect Mainland China, Hong Kong and Macau, including the growth of gross domestic product, inflation levels, changes in laws and regulations related to banks and financial products, changes in macroeconomic control policies, market liquidity, changes in credit policies, changes in loan demands as well as progress of financial reform and interest rate liberalisation. XIB Group may be unable to maintain its growth rate as a result of an adverse change in any one or more of the above factors or any other factors, which could have a material and adverse effect on its financial condition, results of operations and prospects.

Insurance Business

The insurance industries in Hong Kong and Macau are highly regulated. Companies carrying on insurance business in Hong Kong and Macau must obtain authorisation from Insurance Authority and Autoridade Monetária De Macau respectively and are subject to the requirements imposed by Insurance Authority and Autoridade Monetária De Macau from time to time. Authorisation will only be granted to insurers when certain requirements under the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong) and the Macau Insurance Ordinance are met. Compliance with applicable laws, rules and regulations may restrict the operations of the Group's insurance business and requires the Group to deploy significant resources and to devote considerable time to such compliance efforts. New or revised laws, rules and regulations may be introduced from time to time and such changes may have an adverse effect on the insurance business of the Group in Hong Kong and Macau.

Huaneng A-Shares

Huaneng is listed on the Shanghai Stock Exchange and Huaneng A-Shares is classified as a long-term financial asset of the Group. The dividend income from Huaneng A-Shares is affected by various factors which are beyond the Group's control, included but not limited to the results of operations, liquidity position and dividend policy of Huaneng.

The Group is required to measure Huaneng A-Shares at its fair value at the end of each reporting period and the change in fair value is recognised in other comprehensive income and accumulated separately in equity. The fair value of Huaneng A-Shares is measured with reference to the closing bid price per A-Share of Huaneng. The closing bid price per A-Share of Huaneng may be volatile and is affected by various factors which are beyond the Group's control, included but not limited to the results of operations of Huaneng, investor sentiment or confidence in the stock market and changes in economic conditions of Mainland China.

Property Investment

The monthly rental and the occupancy rate depends on various factors, including but not limited to prevailing supply and demand conditions of office building, economic conditions of Mainland China as well as the quality of the properties. There is no assurance that the Group is able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rental.

The Group is required to revalue its investment properties at the end of each reporting period and the change in fair value is recognised in the consolidated income statement. There is no assurance that changes in market conditions will continue to generate gains or losses on revaluation at similar level or at same level, or there will be no further decline in the fair value of the Group's investment properties.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's issued shares during the year.

CORPORATE GOVERNANCE

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 year ended 31 December 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 year ended 31 December 2022.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr CHEUNG Man Hoi (Chairman of the Audit Committee), Mr IP Kai Ming and Mr LEUNG Chong Shun.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed risk management, internal control and financial reporting matters including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2022 as set out in this announcement.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 30 March 2023.

The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, 2022 ANNUAL REPORT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The announcement of annual results for the year ended 31 December 2022 is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.minxin.com.hk. The 2022 Annual Report and Environmental, Social and Governance Report will be published on the aforesaid websites and printed copies of the 2022 Annual Report will be sent to the shareholders of the Company in due course.

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

Hong Kong, 30 March 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.