民安（控股）有限公司

The Ming An (Holdings) Company Limited

Interim Report 2008

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1389)

member of CIG 中国保险集团成员

Contents

Definitions

"AMTD"	AMTD Group Company Limited, a company incorporated in the British Virgin Islands with limited liability, in which Cheung Kong beneficially and indirectly owns its issued share capital
"AMTDD"	AMTD Direct Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of AMTD
"AMTDFL"	AMTD Financial Planning Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of AMTD
"AMTD Risk Management"	AMTD Risk Management Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of AMTD
"Board"	the Board of Directors of the Company
"Cheung Kong" or "CKH"	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board
"Cheung Kong Group"	Cheung Kong and its subsidiaries
"China Insurance Group"	CIHC and its subsidiaries (excluding the Group)
"CIHK"	China Insurance H.K. (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of CIHC
"CIHC"	China Insurance (Holdings) Company Limited (formerly known as China Insurance Company Limited), a joint stock limited company established in the PRC
"CIGAML"	China Insurance Group Assets Management Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of CIIH
"CIIH"	China Insurance International Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board
"CIIH Group"	CIIH and its subsidiaries
"CIRC"	China Insurance Regulatory Commission, a regulatory body responsible for the supervision and regulation of the PRC insurance industry
"Company"	The Ming An (Holdings) Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"Directors"	the Directors of the Company

"Group"	the Company and its subsidiaries
"HKD" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Over-allotment Option"	the over-allotment option granted by the Company as referred to in the Prospectus
"PRC" or "China"	the People's Republic of China which, except where the context otherwise requires, does not include Taiwan or the Hong Kong and Macau Special Administrative Regions
"Renminbi" or "RMB"	renminbi yuan, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shareholders"	holders of Shares
"Share(s)"	ordinary share(s) of nominal value of HK$0.10 each in the capital of our Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"TPAML"	Tai Ping Asset Management Company Limited, a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of CIIH
"USD" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"we" or "us"	incorporated in the Cayman Islands on 5 September 2006 as an exempted company with limited liability and, except where the context otherwise requires, all of its subsidiaries

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 PRC.

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

	Six months ended 30 June	
	2008	2007
	(HK$ in millions)	
Gross written premiums	**960**	631
Underwriting (loss)/profit	**(111)**	18
Investment income	**114**	84
Net realized and unrealized gains on investments	**45**	564
Profit for the period	**20**	541

	At 30 June	At 31 December
	2008	2007
	(HK$ in millions, except percentages)	
Total assets	**7,770**	7,521
ROAE	**0.5%**	20.5%

The Group recorded a net profit of HK$20 million for the six months ended 30 June 2008, representing a decrease of 96.3% as compared with HK$541 million for the corresponding period last year. Our Hong Kong operations recorded a net profit of HK$171 million (2007: HK$554 million), whereas, our PRC operations recorded a net loss of HK$151 million (2007: HK$13 million), which was mainly due to the expansion of the PRC operations and the occurrence of natural disasters. There were four new provincial branches and twelve sub-branches established in the PRC and hence the administrative and operating expenses increased substantially. In addition, the rain storms disaster intensified the loss as it incurred a considerable amount of claims.

Gross written premiums increased by 52.1% to HK$960 million for the six months ended 30 June 2008 as compared with HK$631 million for the corresponding period last year. Our PRC operations recorded a significant growth and contributed 49.9% (2007: 27.7%) to the total gross written premiums of the Group, whereas Hong Kong operations contributed 50.1% (2007: 72.3%). For the six months ended 30 June 2008, the Group's five business lines, namely, motor, property, marine, liability and accident and health insurance represented 42.7%, 24.1%, 15.4%, 11.6% and 6.2% (2007: 28.7%, 28.5%, 20.2%, 16.1% and 6.5%) 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 2008, the Group's direct written premiums through agents, brokers, direct sales and other financial institutions accounted for approximately 59.5%, 27.7%, 9.1% and 3.7% (2007: 35.8%, 41.9%, 13.8% and 8.5%) respectively of the Group's direct written premiums.

The Group recorded an underwriting loss of HK$111 million (2007: profit of HK$18 million) and a combined ratio of 122.0% (2007: 94.4%) for the six months ended 30 June 2008. For our Hong Kong operations, the underwriting profit was HK$14 million (2007: HK$30 million) with a combined ratio of 95.1% (2007: 88.0%). Our PRC operations recorded an underwriting loss of HK$125 million (2007: HK$12 million) with a combined ratio of 156.8% (2007: 116.2%).

For details of our insurance operations, please refer to the section "Results of insurance operations" below.

During the six months ended 30 June 2008, investment return of the Group was HK$159 million (2007: HK$648 million). Investment income of the Group recorded an increase of 35.7% to HK$114 million for the six-month period as compared with HK$84 million for the corresponding period last year. The increase was primarily due to the increase in dividend and interest income from equity securities and debt securities. The net realized and unrealized gains on investments recorded a decrease of 92.0% to HK$45 million for the six-month period as compared with HK$564 million for the corresponding period last year. The significant decline was primarily due to a one-off gain of HK$555 million from the disposal of the Group's entire shareholding in Pacific Century Insurance Holdings Limited in the corresponding period of 2007 and the adverse changes in global financial and economic environment as well as the steep decline in the local and the PRC equity markets in the first half of 2008.

As at 30 June 2008, our total assets were HK$7,770 million, representing an increase of 3.3% as compared with HK$7,521 million as at 31 December 2007. Stable assets level has been maintained for the period.

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	
	2008	2007
	(HK$ in millions, except percentages)	
Gross written premiums	**481**	456
Net earned premiums	**284**	249
Net claims incurred	**(131)**	(88)
Net commission expenses	**(73)**	(72)
Management and other operating expenses	**(72)**	(66)
Change in net provision for unexpired risks	**6**	7
Underwriting profit	**14**	30
Operating ratios:		
Loss ratio	**44.0%**	32.5%
Expense ratio	**51.1%**	55.5%
Combined ratio	**95.1%**	88.0%

Gross Written Premiums

Gross written premiums increased by 5.5% to HK$481 million for the six months ended 30 June 2008 as compared with HK$456 million for the corresponding period last year.

