

# Xiamen International Investment Limited

## Initial Issuer Report

### Summary

Issuer Rating	A-
Outlook	Stable
Location	China
Industry	Investment Holdings
Date	18 July 2025

Lianhe Ratings Global Limited (“Lianhe Global”) has assigned ‘A-’ global scale Long-term Issuer Credit Rating to Xiamen International Investment Limited. (“XIIL” or “the company”); The Outlook is Stable.

### Summary

The Issuer Credit Rating reflects a high possibility that Xiamen International Bank Co., Ltd. (“XIB”, ‘A-/Stable’) would provide very strong support to XIIL if needed, in light of its full ownership of XIIL, XIIL’s strategic importance as the only offshore investment platform of XIB, holding its subsidiaries in Hong Kong (Chiyu Banking Corporation Ltd. (“CYB”)) and Macao (Luso International Banking Ltd. (“LIB”)).

The Stable Outlook reflects our expectation that XIIL would maintain its strategic importance to XIB, while XIB will continue to support XIIL’s stable operation.

### Key Rating Rationales

**The Sole Offshore Investment Platform of XIB with Strong Synergy:** XIIL is XIB’s sole offshore investment platform, wholly owned and closely managed by XIB. XIIL holds LIB and CYB, two important subsidiary banks that generate strong synergies with XIB, which is actively expanding its overseas Chinese finance businesses. Both LIB and CYB were founded by prominent overseas Chinese leaders with deep ties to overseas Chinese communities and a strong overseas Chinese client base. LIB and CYB enable XIB to provide comprehensive cross-border financial solutions, further strengthening XIB’s international position.

**Strong Shareholder Support:** XIB has provided ongoing financial support to XIIL via capital injections and other forms to support XIIL’s operation and capital increase in subsidiaries. Between 2017 and 2020, XIB conducted multiple rounds of capital injections into XIIL to acquire CYB and increase its capital, totaling HKD6.4 billion. XIB also supports XIIL’s major financing activities. We expect XIB’s support to XIIL to remain intact, considering XIIL’s strategic importance.

**Stable Source of Funds:** Considering XIIL’s asset structure and liquidity position (as measured by high liquidity assets to short-term debt), a stable source of funds remains essential. We believe XIIL has stable access to financing channels, given XIIL’s good repayment records and XIB’s support. In addition, XIIL is seeking to list on the Main Board of Hong Kong Exchange, which could broaden its financing channels. We also expect XIIL to obtain timely financial support from XIB via capital injections and other forms, when necessary, given XIIL’s strategic importance to XIB.

**Standalone Financials:** XIIL’s assets mainly consist of LIB and CYB’s equity. XIIL has mainly relied on its owned funds, funds from its parent and bank loans to support its investments and operations. At end-2024, its LTV ratio (total debt over the value of investment portfolio) increased to a moderately high level due to the new bank borrowings. Yet we expect XIB to inject capital into XIIL to maintain its LTV at a manageable level. However, the company’s total debt over investment income ratio, as well as interest and expense coverage ratio deteriorated in 2024 owing to weakening profitability of its subsidiaries.

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### Applicable Criteria

Investment Holdings and Conglomerates  
Rating Criteria (30 November 2023)  
Banking Rating Criteria (23 March 2023)

## Rating Sensitivities

We would consider downgrading XIIL's rating if (1) there is perceived weakening in support from XIB, particularly due to its reduced strategic importance, or (2) there is a significant reduction of XIB's ownership of XIIL, or (3) there is a rating downgrade on XIB.

We would consider upgrading XIIL's rating if there is a rating upgrade on XIB.

## Company Profile

Established in Hong Kong in 1977, the predecessor of XIIL was Panin Investment (H.K.) Limited ("Panin H.K."), an indirect wholly-owned subsidiary of Panin Holding Limited ("Panin Holding"). Panin was a conglomerate controlled by George M. K. Lee, an Indonesian overseas Chinese entrepreneur.

In 1982, Panin acquired 100% shares of LIB, which was incorporated in Macao in 1974. In 1985, Panin Holding participated in the establishment of XIB, China's first Sino-foreign joint venture bank, with Panin H.K.'s shares as the consideration for the subscription of XIB's registered share capital. As a result, Panin H.K. became XIB's wholly-owned subsidiary and was renamed as XIIL in the same year. In 2017, XIIL acquired the majority shares of CYB from Bank of China (Hong Kong) Limited.

