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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 ANNUAL RESULTS**

### **FINANCIAL HIGHLIGHTS**

- Profit attributable to Shareholders amounted to HK\$39.41 million, a decrease of 91.4%
- Basic earnings per share was 6.6 HK cents
- Total assets increased by 0.2% to HK\$9.18 billion
- Total equity attributable to Shareholders decreased by 2.3% to HK\$8.07 billion
- Recommended a final dividend of 9 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 2023.

Financial information extracted from the audited consolidated financial statements for the year ended 31 December 2023 prepared in accordance with Hong Kong Financial Reporting Standards are as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

		2023	2022 (Restated)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Insurance revenue		191,128	194,998
Interest income calculated using the effective interest method		10,847	3,822
Rental income from investment properties		8,132	9,301
Dividend income from financial assets at fair value through other comprehensive income		2,662	–
Distribution income from financial assets at fair value through other comprehensive income		1,880	–
Total revenues		214,649	208,121
Other income	3	34,239	33,926
Operating income		248,888	242,047
Other losses – net	4	(6,461)	(12,234)
Insurance service expenses		(163,007)	(160,950)
Net expenses from reinsurance contracts held		(16,606)	(14,897)
Finance (expenses)/income from insurance contracts issued		(5,565)	4,856
Finance income/(expenses) from reinsurance contracts held		261	(320)
Write back of impairment loss on credit-impaired loans to customers and interest receivable		2,845	6,294
Impairment loss on debt investments at amortised cost		(150)	–
Administrative expenses		(56,566)	(47,050)
<b>Operating profit</b>	5	3,639	17,746
Finance costs	6	(41,366)	(21,558)
Share of results of associates		67,488	476,271
<b>Profit before taxation</b>		29,761	472,459
Income tax credit/(expense)	7	9,648	(15,490)
<b>Profit for the year</b>		<b>39,409</b>	<b>456,969</b>
<b>Dividend</b>			
Final dividend		53,753	71,671
		<i>HK CENTS</i>	<i>HK CENTS</i>
<b>Earnings per share</b>			
Basic and diluted	8	6.60	76.51
<b>Dividend per share</b>			
Final dividend		9	12

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
		(Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the year</b>	<b>39,409</b>	456,969
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to income statement:</b>		
Equity investments at fair value through other comprehensive income		
Net movement in fair value reserve (non-recycling)	<b>(10,388)</b>	(222,565)
Deferred tax	<b>(16,233)</b>	–
	<b>(26,621)</b>	(222,565)
Share of other comprehensive income of associates	<b>(4,156)</b>	12,050
	<b>(30,777)</b>	(210,515)
<b>Items that may be reclassified subsequently to income statement:</b>		
Debt investments at fair value through other comprehensive income		
Released on dilution of interest in an associate	<b>2,962</b>	–
Exchange translation reserve		
Exchange differences arising on translation of the financial statements of foreign subsidiaries and associates	<b>(225,739)</b>	(602,256)
Released on dilution of interest in an associate	<b>4,545</b>	–
	<b>(221,194)</b>	(602,256)
Share of other comprehensive income of associates	<b>89,332</b>	(24,578)
	<b>(128,900)</b>	(626,834)
<b>Other comprehensive income for the year, net of tax</b>	<b>(159,677)</b>	(837,349)
<b>Total comprehensive income for the year</b>	<b>(120,268)</b>	(380,380)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		31 December 2023	31 December 2022 (Restated)	1 January 2022 (Restated)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>				
Property, plant and equipment		14,109	14,586	14,849
Right-of-use assets		13,099	13,628	14,158
Investment properties		172,329	173,342	175,626
Associates		6,442,096	6,550,270	6,778,417
Financial assets at fair value through other comprehensive income		630,093	606,943	805,914
Debt investments at amortised cost		156,174	–	–
Pledged and restricted term deposits		354,542	352,072	111,733
Deferred income tax assets		–	–	19
Insurance contract assets		1,461	–	–
Reinsurance contract assets		15,019	11,738	5,160
Credit-impaired loans to customers and interest receivable	9	15,102	15,921	17,979
Dividend receivable from an associate		–	4,527	–
Other debtors, prepayments and deposits		5,573	3,399	14,553
Current income tax recoverable		–	–	35
Financial assets at fair value through profit or loss		626,443	742,080	742,997
Term deposits		323,270	444,095	356,369
Cash and cash equivalents		415,415	236,256	467,149
<b>Total assets</b>		<b>9,184,725</b>	<b>9,168,857</b>	<b>9,504,958</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

*As at 31 December 2023*

	<b>31 December 2023</b>	31 December 2022 (Restated)	1 January 2022 (Restated)
<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Equity</b>			
Share capital	1,715,377	1,715,377	1,715,377
Other reserves	1,508,881	1,513,274	2,285,582
Retained profits	4,845,192	5,032,738	4,712,307
<b>Total equity attributable to shareholders of the Company</b>	<b>8,069,450</b>	8,261,389	8,713,266
<b>Liabilities</b>			
Insurance contract liabilities	146,260	103,754	72,204
Reinsurance contract liabilities	8,498	8,821	3,129
Other creditors and accruals	36,930	24,427	24,957
Lease liabilities	586	833	1,063
Bank borrowings	855,570	692,594	497,308
Loan from the controlling shareholder	–	–	99,985
Current income tax payable	4,582	27,699	29,584
Deferred income tax liabilities	62,849	49,340	63,462
<b>Total liabilities</b>	<b>1,115,275</b>	907,468	791,692
<b>Equity and liabilities</b>	<b>9,184,725</b>	9,168,857	9,504,958

## 1 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

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 in the 2023 Annual Report:

- 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 the leasing transactions that are accounted for in accordance with HKFRS 16 Leases.

