民安（控股）有限公司

The Ming An (Holdings) Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1389)

member of CIG 中国保险集团成员

Interim Report 2007

Contents

Management Discussion and Analysis

OVERVIEW OF FINANCIAL RESULTS

As a leading general insurance company headquartered in Hong Kong, The Ming An (Holdings) Company Limited (the "Company") and its subsidiaries (the "Group") provide a variety of general insurance products to a broad range of customers in Hong Kong and the People's Republic of China (the "PRC").

Performance highlights of the Group for the periods indicated below are as follows:

	Six months ended 30 June	
	2007	2006
	(HK$ in millions, except percentages)	
Gross written premiums	**631**	569
Underwriting profit	**18**	88
Investment income	**84**	42
Net realized and unrealized gains on investments	**564**	64
Profit for the period	**541**	191
Combined ratio	**94.4%**	72.3%

	At 30 June	At 31 December
	2007	2006
	(HK$ in millions, except percentages)	
Total assets	**7,184**	6,982
ROAE	**16.0%**	12.9%

The Group recorded a net profit of HK$541 million for the six months ended 30 June 2007, representing a significant increase of 183.2% as compared with HK$191 million for the corresponding period last year. Our Hong Kong operations recorded a net profit of HK$554 million (2006: HK$175 million), whereas, our PRC operations recorded a net loss of HK$13 million (2006: profit of HK$16 million), which is mainly due to the costs incurred for the setting up of five new branches in Beijing, Shandong, Jiangsu, Zhejiang and Shanghai.

Gross written premiums increased by 10.9% to HK$631 million for the six months ended 30 June 2007 as compared with HK$569 million for the corresponding period last year. Our PRC operations recorded a steady growth and contributed 27.7% (2006: 20.4%) to the total gross written premiums of the Group. For the six months ended 30 June 2007, the Group's five business lines, namely, motor, property, marine, liability and accident and health insurance represented 28.7%, 28.5%, 20.2%, 16.1% and 6.5% (2006: 22.5%, 31.3%, 20.9%, 18.6% and 6.7%) of the Group's total gross written premiums respectively.

Our three primary distribution channels are intermediaries such as agents and brokers, direct sales and other financial institutions. For the six months ended 30 June 2007, the Group's direct written premiums through brokers, agents, direct sales and other financial institutions accounted for approximately 41.9%, 35.8%, 13.8% and 8.5% (2006: 43.2%, 35.1%, 14.7%, and 7.0%) respectively of the Group's direct written premiums.

The Group recorded an underwriting profit of HK$18 million (2006: HK$88 million) and a combined ratio of 94.4% (2006: 72.3%) for the six months ended 30 June 2007. For our Hong Kong operations, the underwriting profit was HK$30 million (2006: HK$81 million) with a combined ratio of 88.0% (2006: 68.7%). Our PRC operations recorded an underwriting loss of HK$12 million (2006: profit of HK$7 million) with a combined ratio of 116.2% (2006: 88.2%) resulting from the increase of the costs incurred for the setting up of five new branches in Beijing, Shandong, Jiangsu, Zhejiang and Shanghai during the six-month period.

For details of our insurance operations, please refer to the section "Results of insurance operations" on page 3 of this Interim Report.

Management Discussion and Analysis

During the six months ended 30 June 2007, investment performance of the Group was very satisfactory with the total investment return of HK$648 million (2006: HK$106 million). The net realized and unrealized gains on investments recorded a substantial growth of 781.3% to HK$564 million for the six-month period as compared with HK$64 million for the corresponding period last year. The increase was primarily due to a HK$555 million gain on disposal of the Group's entire shareholding in Pacific Century Insurance Holdings Limited ("PCIH") following the Group's acceptance of a mandatory unconditional cash offer by Fortis Insurance International N.V. for shares in PCIH. For further details, please refer to the Company's announcement dated 7 June 2007 and shareholders' circular dated 28 June 2007. Investment income of the Group recorded an increase of 100.0% to HK$84 million for the six-month period as compared with HK$42 million for the corresponding period last year. The increase was primarily due to the increase in interest income from bank balances.

As at 30 June 2007, our total assets were HK$7,184 million, representing an increase of 2.9% as compared with HK$6,982 million as at 31 December 2006. The increase in total assets was primarily due to the Company's issue of new shares upon exercise of the Over-allotment Option under our global offering in January 2007 and cash received from disposal of PCIH shares as mentioned above.

RESULTS OF INSURANCE OPERATIONS

The following tables highlight selected results of our insurance operations for the periods indicated below:

Hong Kong Operations

	Six months ended 30 June	
	2007	2006
	(HK$ in millions, except percentages)	
Gross written premiums	**456**	453
Net earned premiums	**249**	259
Net claims incurred	**(88)**	(33)
Net commission expenses	**(72)**	(64)
Management and other operating expenses	**(66)**	(91)
Change in net provision for unexpired risks	**7**	10
Underwriting profit	**30**	81
Operating ratios:		
Loss ratio	**32.5%**	8.9%
Expense ratio	**55.5%**	59.8%
Combined ratio	**88.0%**	68.7%

Gross Written Premiums

Gross written premiums increased by 0.7% to HK$456 million for the six months ended 30 June 2007 as compared with HK$453 million for the corresponding period last year. Our four leading product lines, namely, marine, property, motor, and liability insurance represented 25.0%, 24.3%, 21.7% and 20.4% (2006: 24.3%, 23.8%, 21.6% and 22.1%) of the Group's Hong Kong gross written premiums respectively.

Management Discussion and Analysis

Underwriting Profit

Underwriting profit decreased by HK$51 million to HK$30 million for the six months ended 30 June 2007 as compared with HK$81 million for the corresponding period last year. It was because net claims incurred increased by HK$55 million to HK$88 million for the six months ended 30 June 2007 from HK$33 million for the corresponding period last year. The amount of net claims incurred for the six months ended 30 June 2006 was relatively low due to an adjustment of reserves for outstanding motor and employees' compensation claims relating to policies issued by our predecessor companies prior to the Integration in 2000. (For details of the Integration in 2000, please refer to the Company's Prospectus dated 11 December 2006.)

PRC Operations

	Six months ended 30 June	
	2007	2006
	(HK$ in millions, except percentages)	
Gross written premiums	**175**	116
Net earned premiums	**74**	59
Net claims incurred	**(37)**	(24)
Net commission expenses	**(1)**	0
Management and other operating expenses	**(48)**	(28)
Change in net provision for unexpired risks	**0**	0
Underwriting (loss)/profit	**(12)**	7
Operating ratios:		
Loss ratio	**50.0%**	40.7%
Expense ratio	**66.2%**	47.5%
Combined ratio	**116.2%**	88.2%

Gross Written Premiums

Gross written premiums increased significantly by 50.9% to HK$175 million for the six months ended 30 June 2007 as compared with $116 million for the corresponding period last year. The increase was primarily due to the increase in gross written premiums from motor segments of the PRC operations as the Group was authorized to write Compulsory Motor Traffic Accident Liability Insurance in the PRC in June 2006. The motor and non-motor business segments of our PRC operations contributed approximately 47.4% (2006: 25.8%) and 52.6% (2006: 74.2%) of the Group's PRC gross written premiums respectively.

Underwriting loss

Our PRC operations recorded an underwriting loss of HK$12 million for the six months ended 30 June 2007 when compared with an underwriting profit of HK$7 million for the corresponding period last year. The reason for the loss was mainly due to the setting up of five new branches in Beijing, Shandong, Jiangsu, Zhejiang and Shanghai, during the six-month period. The management and other operating expenses of the PRC operations therefore increased to HK$48 million during the six-month period from HK$28 million for the corresponding period last year.

Management Discussion and Analysis

INVESTMENT PERFORMANCE

The following table summarises the Group's investment portfolio by investment category for the periods indicated below:

	At 30 June 2007 (HK$ in millions)	% of Total %	At 31 December 2006 (HK$ in millions)	% of Total %
Equity securities:				
Listed	184	3.6%	489	10.9%
Unlisted	2	0.0%	2	0.0%
Debt securities:				
Listed	208	4.1%	122	2.7%
Unlisted	449	8.9%	0	0.0%
Cash and bank deposits	3,266	64.4%	2,934	65.1%
Investment properties	955	18.9%	955	21.2%
Other investment assets[1]	5	0.1%	5	0.1%
Total invested assets	5,069	100.0%	4,507	100.0%

(1) Other investment assets primarily consist of investments in associates and investments in gold.

Investment in listed equity securities decreased by HK$305 million to HK$184 million as at 30 June 2007 compared with HK$489 million as at 31 December 2006. It was mainly due to the disposal of the Group's entire shareholding in PCIH. On the other hand, the increase in listed and unlisted debt securities were HK$86 million and HK$449 million respectively as the Group continued to adopt a prudent investment approach aiming at generating stable cash inflows while earning competitive market rate of return. All debt securities held by the Group had investment grade ratings recognized by international rating agencies.

The following table sets forth the performance of the Group's investment portfolio for the period indicated below:

	Investment Returns		**Investment Yields (Annualized)**	
	Six months ended 30 June			
	2007	2006	2007	2006
	(HK$ in millions)		%	
Investment income				
Interest and dividend income				
Dividend income from listed and unlisted equity securities	2	5	1.4%	2.9%
Interest income from debt securities	5	4	5.7%	5.4%
Interest income from bank balances	59	16	4.3%	3.5%
Rental income	18	17	3.8%	3.6%
	84	42	4.0%	3.5%
Net realized and unrealized gains on investments	564	64	N/A	N/A
	648	106	17.7%	7.3%

Management Discussion and Analysis

The total investment return of the Group increased significantly by 511.3% to HK$648 million for the six months ended 30 June 2007 as compared with HK$106 million for the corresponding period last year.