By end-March 2025, XIIL was 100% directly held by XIB and is its only offshore investment platform. XIB is a major city commercial bank in Fujian, and an important state-owned financial institution under the Fujian government's administration.

## Investment Profiles

As the sole offshore investment platform of XIB, XIIL holds 56.42% shares of LIB and 69.63% shares of CYB. LIB is one of the major commercial banks in Macao with an operating history of over 50 years, while CYB has been deeply rooted in Hong Kong for over 80 years.

### LIB's Summary Financials and Key Ratios

(MOP million)	2022	2023	2024
<b>Total Assets</b>	<b>240,989</b>	<b>226,324</b>	<b>201,716</b>
- Loans and advances to customers	125,442	117,234	101,602
- Investment in securities	85,645	89,227	71,311
<b>Total Liabilities</b>	<b>222,678</b>	<b>211,128</b>	<b>186,083</b>
- Customer deposits	162,549	147,336	140,682
<b>Operating Income (before impairment)</b>	<b>3,479</b>	<b>1,546</b>	<b>1,527</b>
- Net interest income	2,357	1,235	662
- Net fee and commission incomes	500	516	373
Impairment charges	-309	-946	-1,170
Operating expense	-1,260	-1,122	-1,142
<b>Net Profit</b>	<b>1,800</b>	<b>-433</b>	<b>-871</b>
<b>Profitability</b>			
ROA (%)	0.75	-	-
ROE (%)	11.56	-	-
<b>Capital Adequacy</b>			
Capital adequacy ratio (%)	14.67	14.45	16.82
Core tier-1 capital adequacy ratio (%)	7.55	6.81	7.93
<b>Loan Quality</b>			

Non-performing loans (%)	1.39	3.09	2.76
Provision coverage ratio (%)	108.63	63.25	61.70

**Liquidity and Funding**

Loan to deposit ratios (%)	77.57	80.78	73.42
Ratio of solvency assets to basic liabilities (%)	39.34	34.79	37.84

Source: LIB and Lianhe's calculations

LIB operates 14 branches across Macao, providing financial services to residents and businesses. To facilitate Macao's alignment with national development, the bank has established six branches and sub-branches in key cities within the Greater Bay Area and the Yangtze River Delta region. These branches foster cross-border collaboration, offering financial services to businesses expanding internationally and attracting foreign investment. Focusing on Macao's modern finance sector, LIB has introduced bond services and specialized wealth management solutions to further develop Macao's bond market and lead the creation of a comprehensive wealth management product portfolio.

Due to a significant drop in net interest income and high impairment losses in resolving credit risk exposure, LIB recorded net losses of MOP433 million and MOP871 million in 2023 and 2024, respectively. The bank has dedicated itself to adjusting its asset-liability structure to improve spread income and reduce risky assets. Its non-performing loans ratio improved to 2.76% at end-2024 from 3.09% at end-2023. LIB also completed a capital injection in 2024 to strengthen its financial position. As of end-2024, LIB's capital adequacy ratio was 16.82% (end-2023: 14.45%).

**CYB's Summary Financials and Key Ratios**

(HKD million)	2022	2023	2024
<b>Total Assets</b>	<b>181,871</b>	<b>184,652</b>	<b>179,247</b>
- Advances to customers and trade bills	88,191	89,934	76,442
- Investment in securities	64,098	70,251	75,112
<b>Total Liabilities</b>	<b>164,007</b>	<b>166,383</b>	<b>161,037</b>
- Customer deposits	140,835	146,718	138,851
<b>Operating Income (before impairment)</b>	<b>2,937</b>	<b>2,290</b>	<b>3,135</b>
- Net interest income	1,803	1,577	1,987
- Net fee and commission incomes	706	605	399
Impairment losses	-540	-659	-1,158
Operating expense	-1,334	-1,380	-1,402
<b>Net Profit</b>	<b>903</b>	<b>177</b>	<b>460</b>
<b>Profitability</b>			
ROA (%)	0.52	0.10	0.26
ROE (%)	4.83	0.31	2.01
<b>Capital Adequacy</b>			
Capital adequacy ratio (%)	16.29	17.81	18.70
Core tier-1 capital adequacy ratio (%)	13.19	13.87	14.57
<b>Loan Quality</b>			
Non-performing loans (%)	2.16	2.31	4.45
Provision coverage ratio (%)	24.65	36.24	19.23
<b>Liquidity and Funding</b>			
Loan to deposit ratios (%)	62.92	61.80	55.35