The financial information relating to the years ended 31 December 2023 and 2022 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 2022 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 2023 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 new standard and amendments to standards**

The Group has adopted the following new 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

The nature and impact of the adoption of HKFRS 17 Insurance Contracts are further described in Note (a) below. 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 consolidated financial statements. The Group has not applied any amendment to standards that is not effective for the current accounting period.

Up to the date of issuance of this annual results announcement, the HKICPA has issued a number of amendments to standards which are not yet effective for the accounting year ended 31 December 2023 and which have not been early adopted in these consolidated financial statements as follows:

- |                                      |  |
|--------------------------------------|--|
| – Amendments to HKAS 1               | Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup> |
| – Amendments to HKAS 1               | Non-Current Liabilities with Covenants <sup>1</sup>  |
| – Amendments to HKAS 7 and HKFRS 7   | Supplier Finance Arrangements <sup>1</sup>   |
| – Amendments to HKAS 21              | Lack of Exchangeability <sup>2</sup>   |
| – Amendments to HKFRS 16             | Lease Liability in a Sale and Leaseback <sup>1</sup>   |
| – Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>                               |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

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

In the consolidated financial statements, the Group has adopted 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. Therefore, the Group applied PAA for all its insurance contracts.

On 1 January 2023, the Group has adopted the requirements of HKFRS 17 retrospectively with comparative restated from the transition date, 1 January 2022. The Group applied full retrospective approach to all insurance contracts existed at the transition date.

Insurance and reinsurance contracts are aggregated into different groups of contracts according to the level of aggregation under HKFRS 17. The groups of contracts shall be assessed on the profitability and onerous contracts shall be identified at the initial recognition.



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 paid 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. The Group determines that the premiums receivable from the policyholder and the premiums receivable from the intermediary are future cash flows within the boundary of an insurance contract under HKFRS 17, the balances shall be accounted for as part of the LRC.
- Measurement of the LRC includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of service are more than 12 months apart.
- 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 includes an explicit risk adjustment for non-financial risk.
- Measurement of the asset for remaining coverage (“**ARC**”) 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.

For presentation in the 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 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.

At transition, the Group's total equity at 1 January 2022 was reduced by HK\$1.32 million from HK\$8,714.58 million under HKFRS 4 to HK\$8,713.26 million under HKFRS 17. The reduction in equity is primarily driven by the remeasurement of the inward treaty liability for remaining coverage that increased by HK\$3.28 million less the positive effect from the discounting of the liability for incurred claims amounting to HK\$1 million. Under HKFRS 4, insurance premium revenue of the aforesaid inward treaty was recognised by passage of time. Whereas, under HKFRS 17, the expected premium receipts of this inward treaty are allocated on the basis of expected timing of incurred insurance service expenses given that the expected pattern of release of risk during the coverage period differs significantly from the passage of time. The revised revenue release pattern due to change in accounting standard leads to a reduction in insurance premium earned previously, while an increase in revenue to be recognised in the remaining coverage period is expected. The liability for incurred claims, while not discounted under HKFRS 4, had been measured by considering a best estimate of future cash flows and the provision of an amount that is equivalent to the risk adjustment under HKFRS 17 thus making the application of discounting the only restatement applicable to the liability for incurred claims.

On 1 January 2023, the Group has adopted the requirements of HKFRS 17 Insurance Contracts retrospectively with comparatives restated from the transition date, 1 January 2022. The table below provides the transition restatement impact on the Group's consolidated income statement for the year ended 31 December 2022.

		<b>2022</b>		
		<b>As originally presented</b>	<b>Impact on initial application of HKFRS 17</b>	<b>As restated</b>
	<i>Note</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Net earned insurance premiums	<i>(i)</i>	168,186	(168,186)	–
Insurance revenue	<i>(ii)</i>	–	194,998	194,998
Interest income calculated using the effective interest method		3,822	–	3,822
Rental income from investment properties		9,301	–	9,301
<b>Total revenues</b>		<b>181,309</b>	<b>26,812</b>	<b>208,121</b>
<b>Other income</b>		<b>33,926</b>	<b>–</b>	<b>33,926</b>
<b>Operating income</b>		<b>215,235</b>	<b>26,812</b>	<b>242,047</b>
<b>Other losses – net</b>		<b>(12,234)</b>	<b>–</b>	<b>(12,234)</b>
Net insurance claims incurred and commission expenses incurred on insurance business	<i>(i)</i>	(146,781)	146,781	–
Insurance service expenses	<i>(ii)</i>	–	(160,950)	(160,950)
Net expenses from reinsurance contracts held	<i>(ii)</i>	–	(14,897)	(14,897)
Finance income from insurance contracts issued	<i>(ii)</i>	–	4,856	4,856
Finance expenses from reinsurance contracts held	<i>(ii)</i>	–	(320)	(320)
Write back of impairment loss on credit-impaired loans to customers and interest receivable		6,294	–	6,294
Administrative expenses	<i>(iii)</i>	(55,372)	8,322	(47,050)
<b>Operating profit</b>		<b>7,142</b>	<b>10,604</b>	<b>17,746</b>
Finance costs		(21,558)	–	(21,558)
Share of results of associates		476,271	–	476,271
<b>Profit before taxation</b>		<b>461,855</b>	<b>10,604</b>	<b>472,459</b>
Income tax expense		(15,490)	–	(15,490)
<b>Profit for the year</b>		<b>446,365</b>	<b>10,604</b>	<b>456,969</b>