Underwriting Profit

Underwriting profit decreased by 53.3% to HK$14 million for the six months ended 30 June 2008 as compared with HK$30 million for the corresponding period last year. The decrease was resulted from the increase in net claims incurred in employee compensation segment during the period and a huge amount of claim recovery from marine segment in the corresponding period last year.

PRC Operations

	Six months ended 30 June	
	2008	2007
	(HK$ in millions, except percentages)	
Gross written premiums	**479**	175
Net earned premiums	**220**	74
Net claims incurred	**(137)**	(37)
Net commission expenses	**(46)**	(1)
Management and other operating expenses	**(162)**	(48)
Change in net provision for unexpired risks	**0**	0
Underwriting loss	**(125)**	(12)
Operating ratios:		
Loss ratio	**62.3%**	50.0%
Expense ratio	**94.5%**	66.2%
Combined ratio	**156.8%**	116.2%

Gross Written Premiums

Gross written premiums increased significantly by 173.7% to HK$479 million for the six months ended 30 June 2008 as compared with $175 million for the corresponding period last year. The substantial growth was mainly contributed by the establishment of the comprehensive network of our PRC operations and the expansion of business since the number of branches was increased from eight to fourteen in the PRC compared to the six months ended 30 June 2007. The motor and non-motor business segments of our PRC operations contributed approximately 63.7% (2007: 47.4%) and 36.3% (2007: 52.6%) of the Group's PRC gross written premiums respectively.

Underwriting Loss

Our PRC operations recorded an underwriting loss of HK$125 million for the six months ended 30 June 2008 when compared with HK$12 million for the corresponding period last year. Such loss was mainly due to the newly established four branches in Hubei, Anhui, Tianjin and Liaoning and twelve sub-branches which substantially increased administrative and operating expenses to HK$162 million during the six-month period as compared with HK$48 million for the corresponding period last year. In addition, a considerable amount of claims were incurred by the catastrophic rain storms which happened during the period. The net claims incurred increased by HK$100 million to HK$137 million for the six months ended 30 June 2008 as compared with HK$37 million of the corresponding period last year.

INVESTMENT PERFORMANCE

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

	At 30 June 2008 *(HK$ in millions)*	**% of Total** *%*	At 31 December 2007 *(HK$ in millions)*	% of Total %
Equity securities:				
Listed	**451**	**8.4%**	510	9.5%
Unlisted	**200**	**3.8%**	64	1.2%
Debt securities:				
Listed	**1,354**	**25.4%**	664	12.4%
Unlisted	**447**	**8.4%**	329	6.2%
Certificates of deposit	**101**	**1.9%**	93	1.7%
Cash and bank deposits	**1,638**	**30.8%**	2,690	50.2%
Investment properties	**1,129**	**21.2%**	1,000	18.7%
Other investment assets[1]	**5**	**0.1%**	5	0.1%
Total invested assets	**5,325**	**100.0%**	5,355	100.0%

(1) Other investment assets primarily consist of investments in associate, investments in gold and club debentures.

Investment in listed equities decreased to HK$451 million as at 30 June 2008 compared to HK$510 million as at 31 December 2007. The decline was mainly due to the substantial downturn of the Hong Kong equity market in the first half of 2008. On the other hand, by adopting a prudent investment approach aiming at generating stable cash inflows while earning competitive market rate of return, the listed and unlisted debt securities were increased by HK$690 million and HK$118 million respectively. All debt securities held by the Group are rated BBB- or above by Standard & Poor's (or equivalent rating by other recognized 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			
	2008	2007	**2008**	2007
	(HK$ in millions)			
Investment income				
Interest and dividend income				
Dividend income from listed and unlisted equity securities	**28**	2	**9.1%**	1.4%
Interest income from debt securities	**42**	5	**5.6%**	5.7%
Interest income from bank balances	**22**	59	**2.1%**	4.3%
Rental income	**22**	18	**4.2%**	3.8%
	114	84	**4.3%**	4.0%
Net realized and unrealized gains on investments	**45**	564	**N/A**	N/A
	159	648	**6.0%**	17.7%

The total investment return of the Group decreased by 75.5% to HK$159 million for the six months ended 30 June 2008 as compared with HK$648 million for the corresponding period last year.

PROFIT FOR THE PERIOD

Total investment return for the six months ended 30 June 2008 was HK$159 million, while the underwriting loss for the six-month period was HK$111 million. Income tax charge for the period was HK$0.1 million, representing a tax provision in the PRC. After deducting the expenses of HK$28 million, the profit for the six-month period was HK$20 million.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

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 2008 amounted to HK$1,373 million (31 December 2007: HK$2,578 million). Decrease is mainly caused by increase of investments in debt securities at HK$808 million during the period. 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.

Gearing Ratio

	At 30 June 2008	At 31 December 2007
Gearing ratio	**52.6%**	48.7%

The gearing ratio is computed by dividing total liabilities by total assets. As at 30 June 2008, the Group's gearing ratio was 52.6%, representing an increase of 3.9 percentage point as compared with 48.7% as at 31 December 2007. It was primarily due to the increase in total liabilities to HK$4,087 million as at 30 June 2008 as compared with HK$3,667 million as at 31 December 2007 as a result of increase in insurance funds by HK$303 million and insurance payable by HK$104 million 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 2008, we had a contingent liability of HK$30 million (31 December 2007: 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 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 HK$30 million (31 December 2007: HK$30 million) was made in the interim financial report.

Capital Expenditure

Our capital expenditure has primarily been for the renovation expenditures, furniture and fittings of HK$24 million (31 December 2007: HK$35 million), and computers of HK$1 million (31 December 2007: HK$7 million) during the six months ended 30 June 2008.

HEDGING INSTRUMENTS

The Group does not use any financial instruments for hedging purposes. The Group's functional and reporting currency are HKD. Other than HKD, the Group transacts business mainly in the USD and 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 2008, the Group had a staff force of 2,037 (2007: 906). Of this, 1729 (2007: 588) were in the PRC and 308 (2007: 318) were in Hong Kong. Total remuneration for the six months ended 30 June 2008 amounted to HK$124 million (2007: 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.