The net realized and unrealized gains on investments of the Group increased by 781.3% to HK$564 million for the six-month period as compared with HK$64 million for the corresponding period last year. The increase was primarily due to the gain on disposal of available-for-sale securities (PCIH shares) of HK$555 million during the six months ended 30 June 2007.

Investment income of the Group recorded a significant increase of 100.0% to HK$84 million for the six-month period as compared with HK$42 million for the corresponding period last year. This was primarily due to the increase in bank interest income of HK$43 million resulted from the increase in interest rates and the increase in the Group's average bank deposits during the six months ended 30 June 2007.

PROFIT FOR THE PERIOD

Total investment return for the six months ended 30 June 2007 was HK$648 million, while the underwriting profit for the six-month period was HK$18 million. Income tax charge for the period was HK$116 million, representing a tax provision on the gain on disposal of PCIH shares. After deducting the expenses of HK$9 million, the profit for the six-month period was HK$541 million. This represents a significant increase of 183.2% as compared with HK$191 million for the corresponding period last year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Over-allotment Option granted by the Company referred to in the Prospectus dated 11 December 2006 was fully exercised by the Global Coordinator on behalf of the International Underwriters on 3 January 2007 in respect of an aggregate of 105,050,000 shares. 105,050,000 Over-allotment shares was allotted and issued by the Company at HK$1.88 per Share. The total number of shares in issue as at 30 June 2007 was 2,906,384,000.

Our major sources of funds generated from our insurance business are insurance premiums received and claims recoveries. Other sources of fund include rental, interest and dividend income from investment activities as well as proceeds from disposal of investments. We aim to maintain adequate cash to meet claim payments and other obligations in relation to our insurance business, capital expenditures, operating expenses and tax payments. Our liquidity needs will be affected depending on the timing, frequency and severity of losses under our outstanding policies. We closely monitor and maintain a minimum cash level, taking into account the possibility of infrequent large claims arising from catastrophic events that could affect our general insurance business.

The Group's cash and bank deposits (excluding statutory deposits) as at 30 June 2007 amounted to HK$3,154 million (31 December 2006: HK$2,823 million). We believe that we have sufficient working capital to meet our present requirement. There was no bank borrowing during the six-month period.

Solvency Margin Requirement

Given our unique dual status in Hong Kong and the PRC, the Group is subject to a number of Hong Kong and PRC regulations in terms of our financial operations, including minimum paid-up capital requirements, stipulated solvency margins, regulatory benchmarks and provisions for certain funds and reserves.

We review our solvency margin regularly and report the status of our solvency margin to the Office of the Commissioner of Insurance of Hong Kong and the China Insurance Regulatory Commission on an annual basis. We have met our minimum solvency requirements in both Hong Kong and the PRC and our solvency margin far exceeds the statutory net surplus required by the Hong Kong and the PRC insurance regulations.

Management Discussion and Analysis

Gearing Ratio

	At 30 June 2007	At 31 December 2006
Gearing ratio	**49.3%**	55.2%

The gearing ratio is computed by dividing the sum of total liabilities and minority interests by total assets. As at 30 June 2007, the Group's gearing ratio was 49.3%, representing a decrease of 5.9 percentage point as compared with 55.2% as at 31 December 2006. It was primarily due to the increase in total assets to HK$7,184 million as at 30 June 2007 as compared with HK$6,982 million as at 31 December 2006 as a result of increase in cash inflows from disposal of PCIH shares during the six-month period.

Contingent Liabilities

In the normal course of business, we provide guarantees to insured parties and banks as part of our claims and underwriting processes. As of 30 June 2007, we had a contingent liability of HK$30 million (2006: HK$30 million) in respect of potential Hong Kong tax exposure relating to certain realized and unrealized gains on the disposal of listed investments for the 2001, 2002 and 2003 tax years. Considering that such gains were capital in nature, the Directors of the Company believe that the Group has good prospect to support its tax position, and therefore no provision for a potential tax exposure of approximately HK$30 million (2006: HK$30 million) was made in the interim financial report.

Capital Expenditure

Our capital expenditure has primarily been for the acquisition of motor vehicles, renovation expenditures, furniture and fittings, equipment and computers of HK$6 million, and the development of our information system of HK$3 million during the six months ended 30 June 2007.

HEDGING INSTRUMENTS

The Group does not use any financial instruments for hedging purposes. The Group's functional and reporting currency are Hong Kong dollar ("HKD"). Other than HKD, the Group transacts business mainly in the United States dollar ("USD") and Renminbi ("RMB"). USD and RMB assets mainly comprise cash and cash equivalents whereas USD and RMB liabilities mainly comprise provision for claims liabilities and insurance payables. At present, the market exchange rate of HKD against USD is set within a fixed trading range from HK$7.75 to HK$7.85 against US$1.00. The Group periodically monitors the currency position of assets and liabilities.

STAFF AND STAFF REMUNERATION

As at 30 June 2007, the Group had a staff force of 906. Of this, 588 were in the PRC and 318 were in Hong Kong. Total remuneration for the six months ended 30 June 2007 amounted to HK$72 million. We offer competitive remuneration packages to our employees, including salaries, bonuses and various allowances. We provide technical as well as operational training to all new employees and on-going training for all employees. The Group does not have any share option scheme for employees at the moment.

Management Discussion and Analysis

OUTLOOK

The Group believes that the Hong Kong insurance market will remain steady for the latter part of 2007. Despite intense competition and pricing pressure, the Group is confident of maintaining its leading position in the Hong Kong general insurance market.

The PRC market holds considerable potential for the Group and our strong Hong Kong operational expertise will fuel the continual growth of our business in the PRC. Our expansion plan in the PRC is faster than expected. Ahead of our original plan to open six branches by the end of this year, we have already established five provincial branches in Northern China and the Yangtze River Delta area. The branch office in Hebei will be established in September 2007. In addition, to further strengthen our market presence in China market, we have applied for China Insurance Regulatory Commission approval to open eight more new branch offices in Liaoning, Tianjin, Anhui, Fujian, Henan, Hubei, Hunan and Sichuan in the second half of this year or early next year.

The Group will further expand the distribution channels including major banks and life insurers which are crucial to the marketing and sales of the Group's products. The management will dedicate efforts to enhance the Group's overall core competencies and execute stringent risk management and disciplined cost control measures with the aim to sustaining competitiveness. We believe the quality of our personnel has been a major drive to our success. The Group will also apply further resources to retain and train a professional team which is instrumental in raising customer satisfaction.

On the investment front, the recent policy by the Central Government allowing the qualified domestic institutional investor to invest overseas which is a strong boost to the insurance sector. The Group will take advantage of the flexibility offered by this new regulation and widen its scope of investments abroad. Currently, the Group is in a very strong cash position after the disposal of equity interest in PCIH in June 2007. Following the established procedure in place for selecting appropriate investment companies to manage the Group's investment funds, the Group has engaged two asset management firms in Hong Kong and one in the PRC. While adhering to a prudent investment approach, the Group will utilize their expertise to maximize investment return to our shareholders.

We have accelerated our nationwide network coverage in the PRC and maintain a strong growth momentum going forward. The Board of Directors of the Company (the "Board") is confident that the Group is well positioned to fully capitalize on opportunities in the PRC market. The management team and all staff will work relentlessly toward achieving greater success for the Group and maximizing returns to our shareholders.

Consolidated Income Statement

For the six months ended 30 June 2007 – unaudited

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2007 $	2006 $
Gross written premiums	6	631,084,658	568,720,727
Change in gross provision for unearned premiums		(85,417,344)	(48,022,754)
Gross earned premiums		545,667,314	520,697,973
Reinsurers' share of earned premiums	7	(222,541,164)	(203,111,810)
Net earned premiums		323,126,150	317,586,163
Net commission expenses	7	(73,156,951)	(63,593,634)
Gross claims paid		(646,606,139)	(390,298,650)
Change in gross provision for outstanding claims		561,875,532	171,386,467
Gross claims incurred		(84,730,607)	(218,912,183)
Reinsurers' share of claims incurred	7	(39,990,591)	162,172,160
Net claims incurred		(124,721,198)	(56,740,023)
Change in net provision for unexpired risks	7	7,240,000	9,507,000
Management and other operating expenses		(114,048,693)	(118,388,023)
Underwriting profit		18,439,308	88,371,483
Investment income	8	84,417,833	41,502,224
Net realised and unrealised gains on investments	9	563,572,939	63,616,979
Other net (loss)/income	9	(7,917,046)	7,253,110
Administrative and other expenses		(1,606,915)	(5,258,593)
Profit from operations		656,906,119	195,485,203
Share of profits/(losses) of associates		26,518	(254,913)
Profit before taxation	10	656,932,637	195,230,290
Income tax charge	11	(116,221,948)	(4,083,766)
Profit for the period		540,710,689	191,146,524

Consolidated Income Statement

For the six months ended 30 June 2007 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2007 $	2006 $
Attributable to:			
Equity shareholders of the Company		**540,710,689**	191,146,533
Minority interest		**–**	(9)
		540,710,689	191,146,524
Interim dividend declared after the balance sheet date	12	**58,127,680**	–
Earnings per share attributable to the equity holders of the Company			
Basic	13	**0.186**	0.087

The notes on pages 15 to 39 form part of this interim financial report.