- (i) On the implementation of HKFRS 17, new consolidated income statement line items associated with insurance contract accounting were introduced. Consequently, the previously reported HKFRS 4 line items “Net earned insurance premiums” and “Net insurance claims incurred and commission expenses incurred on insurance business” were also removed.
  - (ii) The measurement of the insurance contract liabilities under HKFRS 17 is based on groups of insurance contracts and includes a liability for fulfilling the insurance contracts, such as insurance revenue, insurance service expenses and finance income and expenses for insurance contracts issued and reinsurance contracts held. The net increase in profit before taxation for the year ended 31 December 2022 is primarily caused by (i) an increase in insurance service income of HK\$2.54 million as a result of the revised revenue release pattern of the inward treaty as mentioned above; (ii) a decrease in insurance service expenses of HK\$1.76 million due to the effect of discounting on incurred claims during 2022; and (iii) an increase in insurance finance income of HK\$4.86 million as a result of the revaluation of the discounting of liabilities of incurred claims using current market interest rate observable on 31 December 2022, which was significantly higher than the market interest rate on 1 January 2022.
  - (iii) Directly attributable expenses were the costs associated with originating and fulfilling an identified portfolio of insurance contracts. These costs included the appropriate allocations of fixed and variable overheads, which were included within the fulfillment cash flows and were no longer shown on the operating expenses line, whereas non-attributable expenses remained in the operating expenses.
- (b) 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.

## 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, 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.
- 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 and bonds.