OUTLOOK

In the second half of the year 2008, the Hong Kong insurance market is expected to remain stable. The Group, as in the past, will maintain its leading position in the Hong Kong general insurance market.

With the steady growth of the Chinese economy, the Chinese insurance market will continue to prosper. Currently, the Group has established seventeen provincial branches in major coastal cities and provinces on the mainland and in developed areas in the central part of China. During the first half of the year 2008, the Group opened new provincial branch offices in Hubei, Anhui, Tianjin and Liaoning. In July 2008, the Group opened provincial branch offices in Sichuan, Hunan and Henan. The Group plans to open a branch office in Fujian in September 2008. By the end of the year 2008, the number of provincial branches of the Group will increase to eighteen and the number of sub-branches will increase from thirty-one to around sixty. Investment of substantial resources and capital in these operations is essential. It will create a position of advantage for the long-term development of the Group.

The ability to take advantage of effective sales network is very important to the Group's success in an increasingly competitive insurance market. The Group will continue to strengthen and develop the present sales network by establishing stronger cooperation with banks, life insurance companies and strategic business partners. The Group will further strengthen corporate risk management and the competitiveness of core business. Furthermore, the Group will continue to improve its insurance products to satisfy the diverse insurance requirements of its customers. The Group places considerable importance on the development of new insurance products and has recently introduced the Mingan travel insurance card and the first cross-border motor vehicle owner's liability insurance in Hong Kong. To enhance the performance of the management team and employees, the Group will continue to provide training for employees and encourage exchange of knowledge in the insurance industry. The Group is committed to the provision of high standard insurance services to its customers.

In the first half of the year 2008, the international financial market environment was volatile and this affected the insurance industry. In the second half of the year 2008, the Group will adopt a conservative investment policy, establish a sound assets management plan and avoid high risk investment projects to ensure stable investment returns to shareholders and minimise investment risk.

The Group will maintain a prudent management approach, explore opportunities in the Chinese insurance market and further expand sales network. It is the medium to long-term strategy of the Group to build stronger teams to strengthen its competitive advantage. The Group is committed to fulfilling its corporate social responsibility, building a good reputation, implementing a sustainable business development strategy, strengthening competitiveness and increasing shareholder value.

Consolidated Income Statement

For the six months ended 30 June 2008 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2008 $	2007 $
Gross written premiums	4	**960,024,030**	631,084,658
Change in gross provision for unearned premiums		**(210,070,663)**	(85,417,344)
Gross earned premiums		**749,953,367**	545,667,314
Reinsurers' share of earned premiums	5	**(245,664,712)**	(222,541,164)
Net earned premiums		**504,288,655**	323,126,150
Net commission expenses	5	**(119,365,195)**	(73,156,951)
Gross claims paid		**(377,126,826)**	(646,606,139)
Change in gross provision for outstanding claims		**(66,163,382)**	561,875,532
Gross claims incurred		**(443,290,208)**	(84,730,607)
Reinsurers' share of claims incurred	5	**174,909,712**	(39,990,591)
Net claims incurred		**(268,380,496)**	(124,721,198)
Change in net provision for unexpired risks	5	**6,120,000**	7,240,000
Management and other operating expenses		**(234,046,567)**	(114,048,693)
Underwriting (loss)/profit		**(111,383,603)**	18,439,308
Investment income	6	**114,347,535**	84,417,833
Net realised and unrealised gains on investments	7	**45,138,044**	563,891,493
Other net loss	7	**(17,007,732)**	(7,917,046)
Administrative and other expenses		**(11,361,257)**	(1,925,469)
Profit from operations		**19,732,987**	656,906,119
Share of profits of an associate		**136,135**	26,518
Profit before taxation	8	**19,869,122**	656,932,637
Income tax charge	9(a)	**(100,221)**	(116,221,948)
Profit for the period		**19,768,901**	540,710,689

Consolidated Income Statement

For the six months ended 30 June 2008 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2008 $	2007 $
Attributable to:			
Equity shareholders of the Company		**19,768,901**	540,710,689
Interim dividend declared after the balance sheet date	10	**–**	58,127,680
Earnings per share attributable to the equity shareholders of the Company			
Basic	11	**0.007**	0.186

The notes on pages 18 to 42 form part of this interim financial report.

Consolidated Balance Sheet

As at 30 June 2008 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2008 $	At 31 December 2007 $
Assets			
Statutory deposits	12	**265,258,054**	111,628,620
Fixed assets			
– Investment properties	13	**1,129,152,500**	1,000,350,000
– Interests in leasehold land held for own use under operating leases		**250,609,853**	227,016,609
– Property and equipment		**160,567,011**	140,208,161
Interests in an associate		**4,309,377**	4,173,242
Deferred tax assets		**69,200,000**	69,200,000
Investments in securities	14	**2,552,359,126**	1,660,663,876
Insurance receivables	15	**384,926,424**	286,322,144
Other receivables		**191,962,181**	123,698,127
Reinsurers' share of insurance funds	16	**1,347,619,972**	1,269,723,745
Amounts due from fellow subsidiaries		**6,581,701**	20,019,718
Amounts due from affiliated companies		**32,604,294**	29,274,215
Amounts due from shareholders		**1,559,432**	552,152
Deposits with banks with original maturity more than three months		**54,260,159**	835,722,675
Cash and cash equivalents	17	**1,318,879,119**	1,742,755,765
		7,769,849,203	7,521,309,049
Liabilities			
Insurance funds	16	**3,312,183,923**	3,008,502,852
Insurance protection fund		**3,121,720**	2,245,683
Insurance payables	18	**522,046,804**	417,614,220
Other payables		**103,536,739**	93,188,720
Amounts due to shareholders		**74,888**	–
Amounts due to fellow subsidiaries		**24,469,915**	23,519,536
Current taxation	9(b)	**121,468,537**	121,468,537
		4,086,902,526	3,666,539,548
Net assets		**3,682,946,677**	3,854,769,501

Consolidated Balance Sheet

As at 30 June 2008 – unaudited
(Expressed in Hong Kong dollars)

	Note	At 30 June 2008 $	At 31 December 2007 $
Capital and reserves			
Share capital	19	**290,638,400**	290,638,400
Share premium		**2,292,071,992**	2,292,071,992
Reserves		**1,100,236,285**	1,272,059,109
Total equity		**3,682,946,677**	3,854,769,501