Consolidated Balance Sheet

As at 30 June 2007 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2007 $	At 31 December 2006 $
Assets			
Statutory deposits	14	111,670,111	110,403,647
Fixed assets	15		
– Investment properties		955,190,000	955,190,000
– Interests in leasehold land held for own use under operating leases		227,152,628	227,288,647
– Property and equipment		110,635,304	109,492,517
Interests in associates		4,706,039	4,679,521
Deferred tax assets		69,396,103	69,396,103
Investments in securities	16	843,738,691	613,717,189
Insurance receivables	17	314,349,262	250,148,274
Other receivables		52,042,838	30,881,041
Reinsurers' share of insurance funds	18	1,233,616,736	1,686,497,492
Amounts due from fellow subsidiaries		71,083,750	86,388,966
Amounts due from affiliated companies		33,573,390	13,283,827
Amounts due from shareholders		2,267,805	1,698,010
Deposits with banks with original maturity more than three months		4,971,460	11,432,904
Cash and cash equivalents	19	3,149,433,032	2,811,782,317
		7,183,827,149	6,982,280,455
Liabilities			
Insurance funds	18	2,868,156,897	3,347,781,085
Insurance protection fund		1,491,056	33,571
Insurance payables	20	408,606,636	406,348,779
Other payables		143,461,259	97,052,828
Amount due to the immediate holding company		–	25,694
Amounts due to fellow subsidiaries		485,402	333,372
Current taxation	11	120,615,761	4,601,459
		3,542,817,011	3,856,176,788
Net assets		3,641,010,138	3,126,103,667

Consolidated Balance Sheet

As at 30 June 2007 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2007 $	At 31 December 2006 $
Capital and reserves			
Share capital	21	290,638,400	280,133,400
Share premium		2,292,071,992	2,111,906,010
Reserves		1,058,299,746	734,064,257
Total equity attributable to equity shareholders of the Company		3,641,010,138	3,126,103,667
Minority interest		–	–
Total equity		3,641,010,138	3,126,103,667

The notes on pages 15 to 39 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007 – unaudited

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company									
	Share capital $	Share premium $	Reserve required under local regulatory requirement $	Capital reserve $	Exchange reserve $	Fair value reserve $	Retained profits $	Total $	Minority interest $	Total equity $
At 1 January 2006	1,336,000,000	–	2,384,433	15,086,005	4,313,894	94,184,019	158,336,188	1,610,304,539	30,447	1,610,334,986
Profit for the period	–	–	–	–	–	–	191,146,533	191,146,533	(9)	191,146,524
Transfer to reserve required under local regulatory requirement	–	–	2,669,669	–	–	–	(2,669,669)	–	–	–
Available-for-sale securities										
– Change in fair value of available-for-sale securities	–	–	–	–	–	120,491,085	–	120,491,085	–	120,491,085
– Transfer to consolidated income statement on disposal	–	–	–	–	–	(30,395,969)	–	(30,395,969)	–	(30,395,969)
Purchase of shares from minority interests	–	–	–	–	–	–	–	–	(30,438)	(30,438)
At 30 June 2006	1,336,000,000	–	5,054,102	15,086,005	4,313,894	184,279,135	346,813,052	1,891,546,188	–	1,891,546,188
At 1 January 2007	280,133,400	2,111,906,010	3,788,429	15,086,005	18,396,230	233,451,535	463,342,058	3,126,103,667	–	3,126,103,667
Issuance of new shares upon exercise of the Over-allotment Option (note 21)	10,505,000	186,989,000	–	–	–	–	–	197,494,000	–	197,494,000
Share issue expenses	–	(6,823,018)	–	–	–	–	–	(6,823,018)	–	(6,823,018)
Profit for the period	–	–	–	–	–	–	540,710,689	540,710,689	–	540,710,689
Available-for-sale securities										
– Transfer to consolidated income statement on disposal	–	–	–	–	–	(233,088,641)	–	(233,088,641)	–	(233,088,641)
Transfer to reserve required under local regulatory requirement	–	–	(314,433)	–	–	–	314,433	–	–	–
Exchange difference on translation of financial statements of foreign subsidiaries	–	–	226,186	–	16,387,255	–	–	16,613,441	–	16,613,441
At 30 June 2007	290,638,400	2,292,071,992	3,700,182	15,086,005	34,783,485	362,894	1,004,367,180	3,641,010,138	–	3,641,010,138

The notes on pages 15 to 39 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2007 $	2006 $
Net cash (used in)/generated from operating activities		**(115,609,738)**	846,399,955
Net cash generated from investing activities		**246,570,415**	83,206,231
Net cash generated from financing activities		**190,670,982**	–
Net increase in cash and cash equivalents		**321,631,659**	929,606,186
Effects of foreign exchange rate changes		**16,019,056**	–
Cash and cash equivalents at beginning of period		**2,811,782,317**	814,543,198
Cash and cash equivalents at end of period	19	**3,149,433,032**	1,744,149,384

The notes on pages 15 to 39 form part of this interim financial report.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

1 Reorganisation

The Ming An (Holdings) Company Limited ("the Company") was incorporated in the Cayman Islands on 5 September 2006 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised).

The consolidated interim financial report of the Company as at and for the six months ended 30 June 2007 comprises the Company and its subsidiary (collectively referred to as the "Group") and the Group's investment in an associate.

Pursuant to a reorganisation of the Group completed on 29 November 2006 (the "Reorganisation") to rationalise the group structure in preparation for the public listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Global Offering"), the Company became the holding company of the subsidiaries now comprising the Group. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange") on 22 December 2006.

Details of the Reorganisation are set out in the prospectus dated 11 December 2006 issued by the Company ("the Prospectus").

2 Basis of presentation of the interim financial report

The Group is regarded as a continuing entity resulting from the Reorganisation and the interim financial report has been prepared on the basis that the Company was the holding company of the Group for both periods presented, rather than from 29 November 2006. Accordingly, the Group's consolidated income statement and consolidated cash flow statement for the six months ended 30 June 2006 and 2007 include the results of operations and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged for both periods presented, or since their respective dates of incorporation/establishment or acquisition, or up to the date of disposal, where there is a shorter period. The Group's consolidated balance sheet as at 31 December 2006 and 30 June 2007 have been prepared to present the state of affairs of the companies now comprising the Group as if the current group structure had been in existence as at the respective dates.

For the purpose of the interim financial report, the People's Republic of China ("the PRC") does not include Taiwan, Hong Kong and Macau.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

3 Basis of preparation

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's review report to the Board of Directors is set out on page 40.

The interim financial report has been prepared in accordance with the applicable requirements of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" ("HKAS 34") issued by the HKICPA. It was authorised for issuance on 21 August 2007.

The financial information relating to the financial year ended 31 December 2006 included in the interim financial report does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2006 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 March 2007.

The accounting policies and methods of computation adopted in the 2006 annual financial statements have been applied consistently to this interim financial report except as disclosed in note 4.

4 Adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

In 2007, the Group adopted the new HKFRSs below, which are relevant to its operations and have resulted in changes to the Group's accounting policies for the current and prior periods.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2007 may be affected by the issuance of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim financial report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The adoption of these new and revised HKFRSs does not have any effect on the profit after taxation and net assets of the Group but will result in additional disclosures in the annual financial statements.

The adoption of HKFRS 7 and consequential amendments to HKFRS 4, "Insurance contracts" due to the adoption of HKFRS 7 modify the disclosures of risks arising from the financial instruments held by the Group. In addition, Amendment to HKAS 1 requires disclosures of the Group's management of capital. No such disclosures are made in the interim financial report as they are not required under HKAS 34.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

5 Segment information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

The Group comprises the following main business segments:

Motor	:	Own damage and third party insurance of motor
Property	:	Loss of or damage to property (including fire) and pecuniary loss insurance
Liability	:	Employees' compensation and other liability insurance
Marine	:	Cargo, logistic, hull and aircraft insurance
Accident and health	:	Accident and medical insurance

	Six months ended 30 June 2007						
	Motor $	Property $	Liability $	Marine $	Accident and health $	Unallocated $	Total $
Direct businesses	181,382,008	179,538,645	101,215,331	127,172,642	41,001,354	–	630,309,980
Reinsurance businesses accepted	–	384,595	67,857	249,392	72,834	–	774,678
Gross written premiums from external customers	181,382,008	179,923,240	101,283,188	127,422,034	41,074,188	–	631,084,658
Net earned premiums	140,701,490	42,415,294	74,482,964	36,568,902	28,957,500	–	323,126,150
Net claims (incurred)/recovered	(64,056,087)	(8,210,419)	(43,377,536)	2,053,047	(11,130,203)	–	(124,721,198)
Change in net provision for unexpired risks	–	872,000	3,714,000	2,654,000	–	–	7,240,000
Net commission (expenses)/ income	(47,808,893)	5,312,160	(15,752,613)	(6,896,176)	(8,011,429)	–	(73,156,951)
Management and other operating expenses	(36,167,005)	(31,730,685)	(19,038,429)	(17,779,289)	(9,333,285)	–	(114,048,693)
Segment results	(7,330,495)	8,658,350	28,386	16,600,484	482,583	–	18,439,308
Unallocated operating income and expenses	–	–	–	–	–	638,466,811	638,466,811
(Loss)/profit from operations	(7,330,495)	8,658,350	28,386	16,600,484	482,583	638,466,811	656,906,119
Share of profit of an associate	–	–	–	–	–	26,518	26,518
(Loss)/profit before taxation	(7,330,495)	8,658,350	28,386	16,600,484	482,583	638,493,329	656,932,637
Income tax charge	–	–	–	–	–	(116,221,948)	(116,221,948)
(Loss)/profit for the period	(7,330,495)	8,658,350	28,386	16,600,484	482,583	522,271,381	540,710,689