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 and intangible 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 and reinsurance 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
<b>Year ended 31 December</b>														
<b>Revenue from external customers</b>														
Insurance revenue	-	-	191,128	194,998	-	-	-	-	-	-	-	-	191,128	194,998
Interest income	5,603	3,822	1,283	-	-	-	3,961	-	-	-	-	-	10,847	3,822
Rental income	-	-	5,760	5,760	2,372	3,541	-	-	-	-	-	-	8,132	9,301
Dividend income	-	-	2,662	-	-	-	-	-	-	-	-	-	2,662	-
Distribution income	-	-	-	-	-	-	1,880	-	-	-	-	-	1,880	-
	5,603	3,822	200,833	200,758	2,372	3,541	5,841	-	-	-	-	-	214,649	208,121
Inter-segments	-	-	773	656	284	299	-	-	3,188	3,188	(4,245)	(4,143)	-	-
<b>Reportable segment revenue</b>	<b>5,603</b>	<b>3,822</b>	<b>201,606</b>	<b>201,414</b>	<b>2,656</b>	<b>3,840</b>	<b>5,841</b>	<b>-</b>	<b>3,188</b>	<b>3,188</b>	<b>(4,245)</b>	<b>(4,143)</b>	<b>214,649</b>	<b>208,121</b>
Other income	1,547	806	9,394	5,280	77	253	-	-	23,221	27,587	-	-	34,239	33,926
Operating income	7,150	4,628	211,000	206,694	2,733	4,093	5,841	-	26,409	30,775	(4,245)	(4,143)	248,888	242,047
Other (losses)/gains – net	(13,918)	3,700	1,807	960	(3,208)	(5,304)	-	-	8,858	(11,590)	-	-	(6,461)	(12,234)
Insurance service expenses	-	-	(163,007)	(160,950)	-	-	-	-	-	-	-	-	(163,007)	(160,950)
Net expenses from reinsurance contracts held	-	-	(16,606)	(14,897)	-	-	-	-	-	-	-	-	(16,606)	(14,897)
Finance (expenses)/income from insurance contracts issued	-	-	(5,565)	4,856	-	-	-	-	-	-	-	-	(5,565)	4,856
Finance income/(expenses) from reinsurance contracts held	-	-	261	(320)	-	-	-	-	-	-	-	-	261	(320)
Write back of impairment loss on credit-impaired loans to customers and interest receivable	2,845	6,294	-	-	-	-	-	-	-	-	-	-	2,845	6,294
Impairment loss on debt investments at amortised cost	-	-	(150)	-	-	-	-	-	-	-	-	-	(150)	-
Administrative expenses	(1,901)	(2,179)	(19,805)	(15,229)	(820)	(812)	-	-	(38,135)	(32,926)	4,095	4,096	(56,566)	(47,050)
<b>Operating profit/(loss)</b>	<b>(5,824)</b>	<b>12,443</b>	<b>7,935</b>	<b>21,114</b>	<b>(1,295)</b>	<b>(2,023)</b>	<b>5,841</b>	<b>-</b>	<b>(2,868)</b>	<b>(13,741)</b>	<b>(150)</b>	<b>(47)</b>	<b>3,639</b>	<b>17,746</b>
Finance costs	-	-	(200)	(47)	-	-	-	-	(41,350)	(21,536)	184	25	(41,366)	(21,558)
Share of results of associates	65,947	477,664	-	-	-	-	1,541	(1,393)	-	-	-	-	67,488	476,271
<b>Profit/(loss) before taxation</b>	<b>60,123</b>	<b>490,107</b>	<b>7,735</b>	<b>21,067</b>	<b>(1,295)</b>	<b>(2,023)</b>	<b>7,382</b>	<b>(1,393)</b>	<b>(44,218)</b>	<b>(35,277)</b>	<b>34</b>	<b>(22)</b>	<b>29,761</b>	<b>472,459</b>
Income tax credit/(expense)	(4,497)	(8,534)	(2,862)	(1,816)	1,646	2,648	-	-	15,361	(7,788)	-	-	9,648	(15,490)
<b>Profit/(loss) for the year</b>	<b>55,626</b>	<b>481,573</b>	<b>4,873</b>	<b>19,251</b>	<b>351</b>	<b>625</b>	<b>7,382</b>	<b>(1,393)</b>	<b>(28,857)</b>	<b>(43,065)</b>	<b>34</b>	<b>(22)</b>	<b>39,409</b>	<b>456,969</b>
Interest income	7,040	4,539	10,527	3,919	-	-	3,961	-	22,918	26,827	-	-	44,446	35,285
Depreciation and amortisation for the year	214	230	2,837	2,680	-	-	-	-	984	1,029	(1,883)	(1,961)	2,152	1,978
<b>At 31 December</b>														
The Company and subsidiaries	181,670	177,053	490,793	441,838	46,614	49,854	706,794	606,943	1,318,852	1,346,863	(2,094)	(3,964)	2,742,629	2,618,587
Investments in associates	6,411,292	6,505,079	-	-	-	-	30,804	45,191	-	-	-	-	6,442,096	6,550,270
<b>Total assets</b>	<b>6,592,962</b>	<b>6,682,132</b>	<b>490,793</b>	<b>441,838</b>	<b>46,614</b>	<b>49,854</b>	<b>737,598</b>	<b>652,134</b>	<b>1,318,852</b>	<b>1,346,863</b>	<b>(2,094)</b>	<b>(3,964)</b>	<b>9,184,725</b>	<b>9,168,857</b>
The Company and subsidiaries	29,719	54,393	172,446	127,595	14,694	16,576	16,233	-	884,277	712,868	(2,094)	(3,964)	1,115,275	907,468
<b>Total liabilities</b>	<b>29,719</b>	<b>54,393</b>	<b>172,446</b>	<b>127,595</b>	<b>14,694</b>	<b>16,576</b>	<b>16,233</b>	<b>-</b>	<b>884,277</b>	<b>712,868</b>	<b>(2,094)</b>	<b>(3,964)</b>	<b>1,115,275</b>	<b>907,468</b>
Additions to non-current segment assets during the year	-	-	1,128	5,138	-	-	-	-	125	107	-	(3,766)	1,253	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>
<b>Year ended 31 December</b>								
Revenues from external customers	<u>91,361</u>	<u>88,843</u>	<u>7,975</u>	<u>7,363</u>	<u>115,313</u>	<u>111,915</u>	<u>214,649</u>	<u>208,121</u>
<b>At 31 December</b>								
The Company and subsidiaries	135,750	133,387	62,640	66,729	1,147	1,440	199,537	201,556
Investments in associates	–	–	6,442,096	6,550,270	–	–	6,442,096	6,550,270
<b>Specified non-current assets</b>	<u>135,750</u>	<u>133,387</u>	<u>6,504,736</u>	<u>6,616,999</u>	<u>1,147</u>	<u>1,440</u>	<u>6,641,633</u>	<u>6,751,826</u>



### 3 OTHER INCOME

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income from bank deposits	33,599	31,463
Dividend income from financial assets at fair value through profit or loss	299	484
Government grants	4	1,001
Others	337	978
	<u>34,239</u>	<u>33,926</u>

### 4 OTHER LOSSES – NET

	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 (a)	16,575	17,737
Loss on disposal of debt investments at amortised cost	(10)	–
(Losses)/gains on disposal of property, plant and equipment	(13)	2
Loss on dilution of interest in an associate	(15,724)	–
Fair value losses on revaluation of investment properties	(1,013)	(2,284)
Net exchange losses	(6,276)	(27,689)
	<u>(6,461)</u>	<u>(12,234)</u>

- (a) The amount included an interest income of HK\$16,849,000 (2022: HK\$20,409,000) received from financial assets at fair value through profit or loss.