The notes on pages 18 to 42 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008 – 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 $	Revaluation reserve $	Retained profits $	Total $
At 1 January 2008	290,638,400	2,292,071,992	3,850,253	15,086,005	58,223,490	66,119,750	6,702,991	1,122,076,620	3,854,769,501
Dividend paid during the period	–	–	–	–	–	–	–	(87,191,520)	(87,191,520)
Profit for the period	–	–	–	–	–	–	–	19,768,901	19,768,901
Available-for-sale securities									
– Change in fair value of available-for-sale securities	–	–	–	–	–	(145,024,933)	–	–	(145,024,933)
– Transfer to consolidated income statement on disposal	–	–	–	–	–	(53,489,499)	–	–	(53,489,499)
– Transfer to consolidated income statement on impairment of available-for-sale securities	–	–	–	–	(867,826)	32,747,902	–	–	31,880,076
Exchange difference on translation of financial statements of foreign subsidiaries	–	–	250,569	–	61,983,582	–	–	–	62,234,151
At 30 June 2008	290,638,400	2,292,071,992	4,100,822	15,086,005	119,339,246	(99,646,780)	6,702,991	1,054,654,001	3,682,946,677
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
Issuance of new shares upon exercise of the Over-allotment Option	10,505,000	186,989,000	–	–	–	–	–	–	197,494,000
Share issue expenses	–	(6,823,018)	–	–	–	–	–	–	(6,823,018)
Profit for the period	–	–	–	–	–	–	–	540,710,689	540,710,689
Available-for-sale securities									
– Transfer to consolidated income statement on disposal	–	–	–	–	–	(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
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

The notes on pages 18 to 42 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008 – unaudited
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2008 $	2007 $
Net cash used in operating activities		**(60,661,119)**	(115,609,738)
Net cash (used in)/generated from investing activities		**(314,826,281)**	246,570,415
Net cash (used in)/generated from financing activities		**(87,191,520)**	190,670,982
Net (decrease)/increase in cash and cash equivalents		**(462,678,920)**	321,631,659
Effects of foreign exchange rate changes		**38,802,274**	16,019,056
Cash and cash equivalents at beginning of period		**1,742,755,765**	2,811,782,317
Cash and cash equivalents at end of period	17	**1,318,879,119**	3,149,433,032

The notes on pages 18 to 42 form part of this interim financial report.

Notes to the unaudited Interim Financial Report

(Expressed in Hong Kong dollars)

1 Status of the Company

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 2008 comprises the Company and its subsidiaries (collectively referred to as the "Group") and the Group's investment in an associate.

2 Basis of preparation

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 Hong Kong Institute of Certified Public Accountants. It was authorised for issuance on 28 August 2008.

The accounting policies and methods of computation adopted in the 2007 annual financial statements have been applied consistently to this interim financial report.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as the related disclosures. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2007 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 2007 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2008.

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

(Expressed in Hong Kong dollars)

3 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 vehicles
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 2008						
	Motor	Property	Liability	Marine	Accident and health	Unallocated	Total
	$	$	$	$	$	$	$
Direct businesses	410,262,238	231,042,492	110,869,713	147,230,493	59,398,974	–	958,803,910
Reinsurance businesses accepted	47,300	348,912	54,303	185,104	584,501	–	1,220,120
Gross written premiums from external customers	410,309,538	231,391,404	110,924,016	147,415,597	59,983,475	–	960,024,030
Net earned premiums	265,934,325	59,230,758	90,802,102	51,157,953	37,163,517	–	504,288,655
Net claims incurred	(136,827,525)	(51,567,644)	(50,014,929)	(14,211,197)	(15,759,201)	–	(268,380,496)
Change in net provision for unexpired risks	–	–	5,070,000	1,640,000	(590,000)	–	6,120,000
Net commission expenses	(79,219,940)	(4,203,362)	(19,003,487)	(6,252,504)	(10,685,902)	–	(119,365,195)
Management and other operating expenses	(129,385,759)	(43,121,969)	(22,697,681)	(22,449,115)	(16,392,043)	–	(234,046,567)
Segment results	(79,498,899)	(39,662,217)	4,156,005	9,885,137	(6,263,629)	–	(111,383,603)
Unallocated operating income and expenses	–	–	–	–	–	131,116,590	131,116,590
(Loss)/profit from operations	(79,498,899)	(39,662,217)	4,156,005	9,885,137	(6,263,629)	131,116,590	19,732,987
Share of profits of an associate	–	–	–	–	–	136,135	136,135
(Loss)/profit before taxation	(79,498,899)	(39,662,217)	4,156,005	9,885,137	(6,263,629)	131,252,725	19,869,122
Income tax charge	–	–	–	–	–	(100,221)	(100,221)
(Loss)/profit for the period	(79,498,899)	(39,662,217)	4,156,005	9,885,137	(6,263,629)	131,152,504	19,768,901

(Expressed in Hong Kong dollars)

3 Segment information (continued)

(a) Business segments (continued)

	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 profits 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

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

(Expressed in Hong Kong dollars)

3 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 2008		
	Hong Kong	**The PRC**	**Total**
	$	**$**	**$**
Direct businesses	**479,655,755**	**479,148,155**	**958,803,910**
Reinsurance businesses accepted	**1,220,120**	**–**	**1,220,120**
Gross written premiums from external customers	**480,875,875**	**479,148,155**	**960,024,030**
Net earned premiums	**283,816,436**	**220,472,219**	**504,288,655**
Net claims incurred	**(131,488,701)**	**(136,891,795)**	**(268,380,496)**
Change in net provision for unexpired risks	**6,120,000**	**–**	**6,120,000**
Net commission expenses	**(72,920,849)**	**(46,444,346)**	**(119,365,195)**
Management and other operating expenses	**(71,620,060)**	**(162,426,507)**	**(234,046,567)**
Segment results	**13,906,826**	**(125,290,429)**	**(111,383,603)**
Other operating income and expenses (net)	**157,360,016**	**(26,243,426)**	**131,116,590**
Profit/(loss) from operations	**171,266,842**	**(151,533,855)**	**19,732,987**
Share of profits of an associate	**136,135**	**–**	**136,135**
Profit/(loss) before taxation	**171,402,977**	**(151,533,855)**	**19,869,122**
Income tax charge	**–**	**(100,221)**	**(100,221)**
Profit/(loss) for the period	**171,402,977**	**(151,634,076)**	**19,768,901**

(Expressed in Hong Kong dollars)

3 Segment information (continued)

(b) Geographical segments (continued)

	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
Other operating income and expenses (net)	639,769,154	(1,302,343)	638,466,811
Profit/(loss) from operations	670,612,895	(13,706,776)	656,906,119
Share of profits 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

(Expressed in Hong Kong dollars)

4 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 period.