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

5 Segment information (Continued)

(a) Business segments (Continued)

	Six months ended 30 June 2006						
	Motor $	Property $	Liability $	Marine $	Accident and health $	Unallocated $	Total $
Direct businesses	128,121,018	177,151,763	105,428,861	119,009,881	37,837,099	–	567,548,622
Reinsurance businesses accepted	150,366	551,193	70,517	336,718	63,311	–	1,172,105
Gross written premiums from external customers	128,271,384	177,702,956	105,499,378	119,346,599	37,900,410	–	568,720,727
Net earned premiums	131,942,244	44,072,215	66,661,099	47,967,295	26,943,310	–	317,586,163
Net claims (incurred)/recovered	(10,270,966)	7,059,369	(34,767,539)	(10,679,835)	(8,081,052)	–	(56,740,023)
Change in net provision for unexpired risks	–	–	9,507,000	–	–	–	9,507,000
Net commission (expenses)/ income	(36,421,002)	1,911,808	(16,654,787)	(4,829,864)	(7,599,789)	–	(63,593,634)
Management and other operating expenses	(25,333,187)	(33,135,326)	(26,701,009)	(21,161,501)	(12,057,000)	–	(118,388,023)
Segment results	59,917,089	19,908,066	(1,955,236)	11,296,095	(794,531)	–	88,371,483
Unallocated operating income and expenses	–	–	–	–	–	107,113,720	107,113,720
Profit/(loss) from operations	59,917,089	19,908,066	(1,955,236)	11,296,095	(794,531)	107,113,720	195,485,203
Share of losses of associates	–	–	–	–	–	(254,913)	(254,913)
Profit/(loss) before taxation	59,917,089	19,908,066	(1,955,236)	11,296,095	(794,531)	106,858,807	195,230,290
Income tax charge	–	–	–	–	–	(4,083,766)	(4,083,766)
Profit/(loss) for the period	59,917,089	19,908,066	(1,955,236)	11,296,095	(794,531)	102,775,041	191,146,524

Revenue and expenses that are not attributable to particular classes of business are not allocated. Unallocated segment revenue and expenses mainly comprise revaluation (deficit)/surplus of investment properties, investment income, interest income and non-insurance related expenses.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

5 Segment information (Continued)

(b) Geographical segments

The Group's business participates in two principal economic environments, namely Hong Kong and the PRC.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Six months ended 30 June 2007		
	Hong Kong $	The PRC $	Total $
Direct businesses	455,791,733	174,518,247	630,309,980
Reinsurance businesses accepted	655,229	119,449	774,678
Gross written premiums from external customers	456,446,962	174,637,696	631,084,658
Net earned premiums	248,900,019	74,226,131	323,126,150
Net claims incurred	(87,446,905)	(37,274,293)	(124,721,198)
Change in net provision for unexpired risks	7,240,000	–	7,240,000
Net commission expenses	(71,849,715)	(1,307,236)	(73,156,951)
Management and other operating expenses	(65,999,658)	(48,049,035)	(114,048,693)
Segment results	30,843,741	(12,404,433)	18,439,308
Unallocated operating income and expenses	639,769,154	(1,302,343)	638,466,811
Profit/(loss) from operations	670,612,895	(13,706,776)	656,906,119
Share of profit of an associate	26,518	–	26,518
Profit/(loss) before taxation	670,639,413	(13,706,776)	656,932,637
Income tax (charge)/credit	(116,922,558)	700,610	(116,221,948)
Profit/(loss) for the period	553,716,855	(13,006,166)	540,710,689

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

5 Segment information (Continued)

(b) Geographical segments (Continued)

	Six months ended 30 June 2006		
	Hong Kong $	The PRC $	Total $
Direct businesses	452,126,710	115,421,912	567,548,622
Reinsurance businesses accepted	1,170,884	1,221	1,172,105
Gross written premiums from external customers	453,297,594	115,423,133	568,720,727
Net earned premiums	258,959,392	58,626,771	317,586,163
Net claims incurred	(32,649,738)	(24,090,285)	(56,740,023)
Change in net provision for unexpired risks	9,507,000	–	9,507,000
Net commission (expenses)/ income	(64,288,935)	695,301	(63,593,634)
Management and other operating expenses	(90,889,327)	(27,498,696)	(118,388,023)
Segment results	80,638,392	7,733,091	88,371,483
Unallocated operating income and expenses	94,659,194	12,454,526	107,113,720
Profit from operations	175,297,586	20,187,617	195,485,203
Share of losses of associates	(254,913)	–	(254,913)
Profit before taxation	175,042,673	20,187,617	195,230,290
Income tax charge	–	(4,083,766)	(4,083,766)
Profit for the period	175,042,673	16,103,851	191,146,524

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

6 Turnover

The principal activities of the Group are the underwriting of all classes of general insurance business in Hong Kong and in the PRC.

Turnover represents gross written premiums, net of discounts and returns, from direct and inward reinsurance businesses during the year.

7 Reinsurers' share of earned premiums, net commission expenses, reinsurers' share of claims incurred and change in net provision for unexpired risks

	Six months ended 30 June	
	2007	2006
	$	$
Premiums ceded to reinsurers	**(262,073,924)**	(237,359,476)
Change in reinsurers' share of provision for unearned premiums	**39,532,760**	34,247,666
Reinsurers' share of earned premiums	**(222,541,164)**	(203,111,810)
	$	$
Gross commission income	**60,703,239**	58,338,531
Gross commission expenses	**(133,860,190)**	(121,932,165)
Net commission expenses	**(73,156,951)**	(63,593,634)
	$	$
Reinsurers' share of claims paid	**456,496,925**	175,867,718
Reinsurers' share of change in provision for outstanding claims	**(496,487,516)**	(13,695,558)
Reinsurers' share of claims incurred	**(39,990,591)**	162,172,160
	$	$
Change in gross provision for unexpired risks	**3,166,000**	2,381,800
Change in reinsurers' share of provision for unexpired risks	**4,074,000**	7,125,200
Change in net provision for unexpired risks	**7,240,000**	9,507,000

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

8 Investment income

	Six months ended 30 June	
	2007	2006
	$	$
Rental income	**18,369,336**	16,850,902
Interest income		
– Debt securities	**4,696,305**	3,530,150
– Bank balances	**58,984,635**	15,911,073
Dividend income		
– Listed equity securities	**627,557**	4,331,353
– Unlisted equity securities	**1,740,000**	878,746
	84,417,833	41,502,224

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

9 Net realised and unrealised gains on investments and other net (loss)/income

	Six months ended 30 June	
	2007	2006
	$	$
(a) Net realised and unrealised gains on investments		
Property related income		
– Revaluation surplus of investment properties	**–**	19,252,371
Investment related income/(losses)		
– Net gains on disposal of available-for-sale securities	**554,585,024**	37,582,869
– Net gains on disposal of securities held for trading	**6,945,944**	4,399,624
– Net unrealised gains on securities held for trading	**2,360,525**	4,059,935
– Investment management fee expenses	**(318,554)**	(606,209)
– Loss on disposal of an associate	**–**	(231)
– Goodwill arisen from acquisition of a subsidiary	**–**	30,438
– Losses on disposal of subsidiaries	**–**	(1,101,818)
	563,572,939	63,616,979
(b) Other net (loss)/income		
Fee and commission income		
– Handling fee income	**457,988**	249,920
– Management fee income	**350,000**	350,000
– Miscellaneous commission income	**401,550**	515,883
Use of land and buildings		
– Impairment losses of land and buildings written back	**–**	1,901,801
– Net impairment losses of interest in leasehold land held for own use under operating leases provided	**–**	(4,858,224)
– Net losses on disposal of property and equipment	**(233,308)**	(33,339)
Others		
– Net foreign exchange losses	**(9,092,168)**	(24,228)
– Sundry income	**185,499**	5,611,942
– Bad debts recovered	**13,393**	3,539,355
	(7,917,046)	7,253,110

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

10 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2007	2006
	$	$
(a) Staff costs:		
Contributions to defined contribution retirement plan	**5,461,582**	4,505,819
Salaries, wages and other benefits	**66,366,132**	70,205,853
	71,827,714	74,711,672
(b) Other items:		
Auditors' remuneration	**1,280,000**	638,435
Depreciation	**3,832,281**	3,580,157
Operating lease charges in respect of land and buildings	**2,486,813**	937,342
Net impairment losses provided/(written back)		
– fixed assets	**–**	2,956,423
– insurance receivables	**(3,552,441)**	2,263,785
Rentals receivable from investment properties less direct outgoings	**(17,638,166)**	(16,012,076)
– direct outgoings	**731,170**	838,826
Share of associates' taxation provided	**21,587**	121,649

11 Income tax

(a) Taxation in the consolidated income statements represents:

	Six months ended 30 June	
	2007	2006
	$	$
Current tax-Hong Kong		
Tax for the period (note (i))	**116,922,558**	–
Current tax-the PRC (note (ii))		
Tax for the period	**–**	4,027,462
(Over)/under-provision in respect of prior years	**(700,610)**	56,304
	(700,610)	4,083,766
Income tax charge	**116,221,948**	4,083,766

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

11 Income tax (Continued)

(a) Taxation in the consolidated income statements represents: (Continued)

Notes:

(i) The provision for Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the six months ended 30 June 2007.