## 5 OPERATING PROFIT

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after crediting and charging the following:		
Crediting		
Gains on disposal of property, plant and equipment	–	2
Rentals received and receivable from investment properties		
less direct outgoings	7,348	8,510
– <i>Rental income</i>	8,132	9,301
– <i>Direct outgoings</i>	(784)	(791)
Charging		
Staff costs, including directors' emoluments	42,517	39,625
– <i>Salaries, allowances and bonus</i>	41,075	38,058
– <i>Retirement benefit costs</i>	1,442	1,567
Auditor's remuneration	5,157	3,110
– <i>Provision for current year (a)</i>	4,434	2,772
– <i>underprovision in prior year</i>	400	–
– <i>Interim agreed-upon procedures</i>	323	338
Depreciation and amortisation	2,152	1,978
– <i>Property, plant and equipment</i>	1,623	1,448
– <i>Leasehold lands and land use rights</i>	280	281
– <i>Properties leased for own use</i>	249	249
Management fee	1,880	1,880
Losses on disposal of property, plant and equipment	13	–
Net exchange losses	6,276	27,689

(a) Including services for the statutory audit of the consolidated financial statements on adoption of HKFRS 17.

## 6 FINANCE COSTS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expenses on bank loans	41,350	20,419
Interest expenses on loan from the controlling shareholder	–	1,117
Interest expenses on lease liabilities	16	22
	<b>41,366</b>	<b>21,558</b>

## 7 INCOME TAX (CREDIT)/EXPENSE

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong profits tax	402	359
Mainland China corporate income tax	6,300	7,920
Mainland China withholding tax (a)	(17,476)	17,763
Macau taxation	2,960	2,112
	<u>(7,814)</u>	<u>28,154</u>
<b>Adjustment in respect of prior years</b>		
Mainland China corporate income tax	–	(177)
Macau taxation	7	–
	<u>7</u>	<u>(177)</u>
<b>Deferred tax</b>		
Relating to the origination and reversal of temporary differences	<u>(1,841)</u>	<u>(12,487)</u>
<b>Income tax (credit)/expense</b>	<b><u>(9,648)</u></b>	<b><u>15,490</u></b>

- (a) XIB was transformed from a limited liability company to a joint-stock limited company in December 2012. The Group had recognised a withholding tax payable of approximately RMB20.93 million (equivalent to approximately HK\$26.03 million) in 2012 for the Group's share of the capitalisation of XIB's retained profits after 1 January 2008 of RMB209 million. During the year, after considering the advice from a tax specialist, the Group believed that they have sufficient ground to reverse the withholding tax payable of approximately RMB20.93 million (equivalent to approximately HK\$23 million).

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 (2022: 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% (2022: 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 2023 of HK\$39,409,000 (2022: HK\$456,969,000, as restated) and the weighted average of 597,257,252 (2022: 597,257,252) shares in issue during the year.

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

## 9 CREDIT-IMPAIRED LOANS TO CUSTOMERS AND INTEREST RECEIVABLE

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Micro credit business		
Guaranteed loans	<b>86,093</b>	93,977
Secured loans	<b>61,481</b>	68,825
Pledged and guaranteed loans	<b>10,467</b>	10,866
Secured, pledged and guaranteed loans	<b>3,077</b>	4,301
Credit-impaired loans to customers	<b>161,118</b>	177,969
Credit-impaired interest receivable	<b>7,222</b>	8,008
	<b>168,340</b>	185,977
Impairment allowances	<b>(153,238)</b>	(170,056)
<b>At 31 December</b>	<b>15,102</b>	15,921

The Group has initiated litigations against all the borrowers of credit-impaired loans. At the reporting date, all litigations have obtained effective legal documents and are in the process of performance or execution.

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

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	<b>170,056</b>	202,233
Translation differences	<b>(4,906)</b>	(14,981)
Credited to current year's income statement (a)	<b>(2,845)</b>	(6,294)
Write-off of credit-impaired loans principal (b)	<b>(5,964)</b>	(7,284)
Write-off of credit-impaired interest receivable (b)	<b>(257)</b>	(495)
Other	<b>(2,846)</b>	(3,123)
<b>At 31 December</b>	<b><u>153,238</u></b>	<b><u>170,056</u></b>

- (a) The amount represented a net balance of a reversal of impairment allowance of HK\$5,691,000 (2022: HK\$9,417,000) due to settlement of the outstanding balance of HK\$5,975,000 (2022: HK\$9,879,000) by customers and an additional impairment of HK\$2,846,000 (2022: HK\$3,123,000) for the year.

At 31 December 2023, there are credit-impaired loans to customers and interest receivable with gross carrying amount of RMB55,652,000 (equivalent to HK\$61,162,000) (2022: RMB56,428,000, equivalent to HK\$63,868,000) and impairment allowance of RMB41,911,000 (equivalent to HK\$46,060,000) (2022: RMB42,361,000, equivalent to HK\$47,947,000) being pledged by properties of borrowers and an impairment allowance provided was HK\$2,846,000 (2022: HK\$3,123,000) for these related loans during the year. The Group has the rights on these properties to repay these remaining outstanding exposures of approximately RMB13,741,000 (equivalent to HK\$15,102,000) (2022: RMB14,067,000, equivalent to HK\$15,921,000).

- (b) During the year, the Group wrote off loan receivable and interest receivable with a gross amount of HK\$6,221,000 (2022: HK\$7,779,000) 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.