5 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	
	2008	2007
	$	$
Premiums ceded to reinsurers	**(276,687,677)**	(262,073,924)
Change in reinsurers' share of provision for unearned premiums	**31,022,965**	39,532,760
Reinsurers' share of earned premiums	**(245,664,712)**	(222,541,164)
Gross commission income	**69,366,398**	60,703,239
Gross commission expenses	**(188,731,593)**	(133,860,190)
Net commission expenses	**(119,365,195)**	(73,156,951)
Reinsurers' share of claims paid	**135,278,518**	456,496,925
Reinsurers' share of change in provision for outstanding claims	**39,631,194**	(496,487,516)
Reinsurers' share of claims incurred	**174,909,712**	(39,990,591)
Change in gross provision for unexpired risks	**13,170,000**	3,166,000
Change in reinsurers' share of provision for unexpired risks	**(7,050,000)**	4,074,000
Change in net provision for unexpired risks	**6,120,000**	7,240,000

(Expressed in Hong Kong dollars)

6 Investment income

	Six months ended 30 June	
	2008	2007
	$	$
Interest income on financial assets not at fair value through profit or loss		
– Debt securities	**34,921,404**	–
– Bank balances	**22,249,794**	58,984,635
Interest income from securities held for trading	**6,864,923**	4,696,305
Rental income	**22,490,127**	18,369,336
Dividend income		
– Listed equity securities	**6,245,629**	627,557
– Unlisted equity securities	**21,575,658**	1,740,000
	114,347,535	84,417,833

(Expressed in Hong Kong dollars)

7 Net realised and unrealised gains on investments and other net loss

	Six months ended 30 June	
	2008	2007
	$	$
(a) Net realised and unrealised gains on investments		
Property related income		
– Revaluation surplus of investment properties	**128,802,500**	–
Investment related income/(losses)		
– Net gains/(losses) on disposal of available-for-sale securities		
– transfer from equity	**53,489,499**	233,088,641
– arising in current period	**(105,259,019)**	321,496,383
– Impairment losses on available-for-sale securities	**(31,880,076)**	–
– Net gains on disposal of securities held for trading	**2,755,045**	6,945,944
– Net unrealised (losses)/gains on securities held for trading	**(2,769,905)**	2,360,525
	45,138,044	563,891,493
(b) Other net loss		
Fee and commission income		
– Handling fee income	**2,426,402**	457,988
– Management fee income	**350,000**	350,000
– Miscellaneous commission income	**437,885**	401,550
Use of land and buildings		
– Impairment losses of interest in leasehold land held for own use under operating leases written back	**23,729,263**	–
– Net losses on disposal of property and equipment	**–**	(233,308)
Others		
– Net foreign exchange losses	**(43,975,581)**	(9,092,168)
– Sundry income	**5,362**	185,499
– Bad debts recovered	**18,937**	13,393
	(17,007,732)	(7,917,046)

(Expressed in Hong Kong dollars)

8 Profit before taxation

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

	Six months ended 30 June 2008 $	2007 $
(a) Staff costs:		
Contributions to defined contribution retirement plan	**11,136,890**	5,461,582
Salaries, wages and other benefits	**112,689,753**	66,366,132
	123,826,643	71,827,714
(b) Other items:		
Auditors' remuneration	**1,243,165**	1,280,000
Depreciation	**8,589,453**	3,832,281
Operating lease charges in respect of land and buildings	**11,131,745**	2,486,813
Net impairment losses written back		
– fixed assets	**(23,729,263)**	–
– insurance receivables	**(2,449,163)**	(3,552,441)
Rentals receivable from investment properties less direct outgoings	**(21,801,159)**	(17,638,166)
– direct outgoings	**688,969**	731,170
Share of associate's taxation	**12,235**	21,587

9 Income tax

(a) Taxation in the consolidated income statements represents:

	Six months ended 30 June 2008 $	2007 $
Current tax-Hong Kong Profits Tax		
Provision for the period (note (i))	**–**	116,922,558
Current tax-the PRC (note (ii))		
Under/(over)-provision in respect of prior years	**100,221**	(700,610)
	100,221	(700,610)
Income tax charge	**100,221**	116,221,948

(Expressed in Hong Kong dollars)

9 Income tax (continued)

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

Notes:

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2007:17.5%) of the estimated assessable profits for the six months ended 30 June 2008.

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

(b) Taxation in the consolidated balance sheets represents:

	At 30 June 2008 $	At 31 December 2007 $
Provision for Hong Kong Profits Tax for the period	–	116,867,078
Balance of Hong Kong Profits Tax provision relating to prior years	121,468,537	4,601,459
	121,468,537	121,468,537

10 Dividend

No interim dividend has been declared by the Board of Directors for the six months ended 30 June 2008 (30 June 2007: 2 cents per share).

A final dividend of 3 cents per share (2007: Nil) in respect of the previous financial year, was approved and paid during the period.

11 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2008 is based on the profit attributable to equity shareholders of the Company for the period of $19,768,901 (2007: $540,710,689) and the weighted average number of shares in issue of 2,906,384,000 (2007: 2,902,321,293) during the period.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares as at 30 June 2008 and 30 June 2007.

(Expressed in Hong Kong dollars)

12 Statutory deposits

A subsidiary and a branch of the Group located in the PRC have placed $111,628,620 and $265,258,054 as at 31 December 2007 and 30 June 2008 with banks respectively as capital guarantee funds.