Liquidity coverage ratio (%) 205.67 179.21 178.75

Source: CYB and Lianhe's calculations

CYB is a medium-sized bank with 24 branches in Hong Kong and 7 branches and sub-branches in Xiamen and Fuzhou, Fujian Province, and Shenzhen, Guangdong Province. CYB was incorporated in Hong Kong in April 1947 by Tan Kah Kee, a well-known overseas Chinese. Leveraging its unique background, the bank's development strategy focuses on the deep cultivation of the overseas Chinese finance to expand its customer base.

CYB recorded high impairment losses in 2024 owing to the economic downturn. The overall non-performing loans ratio increased to 4.45% at end-2024 from 2.31% at end-2023. Nevertheless, its net profit grew by 159.9% over the same period, thanks to the recovery of its net interest margin and gains from securities investment amid interest rate cuts.

CYB has maintained good capitalization to withstand unfavourable economic conditions and market movements. At end-2024, its total capital adequacy ratio and common equity tier 1 capital ratio remained at 18.70% and 14.57%, respectively. The bank's funding source was largely stable, with customer deposits representing most of its total funding. The loans-to-customer deposits ratio stayed at a relatively low level of 55%-65%. Its liquidity coverage ratio is well above the statutory minimum.

## Financial Structure and Flexibility

### XIIL's Key Financial Metrics

HKD million	2020	2021	2022	2023	2024
Total assets	14,353	14,669	13,879	13,617	15,956
-Cash	1,196	1,503	727	458	692
Total debt	6,420	6,424	5,410	5,429	8,059
-Short-term debt	0	6,424	61	80	2,010
Value of the investment portfolio	13,097	13,097	13,097	13,102	15,094
Investment incomes	265	864	371	326	105
Interest and expenses	186	165	214	389	417
Net profit	78	696	166	-62	-311
LTV Ratio (%)	39.9	37.6	35.8	37.9	48.8
Interest and expense coverage (x)	1.4	5.2	1.7	0.8	0.3
Total Debt / investment income (x)	24.2	7.4	14.6	16.6	76.8
ROE (%)	1.3	9.4	2.1	-	-
Short-term debt / total debt (%)	0.0	100.0	1.1	1.5	24.9
Cash / short-term debt (x)	-	0.2	12.0	5.8	0.3

Source: XIIL and Lianhe Global's calculations

XIIL has mainly relied on its own funds, funds from its parent and bank loans to support its investments and operations. At end-2024, the company's total debt amounted to HKD8.1 billion (end-2023: HKD5.4 billion) on a standalone basis. Its LTV ratio (total debt over the value of investment portfolio) increased to a moderately high level of 48.8% at end-2024 (end-2023: 37.9%), mainly due to new bank borrowings. Yet we expect XIB to inject capital into XIIL to maintain its LTV at a manageable level.

In addition, owing to weakened profitability of subsidiaries and increased finance costs, the company's total debt over investment income ratio surged to 76.8x in 2024, from 16.6x in 2023. Meanwhile, its interest and expense coverage decreased to 0.3x, from 0.8x.

### Appendix: XIII's Rating Factors

Rating Factors	Weight	Initial Rating
I. Investment Strategy and Risk Appetite	15.0%	bbb
II. Governance and Management	5.0%	bbb
III. Portfolio Quality and Diversity <sup>1</sup>	40.0%	bb+
IV. Financial Structure and Flexibility <sup>2</sup>	40.0%	bb-
Stand-Alone Creditworthiness		bb+
<b>External Support</b>		<b>Very Strong</b>
<b>Issuer Credit Rating</b>		<b>A-</b>

Source: Lianhe Global

#### Notes:

1. Contains sub-factors of Asset Concentration, Geographic Diversity, Business Diversity, Asset Quality and Valuation

2. Contains sub-factors of Financial Policy, Debt Servicing Capability, Liquidity and Funding

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