## 10 EVENTS AFTER THE REPORTING PERIOD

A summary of significant events after the reporting period are disclosed as follows:

- (a) On 19 December 2023, Fujian Minxin Investments Co., Ltd. (“**Fujian Minxin**”) as the lessee has entered into a lease agreement with Vigour Fine Company Limited (“**Vigour Fine**”) as the lessor whereby Vigour Fine has agreed to lease an office property located in Fuzhou, Fujian Province (the “**Leasehold Property**”) to Fujian Minxin for a period of 3 years from 1 January 2024 to 31 December 2026 at an annual rental of RMB468,863, RMB468,863 and RMB482,974 respectively.

On the same day, Fujian Minxin as the lessor has entered into another lease agreement with Zhongmin Energy Co., Ltd (“**Zhongmin Energy**”) as the lessee whereby Fujian Minxin has agreed to lease the Leasehold Property to Zhongmin Energy for a period of 3 years from 1 January 2024 to 31 December 2026 at an annual rental of RMB551,604, RMB551,604 and RMB568,152 respectively.

Zhongmin Energy is a subsidiary of Fujian Investment & Development Group Co., Ltd. (“**FIDG**”) and both FIDG and Vigour Fine are the controlling shareholder of the Company. The transactions contemplated under the above lease agreements constitute continuing connected transactions of the Company but are fully exempt from the requirements under Chapter 14A of the Listing Rules. The Company will engage its auditor to perform review procedures on the Group’s continuing connected transactions under the requirements of the Listing Rules.

- (b) Sanming Sanyuan District Minxin Micro Credit Company Limited (“**Sanyuan Micro Credit**”), a wholly-owned subsidiary of the Company, has submitted an application to the relevant authorities for the reduction of its paid-in capital of RMB120 million during the year. The application was approved on 7 March 2024 and the paid-in capital of Sanyuan Micro Credit was reduced to RMB180 million thereafter. Sanyuan Micro Credit is applying to the bank to remit RMB120 million to the Company.

## **DIVIDEND**

The Board of the Company has resolved to recommend at the forthcoming annual general meeting to be held on Tuesday, 18 June 2024 (the “**2024 AGM**”) the payment of a final dividend of 9 HK cents per share totalling HK\$53,753,152.68 for the year ended 31 December 2023 (2022: 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 12 July 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) For determining the entitlement to attend and vote at the 2024 AGM**

For the purpose of ascertaining the entitlement to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Wednesday, 12 June 2024 to Tuesday, 18 June 2024 (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 2024 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, 11 June 2024.

### **(b) For determining the entitlement to the proposed dividend**

The proposed final dividend for the year ended 31 December 2023 is subject to the approval by the shareholders of the Company (the “**Shareholders**”) at the 2024 AGM. For the purpose of ascertaining Shareholders’ entitlement to the final dividend, the register of members of the Company will be closed from Tuesday, 25 June 2024 to Thursday, 27 June 2024 (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 Monday, 24 June 2024.

## CHAIRMAN’S STATEMENT

Uncertainties centered around geopolitical tension and escalated interest rates continued to haunt the global economy in 2023, which weaken global economic growth momentum and diminish the business environment.

## OUR PERFORMANCE

Amid the uncertain global economic outlook, we kept abreast of market development and conducted our business prudently to minimise operational risks. For the year ended 31 December 2023, the Group recorded a profit attributable to shareholders of the Company (the “**Shareholders**”) of HK\$39.41 million, decreased by 91.4% when compared to the previous year, mainly due to the decrease in share of results of Xiamen International Bank Co., Ltd. (“**XIB**”) for the year ended 31 December 2023 as compared to the same period in 2022 and the recognition of the one-off loss on dilution of the Company’s shareholding in XIB from approximately 8.8543% to approximately 8.689% in March 2023. Basic earnings per share was 6.6 HK cents.

During the year under review, we paid a final dividend for 2022 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 2023 of 9 HK cents per share despite the decrease in profit attributable to Shareholders for the year.

Total assets of the Group recorded an increase of 0.2% to HK\$9.18 billion at 31 December 2023 as compared to HK\$9.17 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 155.9% of the results of the Group in 2023. The Group’s share of profit after tax of XIB Group was HK\$65.95 million in 2023, a decrease of 86.2% as compared to HK\$477.66 million in 2022.



XIB Group achieved a steady growth in its balance sheet. Total assets of XIB Group recorded an increase of 3% to RMB1,120.42 billion at 31 December 2023 as compared to RMB1,088.11 billion at the end of 2022.