Pursuant to Article 79 of the PRC Insurance Law (Revised), an insurance company shall deposit 20% of its registered capital approved by the China Insurance Regulatory Commission ("CIRC") into the banks 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.

13 Fixed assets

(a) Investment properties

In determining the valuation of investment properties, the directors have made reference to the valuation reports prepared by independent firms of surveyors, on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The revaluation surplus of $128,802,500 has been credited to the consolidated income statement of the Group for the six months ended 30 June 2008 (2007: Nil).

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 under operating leases was $1,129,152,500 (31 December 2007: $1,000,350,000).

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

	At 30 June 2008	At 31 December 2007
	$	$
Within 1 year	**41,639,816**	35,366,853
After 1 year but within 5 years	**30,273,578**	23,922,005
	71,913,394	59,288,858

(b) Property and equipment

The Group acquired additional property and equipment amounting to $25,474,768 for the six months ended 30 June 2008 (year ended 31 December 2007: $41,885,216). The Group disposed of a property and equipment with a net book value of $8,675 for the six months ended 30 June 2008 (year ended 31 December 2007: $295,658) with no gains or losses incurred (year ended 31 December 2007: Nil).

(Expressed in Hong Kong dollars)

14 Investments in securities

	Available-for-sale securities		Securities held for trading		Held-to-maturity securities		Total	
	At 30 June 2008 $	At 31 December 2007 $	**At 30 June 2008 $**	At 31 December 2007 $	**At 30 June 2008 $**	At 31 December 2007 $	**At 30 June 2008 $**	At 31 December 2007 $
Fixed interest securities								
– Financial institutions: Unlisted	**124,388,361**	139,017,397	**–**	–	**103,182,934**	103,363,740	**227,571,295**	242,381,137
– Others: Unlisted	**142,436,758**	33,446,700	**–**	–	**76,463,879**	53,197,644	**218,900,637**	86,644,344
– Government: Listed	**–**	–	**27,198,554**	28,669,360	**–**	–	**27,198,554**	28,669,360
– Others: Listed	**534,966,580**	193,697,185	**154,387,635**	154,987,157	**637,310,095**	286,019,258	**1,326,664,310**	634,703,600
	801,791,699	366,161,282	**181,586,189**	183,656,517	**816,956,908**	442,580,642	**1,800,334,796**	992,398,441
Certificates of deposit	**14,882,695**	7,583,245	**80,592,491**	80,333,565	**5,495,854**	5,483,415	**100,971,040**	93,400,225
Equity securities								
– Listed	**422,335,249**	479,675,210	**28,498,709**	30,308,727	**–**	–	**450,833,958**	509,983,937
– Unlisted	**199,727,232**	64,389,173	**–**	–	**–**	–	**199,727,232**	64,389,173
	622,062,481	544,064,383	**28,498,709**	30,308,727	**–**	–	**650,561,190**	574,373,110
Other								
– Unlisted	**492,100**	492,100	**–**	–	**–**	–	**492,100**	492,100
Total	**1,439,228,975**	918,301,010	**290,677,389**	294,298,809	**822,452,762**	448,064,057	**2,552,359,126**	1,660,663,876
Representing:								
Listed								
– Hong Kong	**452,693,602**	450,570,128	**28,498,709**	30,308,727	**17,083,092**	–	**498,275,403**	480,878,855
– Overseas	**504,608,227**	222,802,267	**181,586,189**	183,656,517	**620,227,003**	286,019,258	**1,306,421,419**	692,478,042
Unlisted	**481,927,146**	244,928,615	**80,592,491**	80,333,565	**185,142,667**	162,044,799	**747,662,304**	487,306,979
	1,439,228,975	918,301,010	**290,677,389**	294,298,809	**822,452,762**	448,064,057	**2,552,359,126**	1,660,663,876
Market value of listed securities	**957,301,829**	673,372,395	**210,084,898**	213,965,244	**617,058,280**	283,918,281	**1,784,445,007**	1,171,255,920

Accounting estimates and judgements

The Group follows the requirements of HKAS 39 when determining whether an investment in an available-for-sale security or held-to-maturity security is impaired. This determination requires significant judgement.

(Expressed in Hong Kong dollars)

15 Insurance receivables

	At 30 June 2008 $	At 31 December 2007 $
Premiums receivable under direct business	**347,245,091**	211,641,604
Amounts due under reinsurance contracts	**64,326,075**	139,673,057
Less: allowance for doubtful debt	**(26,919,111)**	(65,239,999)
	384,652,055	286,074,662
Deposits retained by cedants	**274,369**	247,482
	384,926,424	286,322,144
Amounts expected to be settled within 1 year		
– Premiums receivable under direct business	**328,670,718**	197,012,575
– Amounts due under reinsurance contracts	**39,633,088**	78,018,662
	368,303,806	275,031,237

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

	At 30 June 2008 $	At 31 December 2007 $
Current	**301,260,111**	242,427,974
1 to 3 months past due	**37,653,042**	19,183,114
More than 3 months past due but less than 12 months past due	**29,390,653**	13,420,149
Over 1 year past due	**16,348,249**	11,043,425
	384,652,055	286,074,662

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

(Expressed in Hong Kong dollars)

16 Insurance funds

	30 June 2008		
	Gross	Reinsurers' share	Net
	$	$	$
Provision for outstanding claims	**2,443,050,373**	**(1,149,625,165)**	**1,293,425,208**
Provision for unearned premiums	**864,800,550**	**(200,042,807)**	**664,757,743**
Provision for unexpired risks	**4,333,000**	**2,048,000**	**6,381,000**
Total	**3,312,183,923**	**(1,347,619,972)**	**1,964,563,951**

	31 December 2007		
	Gross	Reinsurers' share	Net
	$	$	$
Provision for outstanding claims	2,358,923,977	(1,099,906,974)	1,259,017,003
Provision for unearned premiums	632,075,875	(164,814,771)	467,261,104
Provision for unexpired risks	17,503,000	(5,002,000)	12,501,000
Total	3,008,502,852	(1,269,723,745)	1,738,779,107

Assumptions and methodologies

A comprehensive loss and premium reserve review is conducted semi-annually. These reviews are conducted for each class for the Group. The reserve analysis for each business class is performed by the internal and qualified external actuarial personnel. In completing these actuarial reserve analyses, the actuarial personnel are required to make numerous assumptions. 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.