No provision for Hong Kong Profits Tax has been made for the six month period ended 30 June 2006 as the tax losses brought forward from previous years exceed the estimated assessable profits for the period.

(ii) Taxation outside Hong Kong is calculated at rates prevailing in the respective jurisdictions.

(iii) The Group has not recognised deferred tax assets in respect of certain tax losses and deductible temporary differences as it is not probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised in the foreseeable future. Management has assessed that the deferred tax assets not recognised would be decreased by approximately 8% for the six month period ended 30 June 2007 as compared to the year ended 31 December 2006 of $124,936,894.

(b) Taxation in the consolidated balance sheets represents:

	At 30 June 2007 $	At 31 December 2006 $
Balance of Hong Kong Profits Tax provision for the period/year	116,922,558	–
Balance of Hong Kong Profits Tax provision relating to prior years	4,601,459	4,601,459
Taxation outside Hong Kong	(908,256)	–
	120,615,761	4,601,459

12 Dividend

On 21 August 2007, the Board of Directors declared an interim dividend for the six months ended 30 June 2007 of HK 2 cents per share (30 June 2006: Nil) payable to shareholders of the Company whose names are on the register of members on 28 September 2007.

The interim dividend declared after the balance sheet date has not been recognised as a liability at the balance sheet date.

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(Expressed in Hong Kong dollars)

13 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2007 is based on the profit attributable to equity holders of the Company for the period of $540,710,689 and the weighted average number of shares in issue of 2,902,321,293 during the period.

The calculation of basic earnings per share for the six months ended 30 June 2006 is based on the profit attributable to equity holders of the Company for the period of $191,146,524 and 2,200,000,000 shares in issue as at the date of the Prospectus as if the shares were outstanding throughout the period.

(b) Diluted earnings per share

No diluted earnings per share was presented as there were no dilutive potential ordinary shares as at 30 June 2007 and at 30 June 2006.

14 Statutory deposits

A subsidiary and the branches of the Group located in the PRC have placed $110,403,647 and $111,670,111 as at 31 December 2006 and 30 June 2007 respectively with banks as capital guarantee funds.

Pursuant to Article 79 of the PRC Insurance Law (Revised), an insurance company shall deposit 20% of its registered capital into a bank designated by the CIRC as a capital guarantee fund. This fund shall not be used for any purpose other than to pay off debts during liquidation proceedings.

15 Fixed assets

(a) Investment properties

The Group leased out investment properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the leases after that date at which time all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals. The carrying amount of investment properties of the Group held for use in operating leases was $955,190,000 (31 December 2006: $955,190,000).

The Group's total future minimum lease payments under non-cancellable operating leases are receivables as follows:

	At 30 June 2007	At 31 December 2006
	$	$
Within 1 year	**35,522,713**	31,222,566
After 1 year but within 5 years	**31,609,174**	24,249,525
	67,131,887	55,472,091

(b) Property and equipment

The Group acquired additional property and equipment amounting to $6,030,478 for the six month period ended 30 June 2007 (year ended 31 December 2006: acquired $6,668,051). The Group disposed of a property and equipment with a net book value of $1,668,348 for the six month period ended 30 June 2007 (year ended 31 December 2006: $1,582,456).

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(Expressed in Hong Kong dollars)

16 Investments in securities

	At 30 June 2007	At 31 December 2006	At 30 June 2007	At 31 December 2006	At 30 June 2007	At 31 December 2006
	Available-for-sale securities		Securities held for trading		Total	
	$	$	$	$	$	$
Fixed interest securities						
– Financial institutions: Unlisted	370,949,320	–	77,807,285	–	448,756,605	–
– Government: Listed	–	–	28,006,836	28,147,622	28,006,836	28,147,622
– Others: Listed	–	–	180,431,625	93,902,053	180,431,625	93,902,053
	370,949,320	–	286,245,746	122,049,675	657,195,066	122,049,675
Equity securities						
– Listed	–	422,518,400	183,781,857	66,387,346	183,781,857	488,905,746
– Unlisted	2,269,668	2,269,668	–	–	2,269,668	2,269,668
	2,269,668	424,788,068	183,781,857	66,387,346	186,051,525	491,175,414
Other						
– Unlisted	492,100	492,100	–	–	492,100	492,100
Total	373,711,088	425,280,168	470,027,603	188,437,021	843,738,691	613,717,189
Representing:						
Listed						
– Hong Kong	–	422,518,400	183,781,857	66,387,346	183,781,857	488,905,746
– Overseas	–	–	208,438,461	122,049,675	208,438,461	122,049,675
Unlisted	373,711,088	2,761,768	77,807,285	–	451,518,373	2,761,768
	373,711,088	425,280,168	470,027,603	188,437,021	843,738,691	613,717,189
Market value of listed securities	–	422,518,400	392,220,318	188,437,021	392,220,318	610,955,421

On 8 June 2007, two subsidiaries of the Group accepted an offer from a third party company, Fortis Insurance International N.V., to dispose of its 91,060,000 shares in Pacific Century Insurance Holdings Limited ("PCIH") at $8.18 per share. The total consideration of the transaction was $744,870,800. At 31 December 2006, the shares were classified as available-for-sale securities with a net book value of $422,518,400. The transaction has resulted in a net gain on disposal, taking into account the fair value reserve, of $554,585,024 (note 9(i)) for the Group.

Accounting estimates and judgements

The fair value of listed debt securities and listed equity securities is based on quoted bid prices at the balance sheet date. The fair value of unlisted equity securities is estimated by discounting the future dividends from the equity securities.

The Group follows the guidance of HKAS 39 when determining whether an investment in available–for–sale securities is other–than–temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost or carrying value, and the expected time span the Group will hold on to this investment.

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(Expressed in Hong Kong dollars)

17 Insurance receivables

	At 30 June 2007 $	At 31 December 2006 $
Premiums receivable under direct business	268,103,133	193,704,717
Amounts due under reinsurance contracts	46,027,082	56,234,903
	314,130,215	249,939,620
Deposits retained by cedants	219,047	208,654
	314,349,262	250,148,274
Amounts expected to be settled within 1 year		
– Premiums receivable under direct business	266,247,588	191,971,221
– Amounts due under reinsurance contracts	44,953,575	43,176,952
	311,201,163	235,148,173

An ageing analysis of the insurance receivables excluding deposits retained from reinsurers (net of impairment losses for bad and doubtful debts) is analysed as follows:

	At 30 June 2007 $	At 31 December 2006 $
Current	269,582,862	224,793,432
1 to 3 months overdue	22,350,296	2,843,532
More than 3 months overdue but less than 12 months overdue	19,268,005	7,511,209
Over 1 year overdue	2,929,052	14,791,447
	314,130,215	249,939,620
Analysed as:		
Neither past due nor impaired	269,582,862	224,793,432
Past due but not impaired	44,547,353	25,146,188
	314,130,215	249,939,620

The Group normally allows a credit period ranging from 0 day to 90 days for premium receivables under direct business and 50 days to 90 days for the amounts due from reinsurance contracts after the quarterly statements have been sent.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

18 Insurance funds

	At 30 June 2007			At 31 December 2006		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	$	$	$	$	$	$
Outstanding claims reserve	2,280,300,944	(1,054,281,624)	1,226,019,320	2,842,176,476	(1,550,769,140)	1,291,407,336
Provision for unearned premiums	582,171,953	(179,054,112)	403,117,841	496,754,609	(139,521,352)	357,233,257
Provision for unexpired risks	5,684,000	(281,000)	5,403,000	8,850,000	3,793,000	12,643,000
Total	2,868,156,897	(1,233,616,736)	1,634,540,161	3,347,781,085	(1,686,497,492)	1,661,283,593

Assumptions and methodologies

Key assumptions used in estimating claims liabilities are as follows:

– The past claims development experience can be used to project future claims development and hence the ultimate claims costs.

– There are no significant changes in the legal, social or economic environment that may affect the cost, frequency or future reporting of claims.

During both periods presented, there were no significant changes in the key assumptions used by the Group in estimating insurance funds.

The Group's approach to the estimation of claims liabilities is relied on the paid and incurred loss development methods, supplemented by the Bornhuetter-Ferguson method ("BF method"). The BF method relies on a gradual transition from an expected loss ratio to an experience–related development approach. The BF method is applied to the more recent underwriting years.

In the estimation of the net premium liabilities, the Group has made reference to the projected ultimate loss ratios and the expected claims handling cost ratios. In the case that the best estimate of the premium liability of a class is greater than its unearned premiums which is determined by using the 1/365th method, a provision for unexpired risks is provided for in the interim financial report.