The total assets of our banking business accounted for 69.8% of the Group's total assets at 31 December 2023. The net asset value per share of the Company amounted to HK\$13.51 at 31 December 2023, about 79.5% 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 during the year. 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 technology-driven, promote overseas Chinese finance, strengthen cross-border financial services and increase green credit issuance, and will create high-quality development characteristics and differentiated advantages around internationalisation and financial technology, in order to enhance the quality and efficiency of the real economy. We expect that our banking business will 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 the 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 161st 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 year under review. Insurance service result recorded a surplus of HK\$11.52 million for the year ended 31 December 2023, a decrease of 39.9% as compared to HK\$19.15 million in 2022 due to decrease in insurance revenue and increase in claims costs. Insurance finance expenses of HK\$5.3 million were recorded for the year ended 31 December 2023, as compared to insurance finance income of HK\$4.54 million 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, adhere to “customer-centric, sincere service”, arouse the internal momentum for innovation and strengthen the digital transformation, 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**

Despite the uncertainty in the macro-environment, the Group will maintain its prudent approach, remain alert to the external environment, focus on our core business of financial services investments, constantly optimise our asset structure and adhere to prudent financial management strategy. We will seize market opportunities and strive to explore investment opportunities in the Greater China region, leverage our strong resilience and innovation capabilities to promptly respond to market uncertainties and 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

During the year under review, we faced a challenging operating environment amid the macroeconomic environment and geopolitical backdrop. High interest rates and the performance of our banking business affected the Group's results for the year.

#### Operating Results

The Group recorded a profit attributable to shareholders of the Company (the “**Shareholders**”) of HK\$39.41 million in 2023, representing a decrease of HK\$417.56 million or 91.4% as compared to HK\$456.97 million in 2022. Such decrease is primarily due to the decrease in share of results of Xiamen International Bank Co., Ltd. (“**XIB**”) for the year ended 31 December 2023 as compared to the same period in 2022 and the recognition of the one-off loss of approximately HK\$15.72 million on dilution of the Company's shareholding in XIB from approximately 8.8543% to approximately 8.689% in March 2023. Basic earnings per share for the year was 6.6 HK cents, a decrease of 69.91 HK cents as compared to 76.51 HK cents in 2022.

#### Financial Services

The financial services business of the Group includes the engagement of banking business through its major associate, 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\$55.63 million in 2023, a decrease of 88.4% as compared to HK\$481.57 million in 2022. Such decrease in the results is primarily due to the decrease in share of results of XIB in 2023 as compared to the previous year and the recognition of the one-off loss of approximately HK\$15.72 million on dilution of the Company's shareholding in XIB from approximately 8.8543% to approximately 8.689% in March 2023.

#### *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 RMB673.51 million, a decrease of RMB3.92 billion or 85.3% as compared to RMB4.59 billion in 2022. Such decrease was mainly driven by the decrease in net interest income and the increase in expected credit losses and other credit impairment charges in 2023 as compared to the previous year. Net interest income decreased by 39.4% in 2023 as compared to the previous year, which was mainly due to an increase of 32.9% in interest expenses while interest income increased by 7.9%. The non-interest income increased by 9.1% which was mainly due to the increase in investment income and net exchange gains, and partially offset by the increase in net fair value losses 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 2023. At 31 December 2023, the total assets grew by 3% to RMB1,120.42 billion as compared to RMB1,088.11 billion at the end of 2022. Gross loans to customers were RMB629.21 billion, an increase of 2.3% 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 2%, increased by 0.59 percentage points as compared to 1.41% at the end of 2022. Total deposits from customers were up 3.7% to RMB726.61 billion from 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 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 and the Company's interest in XIB will continue to be accounted for using the equity method in accordance with the Hong Kong Financial Reporting Standards.

### *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 RMB5.21 million and RMB2.77 million respectively, as compared to RMB8.73 million and RMB0.6 million respectively in 2022. The impaired loan balances at 31 December 2023 were RMB146.6 million, a decrease of 6.8% from RMB157.24 million at the end of 2022, which was mainly due to the write-off and recovery of impaired loan principal. Sanyuan Micro Credit recorded a profit after tax of RMB8.96 million (equivalent to HK\$9.9 million) in 2023, a decrease of 16.4% as compared to RMB10.72 million (equivalent to HK\$12.44 million) in 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\$191.13 million in 2023, decreased by 2% as compared to HK\$195 million in 2022. Insurance service result, which reflected insurance revenue less insurance service expenses and net expenses from reinsurance contracts held, recorded a surplus of HK\$11.52 million in 2023, decreased by 39.9% as compared to HK\$19.15 million in 2022, which was mainly due to the decrease in insurance revenue and the increase in claims costs. 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\$5.3 million in 2023, as compared to an income of HK\$4.54 million in 2022.

Min Xin Insurance recorded a profit after tax of HK\$4.87 million in 2023, decreased by 74.7% as compared to HK\$19.25 million in 2022, which was mainly due to the combined impact of the decrease in insurance service result and the increase in investment income.

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.

## **Huaneng A-Shares**

At 31 December 2023, the Shanghai Composite Index decreased 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 RMB7.69 per share at 31 December 2023. The fair value of the Group’s investment in A-Share of Huaneng (“**Huaneng A-Shares**”) measured with reference to the closing bid price per A-Share of Huaneng stood at HK\$574.28 million (equivalent to RMB522.55 million). In 2023, the Group recorded a loss of HK\$11.01 million (2022: HK\$220.62 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). Such loss was mainly due to the devaluation of exchange rate of Renminbi against Hong Kong dollars.