(Expressed in Hong Kong dollars)

16 Insurance funds (continued)

Assumptions and methodologies (continued)

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 incurred and paid loss development methods are methods that use historical patterns of claim emergence to project future emergence of losses. 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. The ultimate loss ratio (the estimated undiscounted ultimate losses divided by the earned premiums) for each class is determined by using the methods mentioned above.

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. The projected ultimate loss ratios are applied to the Group's actual unearned premiums to estimate the ultimate losses for the unexpired risks. Commission expenses are not included in the premium liabilities since the Group does not recognise deferred acquisition costs. The sum of the best estimate of the ultimate losses and claims handling costs is the Group's best estimate of the premium liabilities. 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 consolidated financial statements.

Due to the potential variability of the assumptions used, the actual emergence of losses may differ from the estimate of losses included in the Group's consolidated financial statements, particularly when settlements may not occur until well into the future (i.e. long-tail businesses). Long tail classes written by the Group mainly include employees' compensation.

17 Cash and cash equivalents

	At 30 June 2008 $	At 31 December 2007 $
Deposits with banks and other financial institutions with original maturity less than 3 months	**733,165,441**	846,053,426
Cash at bank and in hand	**585,713,678**	896,702,339
Cash and cash equivalents	**1,318,879,119**	1,742,755,765

(Expressed in Hong Kong dollars)

18 Insurance payables

	At 30 June 2008 $	At 31 December 2007 $
Amounts due under direct business	**192,257,902**	148,740,991
Amounts due under reinsurance contracts accepted	**994,411**	1,007,133
Amounts due under reinsurance contracts ceded	**250,757,117**	148,075,912
	444,009,430	297,824,036
Deposits retained from reinsurers	**78,037,374**	119,790,184
	522,046,804	417,614,220
Amounts expected to be settled within 1 year:		
– Amounts due under direct business	**183,427,550**	134,849,101
– Amounts due under reinsurance contracts accepted	**231,435**	224,307
– Amounts due under reinsurance contracts ceded	**203,571,761**	84,084,754
	387,230,746	219,158,162

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

	At 30 June 2008 $	At 31 December 2007 $
Current or on demand	**369,262,824**	210,495,683
1 to 3 months overdue	**39,526,456**	30,608,748
More than 3 months overdue but less than 12 months overdue	**20,369,267**	26,925,036
Over 1 year overdue	**14,850,883**	29,794,569
	444,009,430	297,824,036

(Expressed in Hong Kong dollars)

19 Capital

Share capital

	At 30 June 2008		At 31 December 2007	
	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	**2,906,384,000**	**290,638,400**	2,801,334,000	280,133,400
Issuance of new shares upon exercise of the Over-allotment Option	**–**	**–**	105,050,000	10,505,000
At 30 June 2008/ 31 December 2007	**2,906,384,000**	**290,638,400**	2,906,384,000	290,638,400

20 Capital commitment

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

	At 30 June 2008	At 31 December 2007
	$	$
Contracted for	**938,826**	3,167,417

(Expressed in Hong Kong dollars)

21 Operating lease commitments

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

	At 30 June 2008 $	At 31 December 2007 $
Within 1 year	**26,851,482**	19,030,858
After 1 year but within 5 years	**35,782,240**	30,392,901
	62,633,722	49,423,759

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to two years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

22 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 (31 December 2007: $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 2008 (31 December 2007: Nil).

23 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.

23 Insurance and financial risk management (continued)

(a) Insurance risk

(i) Risk management objectives and policies for managing risk arising from insurance contracts

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 flows. 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.

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"), monitor 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) 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.

23 Insurance and financial risk management (continued)

(b) Liquidity risk

The Group is exposed to daily calls on its available cash resources to settle claims arising from insurance contracts. There is a risk that cash will not be available to settle claims liabilities when due.

The Group has established procedures to monitor and control its daily cash flow by placing surplus funds as one-month bank deposits so as to mature at weekly intervals in order to meet unexpected cash demand and to comply with the regulatory solvency requirement.

(c) 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 maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance.

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.

Specifically, the exposure of credit risk relates to reinsurers' share of insurance funds and reinsurance debtors. For reinsurers' share of insurance funds (excluding provision for unearned premiums), the Group monitors the financial stability of the reinsurers periodically and makes cash calls to reinsurers on significant claims to reduce the risk of default. In addition, statement of accounts are sent quarterly to reinsurers to verify the balances due from/to them.

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics.

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 investments in debt securities are 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 investment grade or above to limit exposure to credit risk. The details of investments are shown in note 14.

(d) Market risk

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

The Group is exposed to market risk from its investment portfolio and insurance activities. Market risk is managed by setting the maximum allowed risk limit for each type of risk approved by the board of directors annually and by monitoring any adverse deviation from these allowed risk limits on an ongoing basis.

23 Insurance and financial risk management (continued)

(d) Market risk (continued)

Sensitivity analysis is performed and reviewed by the board of directors and the Investment Committee on a half-yearly basis.

(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 2008, the Group held approximately $1,800 million in debt securities (31 December 2007: $992 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 higher than investment grade, most of which are exposed to interest rate risk. Interest rate risks may also affect the Group's future investments.

The Group's debt securities portfolio is managed by China Insurance Group Assets Management Limited ("CIGAML"), Tai Ping Asset Management Company Limited ("TPAML") and Hang Seng Investment Management Limited ("HSIML") 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, TPAML and HSIML and consultation with external financial investment experts. CIGAML, TPAML and HSIML provide 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.

(ii) Equity price risk

The equity portfolio of the Group is managed by CIGAML, TPAML and HSIML under the direction of the Investment Committee. Pursuant to the investment guidelines, CIGAML, TPAML and HSIML 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, TPAML and HSIML and consultation with external financial investment experts.

(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. As HKD is pegged to USD, we do not consider any significant foreign currency risk for USD transactions. The currency position of assets and liabilities is monitored by the Group periodically.