The Group determines these estimates on the basis of historical information, actuarial analyses, financing modelling and other analytical techniques. The Directors continually review the estimates and make adjustments as necessary, but actual results could differ significantly from what is envisioned when these estimates are made.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

19 Cash and cash equivalents

	At 30 June 2007 $	At 31 December 2006 $
Deposits with banks and other financial institutions with original maturity less than 3 months	**2,496,596,313**	2,519,744,218
Cash at bank and in hand	**652,836,719**	292,038,099
Cash and cash equivalents	**3,149,433,032**	2,811,782,317

20 Insurance payable

	At 30 June 2007 $	At 31 December 2006 $
Amounts due under direct business	**143,185,501**	123,366,245
Amounts due under reinsurance contracts accepted	**1,101,482**	1,684,782
Amounts due under reinsurance contracts ceded	**165,668,862**	116,297,542
	309,955,845	241,348,569
Deposits retained from reinsurers	**98,650,791**	165,000,210
	408,606,636	406,348,779
Amounts expected to be settled within 1 year:		
– Amounts due under direct business	**122,516,923**	110,920,679
– Amounts due under reinsurance contracts accepted	**284,672**	1,065,656
– Amounts due under reinsurance contracts ceded	**149,061,756**	34,174,855
	271,863,351	146,161,190

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

20 Insurance payables (Continued)

An ageing analysis of the insurance payables excluding deposits retained from reinsurers is analysed as follows:

	At 30 June 2007 $	At 31 December 2006 $
Current or on demand	230,412,148	101,638,513
1 to 3 months overdue	27,660,220	11,371,963
More than 3 months overdue but less than 12 months overdue	13,790,983	33,150,714
Over 1 year overdue	38,092,494	95,187,379
	309,955,845	241,348,569

21 Capital

Share capital

	At 30 June 2007		At 31 December 2006	
	Number of shares	Amount $	Number of shares	Amount $
Authorised:				
Ordinary shares of $0.1 each	5,000,000,000	500,000,000	5,000,000,000	500,000,000
Issued and fully paid:				
At 1 January 2007	2,801,334,000	280,133,400	1	–
Issuance of new shares on Reorganisation	–	–	2,199,999,999	220,000,000
Issuance of shares for the Global Offering	–	–	601,334,000	60,133,400
Issuance of new shares upon exercise of the Over-allotment Option	105,050,000	10,505,000	–	–
At 30 June 2007	2,906,384,000	290,638,400	2,801,334,000	280,133,400

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

21 Capital (Continued)

Pursuant to the international underwriting agreement dated 15 December 2006, the Company granted an option ("Over-allotment Option") to Credit Suisse (Hong Kong) Limited, the sole lead manager of Global Offering, whereby the Company was required to allot and issue up to an aggregate of 105,050,000 additional shares to cover over allocation in the international offering. The exercise price per share for the Over–allotment Option is $1.88. On 3 January 2007, the Over-allotment Option was fully exercised and, as a result, the Company issued 105,050,000 additional shares on 8 January 2007.

The proceeds of $10,505,000 representing the par value, have been credited to the Company's share capital. The remaining proceeds of $186,989,000 have been credited to the share premium account and share issuing expenses of $6,823,018 have been debited to the share premium account.

22 Capital commitment

Capital commitments outstanding at the period/year end not provided for are as follows:

	At 30 June 2007 $	At 31 December 2006 $
Contracted for	**5,325,226**	2,527,334
Authorised but not contracted for	**2,532,500**	–
	7,857,726	2,537,334

23 Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2007 $	At 31 December 2006 $
Within 1 year	**13,280,961**	2,662,371
After 1 year but within 5 years	**26,886,818**	3,640,461
	40,167,779	6,302,832

The Group leased out investment properties under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the leases after that date at which time all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

24 Contingent liabilities

In November 2005, the Group received a query issued by the Inland Revenue Department of Hong Kong in relation to the taxability of certain realised and unrealised gains on the disposal of listed investments for the years of assessment from 2000/2001 to 2002/2003. Considering that such gains were capital in nature, the directors believe that the Group has good prospect to support its tax position, and therefore no provision for a potential tax exposure of approximately $30 million was made in the interim financial report.

Save as herein disclosed above and other than those incurred in the normal course of the Group's insurance business, there was no outstanding litigations nor any contingent liabilities as at 30 June 2007.

25 Insurance and financial risk management

The core business of the Group is direct insurance business. The Group has a risk management framework which controls exposure to risks relevant to its business. The Underwriting Committee, the Claims Committee, the Investment Committee and the Internal Audit Committee are set up to identify, control and monitor the Group's exposure to all risks, and recommend the necessary measures to mitigate them. These committees, which consist of members of the senior management, are chaired by the Chief Executive Officer and regular meetings are held to review and revise the Group's underwriting guidelines, claims procedures and investment strategies.

(a) Insurance risk

(i) Underwriting strategy and policies to mitigate insurance risk

The nature of an insurance contract is to protect policyholders from random and unpredictable events. Policyholders transfer risks to insurers through insurance contracts. Uncertainty is an inherent part of insurance, and uncertainty arising from insurance contracts can have a material effect on the amount, timing and uncertainty of the Group's future cash flow. The occurrence of events, and the severity and frequency of loss follow stochastic processes. Changes in the general price level, legislation and judicial interpretation may have a significant effect on the level of claims reserves. There may be significant time lags between the reporting and settlement of claims. Reserves are established by analysing historical records of underwriting results and claims development, subject to rigorous reviews by external actuaries. The Group assesses the accumulation of risks and aggregate exposure regularly, and may arrange additional reinsurance to control the aggregate exposure.

The Group delegates underwriting authority to experienced underwriters. Each underwriting department has an underwriting manual for each class of business, approved by the Underwriting Committee, which specifies the authority of underwriters at each level. Each underwriting manual states clearly the minimum gross premium per policy, the maximum sum insured per policy and the aggregate exposure per zone as well as the probable maximum loss which underwriters at each level can underwrite. Risks that exceed the underwriting authority of the head of the underwriting department have to be reviewed and approved by the Underwriting Committee.

The Group also arranges both treaty reinsurance and facultative reinsurance in accordance with international practice. Treaty reinsurance provides automatic reinsurance cover under specific reinsurance contract terms and conditions. Facultative reinsurance is reinsurance of individual risk. Each contract is arranged separately. The choice of reinsurance contract depends on market conditions, market practice and the nature of business. Facultative reinsurance is arranged when an individual risk is not covered by treaty reinsurance or exceeds treaty reinsurance capacity.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

25 Insurance and financial risk management (Continued)

(a) Insurance risk (Continued)

(i) Underwriting strategy and policies to mitigate insurance risk (Continued)

Reinsurance does not mitigate the Group's obligation to direct insurance policyholders in the event that reinsurers default on claims, and therefore the Group's financial position may be affected by the solvency of reinsurers, and disputes on reinsurance contracts and claims settlement. To reduce such risks, the Group and its immediate holding company, China Insurance H.K. (Holdings) Company Limited ("CIHK"), monitors the financial strength of the Group's reinsurers on a regular basis. Furthermore, the Group selects reinsurers from the list of reinsurers approved by CIHK and adheres to CIHK's reinsurance guidelines.

(ii) Terms and conditions of insurance contracts having a material effect on the amount, timing and uncertainty of the Group's future cash flows

While the Group writes both the short-tail and long-tail general insurance business in Hong Kong, the majority of the insurance business written by the Group in the PRC, is of a short-tail nature. The Group's short-tail business mainly comprises motor property own-damage insurance, property insurance and marine cargo insurance. The characteristic of this type of business is that the claim can be finalised and settled soon after the occurrence of an accident. Major types of the long-tail business written by the Group are employees' compensation, hull and motor third party liability insurance. For those long-tail insurance classes, it may take years to finalise a claim.

(iii) Major concentration of insurance risk

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's liabilities. Such concentrations may arise from a single insurance contract or through a number of related contracts, and relate to circumstances where significant liabilities could arise.

The Group is subject to concentration risks arising from accidents relating to common carriers, conflagration, epidemics, earthquakes and other natural disasters that affect the properties, physical conditions and lives of the policyholders insured by the Group.

To determine the reinsurance coverage required, scenario analyses are performed to investigate the potential financial impacts on the Group.

(b) Financial risk

The Group has exposures to financial risks which arise both in its insurance business and investment activities.

(i) Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient funds to settle the liabilities when due. The cash flowing into the Group mainly generates from the collection of premium income, reinsurance claims recoveries, interest income and rental income. Cash outflows largely consist of the payments of direct claims, reinsurance premiums and operating expenses.

Minimum cash level is maintained at all times to ensure that the Group has sufficient cash flows to meet all its obligations. Infrequent large claims are also accounted for when the safety level of cash is determined. Those funds in excess of the daily operations needs are invested in listed shares and bonds. In the past few years, equity and debt securities with maturity dates no longer than 5 years form a large portion of the Group's financial investment portfolio.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

25 Insurance and financial risk management (Continued)

(b) Financial risk (Continued)

(i) Liquidity risk (Continued)

During both periods presented, the Group generated positive cash flows and had sufficient cash to meet all its obligations.

Maturity profile

30 June 2007

	Up to 3 months $	3 to 6 months $	6 to 12 months $	1 to 5 years $	Over 5 years $	Total $
Assets						
Financial assets						
– Statutory deposits	48,670,111	40,000,000	23,000,000	-	-	111,670,111
– Debt securities	26,568,810	370,949,319	-	231,110,347	28,566,589	657,195,065
– Deposits with banks with original maturity more than three months	84,610	4,886,850	-	-	-	4,971,460
– Cash and cash equivalents	3,149,433,032	-	-	-	-	3,149,433,032
Total assets	3,224,756,563	415,836,169	23,000,000	231,110,347	28,566,589	3,923,269,668

31 December 2006

	Up to 3 months $	3 to 6 months $	6 to 12 months $	1 to 5 years $	Over 5 years $	Total $
Assets						
Financial assets						
– Statutory deposits	65,903,647	4,500,000	40,000,000	-	-	110,403,647
– Debt securities	-	-	26,516,739	94,150,210	1,382,726	122,049,675
– Deposits with banks with original maturity more than three months	4,206,554	392,100	6,834,250	-	-	11,432,904
– Cash and cash equivalents	2,811,782,317	-	-	-	-	2,811,782,317
Total assets	2,881,892,518	4,892,100	73,350,989	94,150,210	1,382,726	3,055,668,543

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

25 Insurance and financial risk management (Continued)

(b) Financial risk (Continued)

(ii) Credit risk

Credit risk is risk due to uncertainty in a counterparty's ability to meet its obligations. The Group has exposure to credit risk in both insurance and investment operations.