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 annual results under the PRC Accounting Standards. Its operating revenue increased by 3.1% and the operating expenses decreased by 6.5% as compared to 2022. Its profit attributable to shareholders was RMB8.45 billion in 2023, as compared to loss attributable to shareholders of RMB7.39 billion in 2022, primarily attributable to the combined effects of the year-on-year decrease in unit fuel costs and increase in electricity generation from its domestic operations, as well as the significant year-on-year increase in Singapore business profits. Earnings per share was RMB0.35 for the year under review, as compared to loss per share of RMB0.61 in 2022. The board of directors of Huaneng recommended to declare a final dividend for 2023 of RMB0.2 per share.

### **Property Investment**

The property investment business of the Group represents the leasing of certain investment properties in Mainland China. In 2023, the property investment business reported a profit after tax of HK\$0.35 million, a decrease of 43.8% as compared to HK\$0.63 million in 2022.

The market rental of office space in Fuzhou, Fujian Province remained soft in 2023. The occupancy rates of the leased commercial properties and parking spaces in Fuzhou (the “**Fuzhou Property**”) of the Group were 79.5% and 74.7% respectively (2022: 88.2% and 75% respectively) at 31 December 2023, the monthly rental of certain new leases have declined as compared to the expired leases. The Group recorded a rental income of RMB2.09 million in 2023, decreased by 29.8% as compared to RMB2.98 million in 2022, mainly due to the decline in monthly rental and occupancy rates. At 31 December 2023, the fair value of the Fuzhou Property was HK\$46.61 million, a decrease of 6.4% 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\$3.21 million and net fair value loss after deferred tax of HK\$1.48 million in 2023, as compared to a fair value loss of HK\$5.3 million and net fair value loss after deferred tax of HK\$2.4 million in 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 ordinary shares in issue at 31 December 2023 (2022: 597,257,252 shares), the net asset value per share was HK\$13.51 at 31 December 2023 (2022: HK\$13.83).

## **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 2023, the Group had borrowings totalling HK\$855.59 million granted by several banks, increased by 23.5% 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 amounts totalling HK\$656.99 million will mature and are 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 bank loans are in Hong Kong dollars with mix of fixed and floating interest rates. The fixed-rate bank loans consist of the three-year term loan of HK\$198.6 million and the short-term loan of HK\$140 million and the floating-rate bank loans consist of all other revolving bank loans. The effective interest rate at 31 December 2023 ranged from 2.7% to 7.6% (2022: 2.7% to 6.9%) per annum.

In addition, the Group had withdrawable revolving bank loan facilities of approximately HK\$433.01 million at 31 December 2023.

At 31 December 2023, the three-year fixed rate term loan of HK\$198.6 million (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\$219.8 million) (2022: RMB200 million, equivalent to HK\$226.37 million) placed by a wholly-owned subsidiary of the Company in Mainland China.

At 31 December 2023, a portion of the revolving bank loans totalling HK\$223.53 million (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\$8.37 million (2022: HK\$8.63 million) at 31 December 2023. The fair value of the property was HK\$240 million (2022: HK\$280 million) at 31 December 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 (2022: HK\$15 million) as a collateral for the standby letter of credit at 31 December 2023.

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

### **Total Liabilities to Equity Ratio and Gearing Ratio**

At 31 December 2023, the total liabilities of the Group were HK\$1,115.28 million (2022: HK\$907.47 million) and the ratio of total liabilities to total equity attributable to Shareholders was 13.8% (2022: 11%).

At 31 December 2023, the gearing ratio of the Group (total borrowings divided by total net assets) was 10.6% (2022: 8.4%).

### **Cash Position**

The Group's balances with banks are interest bearing at prevailing market rates. At 31 December 2023, the total balances with banks of the Group amounted to HK\$1,061.83 million (2022: HK\$1,018.25 million) of which 25.4% were in Hong Kong dollars, 69.5% in Renminbi and 5.1% in other currencies (2022: 27.8% were 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 31 December 2023, Min Xin Insurance has placed fixed deposits of HK\$16 million (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. The requirements to maintain at all times of its funds of not less than HK\$16 million in the name of "Insurance Authority account Min Xin Insurance Company Limited" were rescinded after the reporting date and the term deposits will be released on maturity in August 2024.



At 31 December 2023, Min Xin Insurance has also maintained bank deposits of MOP18.41 million (equivalent to HK\$17.87 million) and HK\$69.45 million (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 year.

### **Capital Commitments**

At 31 December 2023, the Group’s capital commitments relating to property, plant and equipment and investment properties amounted to HK\$0.65 million (2022: HK\$0.66 million).

### **Contingent Liabilities**

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

## **EMPLOYEES AND REMUNERATION POLICY**

At 31 December 2023, the Group had 69 employees. The remuneration of the employees is based on individual merits and experience. The Group also provides other benefits to employees included but not limited to retirement benefits and medical scheme.

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

## **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 Environment, Social and Governance Report to be issued by the Company pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **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 in the 2023 Annual Report.

## **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 C1 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 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 C3 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 2023.

## **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 2023 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 2023 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 28 March 2024.

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, 2023 ANNUAL REPORT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

The announcement of annual results for the year ended 31 December 2023 is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.minxin.com.hk](http://www.minxin.com.hk). The 2023 Annual Report and Environmental, Social and Governance Report will be published on the aforesaid websites and printed copies of the 2023 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, 28 March 2024

*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.*