(Expressed in Hong Kong dollars)

23 Insurance and financial risk management (continued)

(e) Maturity profile

	Six months ended 30 June 2008					
	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	44,203,457	40,000,125	181,054,472	–	–	265,258,054
– Certificates of deposit	5,495,854	–	–	80,592,491	14,882,695	100,971,040
– Debt securities	–	1,006,200	397,893,617	740,576,716	660,858,263	1,800,334,796
– Deposits with banks with original maturity more than three months	30,000	6,824,640	47,405,519	–	–	54,260,159
Cash and cash equivalents	1,318,879,119	–	–	–	–	1,318,879,119
	1,368,608,430	47,830,965	626,353,608	821,169,207	675,740,958	3,539,703,168

	Year ended 31 December 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	22,999,946	–	88,628,674	–	–	111,628,620
– Certificates of deposit	–	–	5,483,415	80,333,565	7,583,245	93,400,225
– Debt securities	–	–	20,094,000	530,806,052	441,498,389	992,398,441
– Deposits with banks with original maturity more than three months	499,998,829	103,197,828	232,526,018	–	–	835,722,675
Cash and cash equivalents	1,742,755,765	–	–	–	–	1,742,755,765
	2,265,754,540	103,197,828	346,732,107	611,139,617	449,081,634	3,775,905,726

(Expressed in Hong Kong dollars)

24 Material related party transactions

(a) Recurring transactions with related parties

	Note	Six months ended 30 June 2008 $	2007 $
Transactions with China Insurance Group:			
Rental income	(i)	**2,806,521**	2,661,256
Business ceded to fellow subsidiaries			
– Outward reinsurance premiums	(ii)	**(406,091)**	(1,730,501)
Transactions with CIIH Group:			
Business ceded to fellow subsidiaries			
– Outward reinsurance premiums	(iii)	**(29,210,512)**	(31,646,521)
– Commission income received	(iii)	**10,040,796**	9,084,312
– Claims recoveries received	(iii)	**22,527,730**	43,733,575
Investment management fees	(iv)	**(3,953,139)**	(275,275)
Transactions with Cheung Kong Group:			
Gross written premiums	(v)	**51,108,285**	40,116,904
Claims paid	(v)	**(6,915,902)**	(955,271)
Facility rental fee	(vi)	**(396,000)**	(1,225,000)
Commission paid	(vii)	**(543,736)**	(1,327,388)

24 Material related party transactions (continued)

(a) Recurring transactions with related parties (continued)

Notes:

China Insurance Group

(i) The Group leased a number of offices, residential units and car parking spaces including units in Ming An Plaza, China Insurance Group Building and Fortress Metro Tower to its immediate holding company, and its subsidiaries (other than CIIH Group) and received rental income. The terms and conditions of these tenancy agreements were negotiated on an arm's length basis and were entered into on normal commercial terms.

(ii) The Group ceded gross written premiums to China Insurance Company (U.K.) Limited, China Insurance (Macau) Company Limited and Tai Ping Insurance Company Limited, subsidiaries of China Insurance H.K. (Holdings) Company Limited. 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.

CIIH Group

(iii) The Group ceded gross written premiums to China International Reinsurance Company Limited, a subsidiary of China Insurance International Holdings Company Limited ("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.

(iv) The Group paid investment management fees and performance bonus fees to China Insurance Group Assets Management Limited ("CIGAML") and Tai Ping Asset Management Company Limited ("TPAML"), subsidiaries of CIIH, for provision of investment consultancy services. The fees were calculated on the basis of (a) a certain percentage of the increase in the net asset value of the investment fund; and/or (b) a performance bonus fee representing a certain percentage of the amount of net investment return at the end of the relevant calendar year in excess of an amount equivalent to a certain percentage of the daily average balance of the settlor's subscription monies or the increase in the net asset value of the relevant investment fund managed by CIGAML and TPAML; and/or (c) such other bases as may be agreed by the parties to the investment management agreement.

24 Material related party transactions (continued)

(a) Recurring transactions with related parties (continued)

Notes: (continued)

Cheung Kong Group

(v) The Group received gross written premiums from and paid claims to Cheung Kong Group 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.

(vi) Pursuant to a master marketing services agreement dated 7 December 2006, AMTD Financial Planning Limited ("AMTDFL") and AMTD Direct Limited ("AMTDD"), associates of Cheung Kong Group, 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 approximately 75% of the gross premium underwritten through this call centre. The service charge consisted of the following components:

– facility rental fee which summed up to approximately 45% of the gross written premium underwritten through the call centre.

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

(vii) Pursuant to a master insurance brokerage agreement dated 7 December 2006, AMTD Risk Management Limited ("AMTD Risk Management"), an associate of Cheung Kong Group, agreed to enlist the Group on their list of insurers for referral/introduction and invitation for render for their corporate clientele. AMTD Risk Management received brokerage fee for provision of insurance brokerage services to the Group. The agreement was negotiated on an arm's length basis and was entered into on normal commercial terms.

(b) 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.

DISCLOSURE OF INTERESTS

1. Directors' interests in the shares of the Company and associated corporations

As at 30 June 2008, 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 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 pursuant to the Model Code were as follows:

Interests in shares of the Company

Name	Number of shares held	Underlying shares pursuant to share options	Nature of interest	Percentage of interests in the registered capital of the Company
Wu Chi Hung	130,000	–	Personal	0.004%
Cheng Kwok Ping	300,000	–	Personal	0.010%

Interests in shares of the Associated Corporations

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	CIIH	1,000,000	2,350,000	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	70,000	400,000	Personal	0.03%

Save as mentioned above, as at 30 June 2008, 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.

2. Substantial shareholders' interest in the shares of the Company

As at 30 June 2008, 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**
CIHC *(Note 1)*	Interest of controlled corporations	1,491,710,000 *(Notes 1 and 2)*	51.33
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

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 54.42%-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 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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 2008.

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 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 2008, 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, 2008 has been reviewed by the Audit Committee.

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 is responsible for maintaining a sound and an effective system of internal controls in the Group and for reviewing its effectiveness through the Audit Committee. Such a system is designed to manage the risk of failure to achieve corporate objectives. 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 2008. 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 for the six months ended 30 June 2008. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. No incident of non-compliance by Directors and relevant employees was noted by the Company for the six months ended 30 June 2008.

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*

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Clifton House
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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

Principal Bankers
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