The Group is subject to the credit risk of its reinsurers in the event of insolvency or the reinsurer's failure to honour their payment commitment. To reduce such risks, a list of approved reinsurers is maintained and reviewed regularly and the reinsurance business across various reinsurers is dispersed. Business may only be ceded to companies appearing on the approved list. Reinsurers are ultimately selected on the basis of their financial condition, history of cooperation, quality of service and price of their reinsurance products. In addition, strict debt collection procedures are established and closely followed by the Group.

The Group is also subject to the credit risk of the intermediaries. As a result, strict internal policies are followed to closely monitor and assess the financial strength of each intermediary. Based on such assessment, credit periods up to a maximum of four months are extended to the Group's largest and most reputable intermediaries.

The Group's investment in debt securities is subject to credit risk. Deterioration of the financial condition or results of operations of the issuers of these instruments may cause a delay in payments of principal or interest when due, and may also result in potential loss in the market value of the securities. It is the Group's policy to invest in bonds with ratings of "BBB-" or above to limit exposure to credit risk.

(c) Market risk

Market risk is the risk of loss of fair value resulting from adverse fluctuations in interest rates, equity prices and foreign currencies.

(i) Interest rate risk

Interest rate risk is the risk to the earnings or market value of the investment portfolio due to the uncertainty in the future interest rates. The Group's exposure to interest rate changes primarily results from the holding of debt securities. As of 30 June 2007, the Group held approximately $657 million in debt securities (31 December 2006: $122 million). The market price of the Group's debt securities fluctuates with changes in interest rates. When interest rates rise, the market value of these debt securities falls. When interest rates fall, the market value of these securities rises. The Group's debt securities include government bonds, bonds issued by financial institutions and corporate bonds with a rating at or greater than "BBB", most of which are exposed to interest rate risk. Interest rate risks may also affect the Group's future investments.

A large proportion of the Group's investment portfolio consists of debt securities. Management considers the exposure to interest rate risk is limited for the Group's investment portfolio because the counterparties of the debt securities are reputable international financial institutions. While a greater proportion of the Group's investment is held as bank deposits, the Group's bank deposits are primarily held in only three currencies and consequently deposit interest rate risk is also limited with respect to those funds. In addition, although investments in debt securities are classified as securities held for trading and available-for-sale securities, disposals will not be effected if the market prices are considered unattractive, in which case they are held to maturity to redeem at par.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

25 Insurance and financial risk management (Continued)

(c) Market risk (Continued)

(i) Interest rate risk (Continued)

The Group's debt securities portfolio is managed by China Insurance Group Assets Management Limited ("CIGAML") under the direction of the Group's Investment Committee. The Group manages its exposure to risks associated with interest rate fluctuations through quarterly review of its investment portfolio by its Investment Committee, annual in-depth review of the Group's investment policy together with CIGAML and consultation with external financial investment experts. CIGAML provides the Group with a weekly report on its investment portfolio, and the Group monitors trends to refine its investment policy accordingly. The Group's goal is to maintain liquidity, to preserve capital, to generate stable returns and to achieve better asset to liability matching. In the future, the Group expects to increase the proportion of debt securities in its investment portfolio.

Interest rate risk sensitivity is estimated under the assumption of a 1% increase in interest rates. If interest rates increase, the fair values of interest rate-sensitive instruments such as bonds may decrease. Furthermore, the magnitude of the decrease may differ depending on the maturity, coupon or other characteristics of a particular instrument.

(ii) Equity price risk

The equity portfolio of the Group is managed by CIGAML under the direction of the Investment Committee. Pursuant to the investment guidelines, CIGAML may not invest more than 30% of the funds under its management in equity securities. The Group manages the exposure to equity price risks through quarterly review of the investment portfolio by the Investment Committee, annual in-depth review of the investment policy together with CIGAML and consultation with external financial investment experts. The equity securities, with the exception of the Group's equity holdings in affiliated companies, must all be listed on the Main Board of the Stock Exchange.

(iii) Foreign currency risk

The Group's reporting currency is Hong Kong dollar ("HKD"). The Group has exposure to foreign currency risk as the Group has underwritten insurance policies and collected premiums in currencies other than HKD and holds certain assets and liabilities in such currencies.

Other than HKD, the Group transacts business mainly in the United States dollar ("USD") and Renminbi ("RMB"). USD and RMB assets mainly comprise cash and cash equivalents whereas USD and RMB liabilities mainly comprise provision for claims liabilities and insurance payables. At present, the market exchange rate of HKD against USD is set within a fixed trading range from HK$7.75 to HK$7.85 against US$1.00. The currency position of assets and liabilities is monitored by the Group periodically.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

26 Material related party transactions

(a) Recurring transactions with related parties

	Note	Six months ended 30 June 2007 $	2006 $
Transactions with the China Insurance International Holdings Company Limited Group ("CIIH Group"):			
Business ceded to fellow subsidiaries	(i)		
– Outward reinsurance premiums		(31,646,521)	(45,443,688)
– Commission income received		9,084,312	11,582,245
– Claims recoveries received		43,733,575	35,514,020
Transactions with Cheung Kong Group ("CK Group"):			
Gross written premiums	(ii)	40,116,904	-
Facility rental fee	(iii)	(1,225,000)	-
Commission paid	(iii)	(1,327,388)	-

Notes:

CIIH Group

(i) The Group ceded gross written premiums to China International Reinsurance Company Limited ("CIRe"), a subsidiary of CIIH, and received commission and claims recoveries and made other related payments. The terms and conditions of these reinsurance contracts were similar to those offered by the third party ceding companies and were negotiated on an arm's length basis and were entered into on normal commercial terms.

CK Group

(ii) The Group received gross written premiums from CKH and its associates. The general insurance businesses were effected on terms and conditions that are comparable to those offered by the Group to independent third parties, and were on normal commercial terms and on an arm's length basis and in accordance with the Group's risk management policy.

(iii) Pursuant to a master marketing services agreement dated 7 December 2006, AMTD Financial Planning Limited ("AMTDFL") and AMTD Direct Limited ("AMTDD"), associates of CKH, were to provide marketing services and promote certain designated insurance products to selected customers, based on the agreed criteria and to launch regular telemarketing campaigns designed to introduce certain designated insurance products. In return, AMTDFL and AMTDD charged the Group a service charge consisted of the following components:

– facility rental fee which was based on the number of workstations used and the number of calls made during the period through the call centre.

– commission of 30% of the gross written premiums underwritten through the call centre. This was in line with the typical commission rate charged by brokers in the Hong Kong insurance market.

The master marketing services agreement was negotiated on an arm's-length basis and was entered into on normal commercial terms.

Notes to the Interim Financial Report

(Expressed in Hong Kong dollars)

26 Material related party transactions (Continued)

(b) Non-recurring transactions with related parties

		Six months ended 30 June	
		2007	2006
	Note	$	$
Transactions with CI Group			
Management fee	(i)	-	(19,260,000)
Loss on disposal of an associate	(ii)	-	(231)

Notes:

(i) The Group paid a management fee to CIHK for managing the operations of the Group. The management fee was charged at a rate ranging from 0.1% to 0.6% of the net assets of The Ming An Insurance Company (Hong Kong), Limited ("Ming An Hong Kong"), a subsidiary of the Group, for basic management charge and at a rate of 1% to 1.5% of the profit before tax of Ming An Hong Kong for risk management charge. The fee has been terminated since July 2006.

(ii) Pursuant to an agreement dated 19 May 2006, Ming An Hong Kong agreed to transfer its 30% interest in Sanlink at a consideration of $4,341,000 and a shareholder's loan in the aggregate amount of $9,660,000 owed by Sanlink to Ming An Hong Kong at a consideration of $9,660,000 to China Insurance Group Investment Co. Ltd ("CIGI"). A loss of $231 was incurred on the disposal of subsidiary after taking into account the share of profits in previous years. The transaction related to CIGI has been settled before 30 June 2006.

(c) Transactions with other state-owned enterprises in the PRC

The Group operates in an economic regime currently predominated by entities directly or indirectly owned by the PRC government through its government authorities, agencies, affiliations and other organisations ("state-owned entities").

Transactions with other state-owned entities include but are not limited to the following:

– insurance and other intermediary services; and

– rendering and receiving of utilities and other services.

These transactions are conducted in the ordinary course of the Group's business on terms similar to those that would have been entered into with non-state-owned entities. The Group has also established its pricing strategy and approval processes for major products and services, such as underwriting insurance contracts and commission income. Such pricing strategy and approval processes do not depend on whether the customers are state-owned entities or not. Having due regard to the substance of the relationships and the significance of the transactions with other state-owned entities, the directors are of the opinion that none of other transactions are material related party transactions that require separate disclosure.

Review Report

Review report to the board of directors of
The Ming An (Holdings) Company Limited
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 9 to 39, which comprises the consolidated balance sheet of The Ming An (Holdings) Company Limited (the "Company") as of 30 June 2007 and the consolidated income statement, the consolidated statement of changes in equity, and the condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2007 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

21 August 2007

Other Information

DISCLOSURE OF INTERESTS

1. DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 June 2007, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

ASSOCIATED CORPORATIONS – INTERESTS IN SHARES

Name	Associated corporation	Number of shares held	Underlying shares pursuant to share options	Nature of interest	Percentage of interests in the registered capital of the associated corporation
Feng Xiao Zeng	China Insurance International Holdings Company Limited ("CIIH")		3,350,000	Personal	0.24
Lin Fan	CIIH	770,000	3,200,000	Personal	0.28
Wu Chi Hung	CIIH		800,000	Personal	0.06
Peng Wei	CIIH	250,000	400,000	Personal	0.05

Save as mentioned above, as at 30 June 2007, there were no other interests or short positions of the Directors or chief executive of the Company in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO, recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

2. INTEREST OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 30 June 2007, the interests and short positions of the shareholders, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Substantial shareholders	Capacity	Number of ordinary shares	Percentage of issued share capital
China Insurance (Holdings) Company Limited ("CIHC") (Note 1)	Interest of controlled corporations	1,491,710,000 (Notes 1 and 2)	51.33
China Insurance H.K. (Holdings) Company Limited ("CIHK") (Note 1)	Beneficial owner	1,388,761,000 (Note 1)	47.78
CIHK (Note 2)	Interest of controlled corporations	102,949,000 (Note 2)	
Cheung Kong (Holdings) Limited ("CKH") (Note 3)	Interest of controlled corporations	609,290,000 (Note 3)	20.96
Li Ka-Shing (Note 3)	Founder of discretionary trusts	609,290,000 (Note 3)	20.96
Li Ka-Shing Unity Trustcorp Limited (Note 3) (as trustee of another discretionary trust)	Trustee & beneficiary of a trust	609,290,000 (Note 3)	20.96
Li Ka-Shing Unity Trustee Corporation Limited (Note 3) (as trustee of The Li Ka-Shing Unity Discretionary Trust)	Trustee & beneficiary of a trust	609,290,000 (Note 3)	20.96
Li Ka-Shing Unity Trustee Company Limited (Note 3) (as trustee of The Li Ka-Shing Unity Trust)	Trustee	609,290,000 (Note 3)	20.96
Max Easy Enterprises Limited (Note 3)	Interest of controlled corporation	609,290,000 (Note 3)	20.96
Marvel Bonus International Limited (Note 3)	Beneficial owner	609,290,000 (Note 3)	20.96

Other Information

Notes:

1. CIHK held 1,388,761,000 shares of the Company. CIHC was deemed to be interested in these 1,388,761,000 shares of the Company by virtue of CIHK being a wholly-owned subsidiary of CIHC.

2. Share China Assets Limited, a wholly-owned subsidiary of CIIH, held 102,949,000 shares of the Company. As CIIH was a 52.01%-owned subsidiary of CIHK which was in turn wholly owned by CIHC, both CIHC and CIHK were deemed to be interested in these 102,949,000 shares of the Company held by Share China Assets Limited.

3. Mr. Li Ka-shing is the settlor of each of The Li Ka-Shing Unity Discretionary Trust ("DT1") and another discretionary trust ("DT2"). Each of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1", which is the trustee of DT1) and Li Ka-Shing Unity Trustcorp Limited ("TDT2", which is the trustee of DT2) holds units in The Li Ka-Shing Unity Trust ("UT1") but is not entitled to any interest or share in any particular property comprising the trust assets of the said unit trust. The discretionary beneficiaries of each of DT1 and DT2 are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children and Mr. Li Tzar Kai, Richard. Li Ka-Shing Unity Trustee Company Limited ("TUT1") as trustee of UT1 together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of one-third or more of the voting power at their general meetings hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH").

   The entire issued share capital of each of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital of Unity Holdco. TUT1 is only interested in the shares of CKH by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of CKH independently without any reference to Unity Holdco or any of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard as a holder of the shares of Unity Holdco as aforesaid.

   By virtue of the SFO, each of Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, TUT1, TDT1, TDT2 and CKH is deemed to be interested in the 609,290,000 Shares of the Company of which all the Shares are held by Marvel Bonus International Limited which is the wholly-owned subsidiary of Max Easy Enterprises Limited which is then the wholly-owned subsidiary of CKH.

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2007.

DIVIDEND

The Board of Directors has declared an interim dividend for the six months ended 30 June 2007 of HK2 cents per share payable to shareholders of the Company whose names are on the register of members on 28 September 2007. Dividend will be distributed to shareholders on or about 8 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 24 September 2007 to 28 September 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for this dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30p.m. on 21 September 2007.

PURCHASE, SALE OR REDEMPTION OF OWN SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2007.

Corporate Governance Practices

OVERVIEW

The Company is committed to serving the long-term interests of shareholders by being transparent and employing sound business practices. This commitment extends to the prompt disclosure of relevant information in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), as well as a continual determination to achieve high levels of ethics and corporate governance within every aspect of the Group's business. The Board will continue to review and monitor the Group's corporate governance practices from time to time with the aim of maintaining a high standard of corporate governance.

Throughout the six months ended 30 June 2007, the Company is fully compliant with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

BOARD OF DIRECTORS

As of the date hereof, the Board consists of fifteen members, of which four are Executive Directors, six are Non-executive Directors and five are Independent Non-executive Directors:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Peng Wei (Chief Executive Officer)	Feng Xiao Zeng (Chairman)	Yuen Shu Tong
Cheng Kwok Ping (General Manager)	Lin Fan (Vice Chairman)	Dong Juan
Chan Pui Leung	Wu Chi Hung	Wong Hay Chih
Lee Wai Kun	Ip Tak Chuen, Edmond	Yu Ziyou
	Ma Lai Chee, Gerald	Lee Yim Hong, Lawrence
	Hong Kam Cheung	

AUDIT COMMITTEE

The Company established an audit committee on 22 December 2006 with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are, among other things, to review and approve the financial reporting process and internal control systems of the Group. The terms of reference of the Audit Committee are also available in writing upon request to the Company Secretary.

The audit committee comprises three members, namely, Mr. Yuen Shu Tong, Ms. Dong Juan and Mr. Wu Chi Hung, two of whom are Independent Non-executive Directors. The audit committee is chaired by Mr. Yuen Shu Tong, who possesses a professional accounting qualification and relevant accounting experience.

The Group's interim report for the six months ended 30 June, 2007 has been reviewed by the Audit Committee.

Corporate Governance Practices

OTHER BOARD COMMITTEES AND MANAGEMENT COMMITTEES

The Company has also established a remuneration committee, a nomination committee and an investment and reinsurance committee with clear terms of reference to enable such committees to discharge their functions properly. In addition, the Group has also established a number of management committees, including an Underwriting Committee, a Claims Committee, an Investment Management Committee and an Internal Audit Committee.

INTERNAL CONTROL

The Board, through the Audit Committee, has conducted a review of the internal control system of the Group for the six months ended 30 June 2007. The Board considers that all material internal controls of the Group are proper and effective.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. The Company has made specific inquiry with all its Directors who have each confirmed that he/she has complied with the required standard set out in the Model Code during the six months ended 30 June 2007.

Corporate Information

Board of Directors
Executive Directors
PENG Wei *(Chief Executive Officer)*
CHENG Kwok Ping *(General Manager)*
CHAN Pui Leung
LEE Wai Kun

Non-executive Directors
FENG Xiao Zeng *(Chairman)*
LIN Fan *(Vice Chairman)*
WU Chi Hung
IP Tak Chuen, Edmond
MA Lai Chee, Gerald
HONG Kam Cheung

Independent Non-executive Directors
YUEN Shu Tong
DONG Juan
WONG Hay Chih
YU Ziyou
LEE Yim Hong, Lawrence

Members of the Audit Committee
YUEN Shu Tong *(Chairman)*
DONG Juan
WU Chi Hung

Members of the Remuneration Committee
LIN Fan *(Chairman)*
WONG Hay Chih
YU Ziyou
LEE Yim Hong, Lawrence

Members of the Nomination Committee
FENG Xiao Zeng *(Chairman)*
DONG Juan
YU Ziyou

Members of the Investment and Reinsurance Committee
PENG Wei *(Chairman)*
CHENG Kwok Ping
HONG Kam Cheung
YUEN Shu Tong
DONG Juan
WONG Hay Chih
YU Ziyou

Authorized Representatives
PENG Wei
CHENG Kwok Ping

Company Secretary
LIM Bik Har, *ACS, ACIS*

Qualified Accountant
HO Kwok Ching, *FCCA, FCPA*

Registered Office
Clifton House
75 Fort Street
P. O. Box 1350 GT
George Town
Grand Cayman
Cayman Islands

Head Office and Principal Place of Business in Hong Kong
19/F., Ming An Plaza
8 Sunning Road
Causeway Bay
Hong Kong

Auditors
KPMG
Certified Public Accountants

Legal Advisors
Allen & Overy
Appleby

Hong Kong Branch Share Registrar and Transfer Office
Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Compliance Adviser
Evolution Watterson Securities Limited

Principal Bankers
Bank of China (Hong Kong) Limited
Citibank, N.A.
Nanyang Commercial Bank, Limited
Citic Ka Wah Bank Limited
Industrial and Commercial Bank of China (Asia) Limited

Listing Information
Listing: The Stock Exchange of Hong Kong Limited
Stock Code: 1389